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THE

# CONGRESSIONAL GLOBE,

CONTAINING

SKETCHES OF THE DEBATES AND PROCEEDINGS

OF THE

TWENTY-FIFTH CONGRESS:

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BLAIR AND RIVES, EDITORS.

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FIRST SESSION---VOLUME V.

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CITY OF WASHINGTON:

PRINTED AT THE GLOBE OFFICE FOR THE EDITORS.

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# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

MONDAY, SEPTEMBER 11, 1837.

VOLUME 5.....No. 1.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2. FIRST TWO SESSIONS.

## TWENTY-FIFTH CONGRESS, FIRST SESSION.

### IN SENATE.

MONDAY, September 4, 1837.

This being the day designated in the PRESIDENT'S Proclamation of the 15th of May, for the meeting of the First Session of the Twenty-fifth Congress,

The VICE PRESIDENT called the Senate to order at 12 o'clock, when forty-two Senators appeared in their seats.

Mr. GRUNDY offered the usual resolution respecting newspapers.

Mr. KING of Alabama presented the credentials of C. C. CLAY, a Senator elect from Alabama for six years from the 4th of March last. The credentials having been read, Mr. C. took the oath and his seat.

Mr. RIVES presented the credentials of W. H. ROANE, elected a Senator from Virginia for six years from the 4th of March last. The credentials having been read, he was qualified and took his seat.

Mr. KING of Alabama presented the credentials of R. S. STRANGE of North Carolina, elected a Senator from that State for six years. The credentials having been read, Mr. S. was qualified and took his seat.

Mr. KING of Alabama offered the following order:

*Ordered*, That a message be transmitted to the House of Representatives, to inform that House that a quorum of this body has assembled, and is ready to proceed to business.

The resolution was adopted.

Mr. WRIGHT moved the appointment of a committee to join such committee as the House may appoint, to wait on the President of the United States, and inform him that the two Houses are organized, and are ready to receive such communication as he may be pleased to make to them.

The resolution was adopted.

Mr. GRUNDY moved that the Senate proceed to the election of Sergeant-at-arms.

Mr. CLAY moved to amend so as to include the office of Doorkeeper; which was agreed to, and the motion as amended was then agreed to.

The Senate then proceeded to ballot for Sergeant-at-arms, when Mr. STEPHEN HAIGHT received the whole of the 40 votes, and was consequently unanimously elected.

The Senate then proceeded to ballot for a Doorkeeper, and on the third ballot Mr. EDWARD WEYER was declared duly elected, having received 21 votes, being a majority of the whole number.

On motion of Mr. BUCHANAN,

The Senate adjourned.

## HOUSE OF REPRESENTATIVES,

MONDAY, September 4, 1837.

This being the day designated in the PRESIDENT'S Proclamation of the 15th of May, for the meeting of an Extra Session of the Twenty-fifth Congress, the House was called to order at 12 o'clock, by WALTER S. FRANKLIN, Clerk of the House of Representatives of the last Congress, who, having read the Proclamation, proceeded to call over the roll by States, when the following members answered to their names:

### MAINE.

Hugh J. Anderson, George Evans,  
Timothy J. Carter, John Fairfield,  
Jonathan Cilley, Joseph C. Noyes,  
Thomas Davee, Francis O. J. Smith.

### NEW HAMPSHIRE.

Charles G. Atherton, Joseph Weeks,  
Samuel Cushman, Jared W. Williams,  
James Farrington,

### MASSACHUSETTS.

John Quincy Adams, George Grennell, jr.  
Nathaniel B. Borden, William S. Hastings,  
George N. Briggs, Levi Lincoln,

William B. Calhoun,  
Caleb Cushing,  
Richard Fletcher,

William Parmenter,  
Stephen C. Phillips,  
John Reed.

When the name of Mr. CUSHING was called, that gentleman rose in his place, and remarked, that before he answered officially, he wished to say a few words in explanation. He saw before him many members who were said to be elected to that House, but that was all they knew, having, at present, no authentic knowledge on the subject. He insisted that they were not members of the House till after the election of Speaker, and they had all duly qualified. He was aware that the usage of the House had been, that the Clerk should prepare a roll, as he had done; should call the members individually; and that he should also officiate in the organization of the House. It was perfectly proper that he should do this, so far as regarded the preparation of the roll and the call of members; and the standing rule of the House provided that he should be Clerk till a successor was appointed; but it was not proper that that officer should be compelled to resort to newspapers, as to who were or were not members. It was not proper, Mr. C. must say, that they, the members elect, should be organized under the presidency of an individual not a member of their own body. He did not say this out of any want of confidence in that officer, who, he was assured, would act in strict honor and good faith, but he desired to avail himself of that occasion to protest against the usage, and to state that, but for the delicate circumstances in relation to the parties now dividing that House and the country, he should have felt it his duty to move that the gentlemen there present be organized, as they ought to be organized, under the presidency of one of their own number. Mr. C. added that he had merely made these explanations in order that, in due time, the evil might be remedied, and he put several cases that might arise, as of one gentleman calling another to order, who who could decide that question? or suppose a question should arise in regard to the mode of electing the Speaker, how could it be arranged? or suppose, what actually took place in the 23d Congress, that a question should arise as to whether a gentleman there present be or be not a member, how could it be decided by the present usage? Mr. C. held these to be evils; and at the proper time, when no party question could be brought to bear upon it, he hoped to see it adjusted. Having made this explanation, he expressed himself ready to answer the call; which he did, and the Clerk proceeding with the roll, the following gentlemen answered to their names:

### RHODE ISLAND.

Robert B. Cranston, Joseph L. Tillinghast.

### CONNECTICUT.

Elisha Haley, Lancelot Phelps,  
Orin Holt, Isaac Toucey,  
Samuel Ingham, Thomas T. Whittlesey.

### VERMONT.

Heman Allen, Hillard Hall,  
Horace Everett, William Slade.

### NEW YORK.

John T. Andrews, Gouverneur Kemble,  
Bennet Bicknell, Arphaxed Loomis,  
Samuel Birdsall, Richard P. Marvin,  
John C. Brodhead, Robert McClellan,  
Isaac H. Bronson, Charles F. Mitchell,  
Andrew D. W. Bruyn, Ely Moore,  
Churchill C. Cambreleng, William H. Noble,  
Timothy Childs, John Palmer,  
John C. Clark, Amasa J. Parker,  
Edward Curtis, William Patterson,  
John I. DeGraff, Luther C. Peck,  
John Edwards, Zadock Pratt,  
Millard Filmore, John H. Frentiss,  
Henry A. Foster, David Russell,  
Albert Gallup, Mark H. Sibley,  
Abraham P. Grant, James B. Spencer,  
Hiram Gray, William Taylor,

Ogden Hoffman,  
Thomas B. Jackson,  
Nathaniel Jones,

Obadiah Titus,  
Abraham Vanderveer,  
Henry Vail.

### NEW JERSEY.

John B. Ayckrigg, Joseph F. Randolph,  
William Halstead, Charles C. Stratton,  
John P. B. Maxwell, Thomas Jones Yorke.

### PENNSYLVANIA.

William Beatty, Samuel W. Morris,  
Richard Biddle, Henry A. Muhlenberg,  
Andrew Buchanan, Charles Naylor,  
Edward Darlington, Charles Ogle,  
Edward Davies, Lemuel Paynter,  
Jacob Fry, jr. David Petriken,  
Robert H. Hammond, Arnold Plumer,  
Thomas Henry, David Potts, jr.,  
Edward B. Hubley, William W. Potter,  
John Klingensmith, jr. Luther Reily,  
Henry Logan, John Sergeant,  
Charles McClure, Daniel Sheffer,  
Thos. M. T. McKennan, George W. To'land,  
Matthias Morris, David D. Wagener.

### DELAWARE.

John J. Milligan.

### MARYLAND.

John Dennis, Isaac McKim,  
Benjamin C. Howard, James A. Pearce,  
Daniel Jenifer, Francis Thomas,  
William Cost Johnson, John T. H. Worthington.

### VIRGINIA.

Andrew Beirne, James M. Mason,  
James W. Bouldin, Charles F. Mercer,  
Walter Coles, William S. Morgan,  
Robert Craig, John M. Patton,  
George C. Dromgoole, Isaac S. Pennybacker,  
James Garland, Francis E. Rives,  
George W. Hopkins, John Robertson,  
Robert T. H. Hunter, Archibald Stewart,  
Joseph Johnson, John Taliaferro,  
John W. Jones, Henry A. Wise,  
Francis Mallory.

### NORTH CAROLINA.

Jesse A. Bynum, Abraham Rencher,  
Henry W. Connor, Samuel T. Sawyer,  
Edmund Deberry, Augustine H. Shepperd,  
James Graham, Charles Shepard,  
Micajah T. Hawkins, Edward Stanley,  
James J. McKay, Lewis Williams,  
William Montgomery.

### SOUTH CAROLINA.

John Campbell, Francis W. Pickens,  
William K. Clowney, Robert Barnwell Rhett,  
Franklin H. Elmore, Waddy Thompson,  
Hugh S. Legare.

### GEORGIA.

William C. Dawson, Jabez Jackson,  
Seaton Grantland, George W. Owens,  
Charles E. Haynes, George W. B. Towns,  
Hopkins Holsey.

### KENTUCKY.

John Calhoun, John Pope,  
John Chambers, Edward Rumsey,  
William J. Graves, William W. Southgate,  
James Harlan, Joseph R. Underwood,  
Richard Hawes, John White,  
Richard A. Menifee, Sherrod Williams,  
John L. Murray.

### TENNESSEE.

John Bell, Abraham McClellan,  
William B. Campbell, James K. Polk,  
William B. Carter, Ebenezer J. Shields,  
Richard Cheatham, Hopkins L. Turney,  
John W. Crockett, Christopher H. Williams,  
Abraham P. Maury.

### OHIO.

James Alexander, jr. Daniel Kilgour,  
John W. Allen, Daniel P. Leadbetter,  
William Key Bond, Andrew W. Loomis,  
John Chaney, Samson Mason,  
Thomas Corwin, Calvary Morris,  
Alexander Duncan, Joseph Ridgeway, sen.  
Patrick G. Goode, Matthias Shipley,  
Thomas L. Hamer, Taylor Webster,

Alexander Harper, Elisha Whittlesley.  
 William H. Hunter,  
 LOUISIANA.  
 Henry Johnson.  
 INDIANA.

Ratliff Boon, William Graham,  
 George H. Dunn, William Herod,  
 John Ewing, James Rariden.

When the State of MISSISSIPPI was called—

Mr. MERCER rose and remarked that he should not have asked the attention of the House till it was so far organized as to act; but that he perceived they had arrived at that point which required of him to propound an inquiry to the two highly honorable and respectable gentlemen from Mississippi, an inquiry he knew they would respond to with candor, and he hoped, satisfactorily to the House. Mr. M. then made a statement of what he understood to be the facts in regard to the late election in Mississippi, and asked if those facts, or any part of them, were true or not.

Mr. GHOLSON had no disposition to make any reply on this subject till the House was organized, when he should be prepared to answer any and every interrogatory any gentleman might feel disposed to propound. The facts were briefly these: that the Governor of Mississippi had issued his proclamation for an election, as the law authorized him to do; an election was held under it, and he and his honorable colleague were there present; their right to their seats having been questioned by very few individuals of either party of their State. Indeed it was not until after the election was over, and the result ascertained, that any question was made of it; and from the best information he had, the question itself had originated not in the State of Mississippi, but elsewhere. He (Mr. G.) insisted, however, that this question could not be entertained till the House was organized; but whenever it was, and the House was prepared to act upon the case, he should be prepared to meet it; for he had no wish to take his seat in a body of which he was not constitutionally a member. He added that under the Governor's proclamation, fifty-five out of the fifty-six counties had voted.

Mr. MERCER made a brief explanation, and adverted, as another reason for his having propounded the question, to the failure of his effort in the last Congress to procure an amendment of that branch of the rules relating to the subject of contested elections; and that, if they proceeded one stage further, and elected a Speaker, he would be unable to renew that motion with any probability of success. He also gave notice of another motion he designed to make, when it was in his power to do so, viz: to take the power of appointing committees from the Speaker and vest it in the House, in pursuance of the long established usage of that body from which they obtained nearly all their precedents, and the greater part of their rules, the British Parliament.

After some further remarks on this subject, Mr. M. expressed himself not satisfied by the statement of the gentleman from Mississippi, and he moved a resolution to the effect that sufficient evidence had not been offered to show that Messrs. CLAIBORNE and GHOLSON were entitled to their seats.

Mr. CLAIBORNE rose, he said, debilitated as he was, not to reply to the gentleman from Virginia, for he would not, at that time, suffer himself to be drawn into any argument upon that subject, but he rose to protest, in the name of the people of Mississippi, against a step which he denounced as high-handed, arbitrary, and unprecedented; for he deliberately asserted, that the gentleman from Virginia had no more right to question his title to a seat upon that floor, than he had to question the right of that gentleman or any other. He insisted that that was not an organized body until a Speaker had been elected. Until then, they had no existence whatever as a body, but were a mere association of individuals, claiming to represent the people of the respective States. His colleague and himself appeared there, and their appearance was *prima facie* evidence of their right to represent the people of the State whence they came. He repeated, that he would not reply to the gentleman from Virginia, or to any other gentleman who would endeavor, at the threshold, to exclude him from his

rights. He came there to represent the people of his State, and had been sent there by the overwhelming voice of that people, expressed under the authority of the Constitution and laws of the State, and under the authority of the Federal Constitution also. Although Mr. C. would not undertake to pronounce an eulogy upon the Governor of Mississippi, who was the leader of the party to which he was opposed, yet he would say that that gentleman was a man of high character, and was incapable of doing what had been ascribed to him. Mr. C. looked upon it as an insult, not alone to the party that elected him and his colleague, but to all parties of the State, to the whole people of Mississippi, to venture thus to dispose of their rights before they had the power to do so. If, however, it was persisted in, he should feel himself compelled to challenge every member from Maine to Mississippi to produce their credentials, and he should object to any man's taking his seat there till he and his colleague obtained their rights. Mr. C. would throw out no imputations, but, if assailed, he would say he was prepared to carry the war into Africa. He was also prepared to say where this opposition originates, though it now came from a different quarter. He would say that no man had been more disposed to a conciliatory course than himself; but he would not be singled out as the victim there by a sort of political ostracism. If they wished to drive him from his seat, they should do it in the only way they had the power; by first organizing themselves, appointing their officers and committees, and, after sending the subject to the Committee of Elections, the verdict must be pronounced by the representatives of the people. In conclusion, he declared he should, when the proper time arrived, go forward, and claim to be sworn as a representative entitled to a seat on that floor.

Mr. BYNUM said that, believing the resolution to be unprecedented, he moved to lay it on the table.

Mr. MERCER made a few remarks in explanation, which were not distinctly audible at the Reporter's desk.

Mr. BYNUM contended that the two gentlemen from Mississippi were entitled to take their seats and qualify; and that the motion submitted by the gentleman from Virginia was entirely unprecedented. In cases of contested elections, the member exhibiting to the House *prima facie* evidence of his election was permitted to take his seat and qualify. Then he considered that the present case was much stronger than that of a contested election; because in the present case, the right of the gentlemen to their seats was not contested in the usual manner. He hoped the House would proceed in its organization, in the manner heretofore pursued, and according to parliamentary usage. Gentlemen had referred to the case of Moore and Letcher in support of their arguments. That case might, perhaps, be a case remotely in point; but he contended that the House ought then to have allowed Mr. Moore to take his seat when he presented his certificate of election. If the motion of the gentleman from Virginia (Mr. Mercer) was in order, his motion was also in order, and he hoped the question might now be put.

Mr. BOON considered that all which could be said on this question would be an unnecessary waste of time; and if the question was gone into, it might lead to an interminable debate. He therefore hoped that the question might be speedily taken.

The question on laying the resolution of Mr. Mercer on the table was then taken by tellers, and decided in the affirmative—ayes 131, nays 5.

Mr. RHETT, of South Carolina, then submitted a resolution that LEWIS WILLIAMS, of North Carolina, the oldest member of the House of Representatives, be appointed to serve as Chairman until the House is organized.

Mr. HAMER believed that this was the first time that ever a motion had been made to appoint a Chairman to organize the House; and unless some special reason could be assigned why this resolution should be adopted, he must vote against it.

Mr. TOUCEY moved to lay the resolution on the table.

Mr. WISE considered that the gentleman from

South Carolina was right in the opinion that the Clerk, who was the Clerk of the last House of Representatives, and not the Clerk of the present body, was not the proper person to preside over this House at present. It seemed to him that the proper course would be, to elect some member of our own body to preside until the House was duly organized.

Mr. WILLIAMS, of North Carolina, said it had been usual, ever since the organization of the Government, for the Clerk of the House to proceed to call over the list of members, as had been done to-day; and he could see no reason why we should now pursue a different course. He thought we could as well proceed under the mode we had heretofore pursued, as by appointing a chairman for the purpose of organizing the body, because we can vest all power in the Clerk, which can be vested in a chairman selected from that body. He hoped, therefore, that the resolution would be laid on the table.

Mr. WISE said that the gentleman from North Carolina had alluded to the Clerk of the House in his remarks. Now, he contended that there was no Clerk of the House of Representatives—the person now presiding being the Clerk of the last House, and that he had no authority to preside over this body. The rules, too, which had been alluded to, were the rules of the last House, and did not govern this body. He considered, then, taking this view of the question, that the only proper course to pursue, would be to call a member of our own body to the Chair, for the purpose of organizing the House.

Mr. PATTON considered that the whole difficulty arose from the utter impossibility of an unorganized body exercising the functions of an organized body. When a gentleman moves to appoint a chairman, who is to vote or who is to judge of the right of gentlemen to vote? If, when the first gentleman's name is called, his right to vote is challenged, who is qualified to decide the question? He considered, from the necessity of the case, that we must proceed to an election of officers, and an organization of the body, before we could do any thing in the matter in relation to the right of the gentlemen from Mississippi to qualify and take their seats. He trusted, therefore, that the body would proceed to an election of Speaker, and then let the question of the legality or constitutionality of the Mississippi election be brought up in the proper manner.

Mr. ROBERTSON could not take the same view of this matter which had been taken by his colleague, (Mr. Patton.) He considered the House competent to decide the question now, whether the gentlemen from Mississippi were entitled to their seats. He admitted that we were not governed here by any rules, but common sense must lead every man to a correct conclusion in relation to the matter. Suppose a gentleman by the name of John Smith was elected a representative to this House from one of the States, and another individual by that name, in his absence, should appear on this floor, and claim the right of taking his seat and qualifying, would any gentleman say that this body had not the power of preventing him from taking the oath? Would any gentleman say that it was powerless, and could not decide the case? Although it was not the usual course, he preferred electing a chairman from our own body, for the purpose of organizing the House. In the case of Moore and Letcher, when the Clerk arrived at the name of Thos. P. Moore, it was agreed that it should not be called until a Speaker was elected, and the House organized; and he would pursue this same course in relation to the gentleman from Mississippi. He contended that the Governor of Mississippi had no power to order an election of representatives; and that, consequently, the election was illegal.

Mr. RHETT said that he had not made the motion for the purpose of excluding the gentlemen from Mississippi from any privilege which they might claim on this floor, but because he considered the proposition proper in itself, and strictly in order. The gentleman from Virginia (Mr. Patton) had asked how the question in relation to the right of



any gentleman to take his seat was to be determined. In reply to this, he would say that they would be determined by gentlemen presenting to the presiding officer their certificates of election, and if there was any thing irregular in relation to any of these certificates, it would be for the House to decide whether the gentlemen presenting these irregular certificates should be entitled to their seats.

Mr. PATTON said that the honorable gentleman from Mississippi (Mr. Claiborne) had avowed his determination, if a question was made to deprive him of any right on this floor, to challenge the right of the first gentleman who might be called upon to vote for a presiding officer. If the gentleman carried this determination into execution, he would again ask gentlemen who were to decide the case? This question was to be answered; and who could answer it except those presenting themselves here, claiming seats on this floor? He did not consider that the election of a chairman would remedy the difficulty, and he hoped it would not be resorted to.

Mr. REED, of Massachusetts, said it had been suggested by some gentlemen, that if we did elect a Speaker, and it was afterwards ascertained that he had been elected by individuals not entitled to vote, that the election could be set aside. Now, as the election was by ballot, he imagined that it would be impossible to ascertain whether or not the Speaker was elected by illegal votes. He made this suggestion at present for the consideration of gentlemen.

Mr. WILLIAMS, of North Carolina, repeated that he saw no reason for departing from the usual course of proceeding in the organization of the House. In reply to the gentleman from Virginia, (Mr. Wise), he referred to the rule declaring that the Clerk of the House shall hold his office until a successor shall be elected, and contended that they were then proceeding in the usual and proper course.

Mr. WISE said that the Clerk was the Clerk of the last Congress, and that it was no part of his duty to preside over the present body.

Mr. THOMAS said that he coincided with the gentleman from Virginia (Mr. Wise) in one opinion he had expressed. He believed that the vote of the House to lay on the table the proposition of the gentleman over the way (Mr. Mercer) had decided nothing. He can renew his motion again. But why should not he extend this principle, and apply it to all other questions which may be mooted? Suppose this body had decided otherwise in the case just disposed of? Suppose a majority had refused to lay that motion on the table, and had proceeded to adopt the motion of the gentleman from Virginia (Mr. Mercer)? Such a decision would not have been respected. When the Clerk had reached the names of the members elect from Mississippi, one of them has already told you he will repair to the table to be sworn. And in this he is right. Who shall infringe the principles for which he contends? He is one of the chosen representatives of the people of Mississippi. He has with him a certificate of election signed by the Governor of that State. He appears here with his colleague, with the same power to take his seat that we each have. And they have as much authority to question our right to be sworn as we have to dispute theirs. Convinced of this, I have not divided, and will not divide, on these preliminary questions. It is obvious that we are not governed by the rules which were adopted for the guidance of the last Congress. We are in a disorganized state, and it is in the power of a very few members to keep us in this condition for days, weeks, yea, months. The members of this body may discuss any and every question that the mind of man can conceive; and who shall call to order? who shall stay the tide? who shall say to the man of debate, thus far shalt thou go and no farther? The public interests may suffer, the public business may be neglected, while we, the chosen representatives of the people, stand here idly chasing abstractions, which ought to be sent to that place described by Hudibras:

Where entity and quiddity,  
And ghosts of defunct bodies lie.

There is but one set of rules by which we can be governed. They must have their origin in the good

sense and forbearance of this body, and thus validity and binding force must be found, where alone they can be found, in the universal consent of the members present. In this way, every preceding Congress has been organized. The Clerk has called the roll, the members have elected their Speaker, and then each member elect, on presenting himself, has been qualified to take his seat. If this unvaried custom is now departed from, our difficulties will be interminable. If the certificates of election are called for, may it not be said they are forged? and who is prepared, in conformity with rigid rules of evidence, to prove the contrary? We have no committees to examine into the truth of any allegation; we have no officers to serve process, and compel the attendance of witnesses. Even the gentleman from North Carolina, if he should attempt to take the chair, may have, and doubtless will have, his right to do so contested. Is he prepared to meet every objection that may be urged? If he is, there are few members of this body as well provided.

Mr. T. insisted that no practical inconvenience could be produced by an adherence to former time-honored practice. Let us proceed to elect the officers of the House; let the usual Committee of Elections be appointed, and if, upon examination, it shall appear that members not duly authorized to participate in the election of our officers have voted, that will be good cause for annulling their elections; and notwithstanding we vote by ballot, a majority of the House can and will correct all irregularities, after we shall have winnowed the chaff from the wheat, by vacating such seats, if any ought to be vacated.

Mr. T. contended that the Kentucky contested election was not disposed of by the House in a manner to justify gentlemen in claiming that to be a precedent for the present movement. In that case each of the parties (Mr. Moore and Mr. Letcher) presented papers purporting to be certificates of election. As to the character of those certificates the House did not then decide. Every member of that Congress must remember that the parties contending for the vacant seats in the presence of the House, waived their respective rights, and the House ratified this arrangement. We have, then, unbroken custom for our guide, and no injustice can be done to any portion of the American people by a strict adherence to this wholesome and convenient usage.

Mr. CUSHING said that, in the case of Moore and Letcher, both gentlemen claimed seats upon the floor. Mr. Moore having obtained the certificate of several of the sheriffs of his district, one having refused to make a return, based his claim to a seat on these certificates. Mr. Letcher claimed the seat, and based his claim upon the fact which showed that he had a majority of the votes of the district. In consequence of this state of the case, an agreement was made between Mr. Moore and Mr. Letcher, that they withdraw until the House was organized, and then lay the matter before the House. This was the true statement of the case, as every gentleman who was then present must recollect.

Mr. ROBERTSON then read an extract from the journal of that year, to show that the House, by general consent, agreed to pass by the name of Mr. Moore.

Mr. CUSHING replied that it might so appear on the journal, but notwithstanding that, the agreement between the two gentlemen, which he had before alluded to, had been made on the floor of the House, and they voluntarily withdrew.

Mr. McKAY addressed the House at some length, showing that the Clerk was now pursuing the course which had been pursued in the organization of the House ever since the foundation of the Government, and he hoped the House would not now deviate from the long established practice.

After a few remarks from Messrs. EVERETT, HOLSEY, BRIGGS, and MERCER, the motion to lay on the table was agreed to without a division.

The Clerk then proceeded with the call, when the following gentlemen answered to their names.

MISSISSIPPI.

John J. H. Claiborne, Samuel J. Gholson.

ILLINOIS.

Zadok Casey, Adam W. Snyder.  
William L. May,

ALABAMA.

Reuben Chapman, Joshua L. Martin.

MISSOURI.

Albert G. Harrison, John Miller.

The Clerk then announced that there were 224 members present.

Mr. PETRIKEN of Pennsylvania submitted a resolution that the House now proceed to organize, by choosing a Speaker; which was agreed to without a division.

The House accordingly proceeded to ballot for the choice of Speaker; and Mr. HAMER, of Ohio, Mr. MCKENNAN, of Pennsylvania, and Mr. JONES, of Virginia, having been appointed tellers, the result of the first and only ballot was announced as follows:

Whole number of votes 224: necessary to a coice 113; of which

The Hon. JAMES K. POLK received	-	116
Hon. JOHN BELL	-	103
Scattering	-	5

224

The Hon. JAMES K. POLK, of Tennessee, was therefore declared duly elected Speaker of the 25th Congress; and, having been conducted to the Chair by Mr. LEWIS WILLIAMS, of North Carolina, and Mr. OWENS of Georgia, returned thanks to the House.

The members present were then qualified, by taking the oath prescribed in the Constitution of the United States.

On motion of Mr. CUSHMAN, it was

Resolved, That the House proceed to the choice of a Clerk.

Mr. SERGEANT nominated SAMUEL SHOCH, of Pennsylvania.

Mr. CUSHMAN nominated WALTER S. FRANKLIN.

The Tellers reported the result of the ballot as follows:

Whole number of votes	-	209
Necessary to a choice	-	105
Of which Walter S. Franklin received	-	146
Samuel Shoch	-	48
Matthew St. Clair Clarke	-	7
Blanks	-	8

Whereupon WALTER S. FRANKLIN of Pennsylvania, was declared duly elected, and took the oath of office.

On motion of Mr. WILLIAMS of North Carolina, Messrs. CARR and HUNTER were appointed Doorkeepers to the House.

On motion of Mr. CONNOR, RODERICK DORSEY was appointed Sergeant-at-Arms.

On motion of Mr. GARLAND of Virginia, a committee of three was appointed on the part of the House to join the committee on the part of the Senate to wait on the President of the United States, and inform him that a quorum of the two Houses was assembled, and that Congress was ready to receive any communication he may be pleased to make.

The following gentlemen were appointed the committee on the part of the House:

Mr. GARLAND, of Virginia;

Mr. REED, of Massachusetts;

Mr. HOWARD, of Maryland.

Mr. MERCER moved that the standing rules and orders of the last Congress be now adopted, with some exceptions.

Mr. BRIGGS suggested that it would be better to limit the operation of the former rules, with the exceptions referred to, for the space of ten days.

Mr. ADAMS moved that the whole subject, together with the report of the select committee of the last Congress thereon, be referred to a select committee.

Mr. BELL suggested a limitation of the existence of the rules they now wished adopted to the first Monday in December next, in order, he said, to avoid the discussion that would inevitably arise upon them at this very important period.

Mr. HAMER expressed a wish that the gentleman from Virginia would consent to allow the subject to lie over till to-morrow; whereupon,

Mr. MERCER made that motion; which, after a few words from Mr. E. WHITTLESEY, was agreed to.

On motion of Mr. EVANS, it was  
*Ordered*, That the daily hour of meeting should be 12 o'clock, m. until the House otherwise ordered.  
 On motion of Mr. REED,  
 The House adjourned.

IN SENATE,  
 TUESDAY, September 5.

A message was received from the House of Representatives, by WALTER S. FRANKLIN, their Clerk, communicating that they had elected JAMES K. POLK Speaker of that body, and were ready to proceed to business; also, that they had appointed a committee on their part to join that of the Senate, to wait on the President, and inform him of the organization of both Houses, and of their readiness to receive any communication which he might wish to make to them.

Mr. WRIGHT, from the joint committee appointed to wait on the President, and to apprise him of the organization of both branches of Congress, reported that the committee had discharged its duty, and that the President would this day, at twelve o'clock, communicate his message to Congress.

A message was received from the President of the United States, by the hands of Major VAN BUREN, his private secretary, communicating the following Message, with accompanying documents.

The Message was then read by the Secretary of the Senate:

*Fellow-Citizens of the Senate  
 and House of Representatives:*

The act of the 23d of June, 1836, regulating the deposits of the public money, and directing the employment of State, District, and Territorial banks for that purpose, made it the duty of the Secretary of the Treasury to discontinue the use of such of them as should at any time refuse to redeem their notes in specie, and to substitute other banks, provided a sufficient number could be obtained to receive the public deposits upon the terms and conditions therein prescribed. The general and almost simultaneous suspension of specie payments by the banks in May last, rendered the performance of his duty imperative, in respect to those which had been selected under the act; and made it, at the same time, impracticable to employ the requisite number of others, upon the prescribed conditions. The specific regulations established by Congress for the deposit and safe keeping of the public moneys, having thus unexpectedly become inoperative, I felt it to be my duty to afford you an early opportunity for the exercise of your supervisory powers over the subject.

I was also led to apprehend that the suspension of specie payments, increasing the embarrassments before existing in the pecuniary affairs of the country, would so far diminish the public revenue, that the accruing receipts into the Treasury, would not, with the reserved five millions, be sufficient to defray the unavoidable expenses of the Government, until the usual period for the meeting of Congress; whilst the authority to call upon the States, for a portion of the sums deposited with them, was too restricted to enable the Department to realize a sufficient amount from that source. These apprehensions have been justified by subsequent results, which render it certain that this deficiency will occur, if additional means be not provided by Congress.

The difficulties experienced by the mercantile interest, in meeting their engagements, induced them to apply to me, previously to the actual suspension of specie payments, for indulgence upon their bonds for duties; and all the relief authorized by law was promptly and cheerfully granted. The dependence of the Treasury upon the avails of these bonds, to enable it to make the deposits with the States required by law, led me in the outset to limit this indulgence to the first of September, but it has since been extended to the first of October, that the matter might be submitted to your further direction.

Questions were also expected to arise in the re-

cess in respect to the October instalment of those deposits, requiring the interposition of Congress.

A provision of another act, passed about the same time, and intended to secure a faithful compliance with the obligation of the United States, to satisfy all demands upon them in specie or its equivalent, prohibited the offer of any bank note, not convertible on the spot into gold or silver at the will of the holder; and the ability of the Government, with millions on deposit, to meet its engagements in the manner thus required by law, was rendered very doubtful by the event to which I have referred.

Sensible that adequate provisions for these unexpected exigencies could only be made by Congress; convinced that some of them would be indispensably necessary to the public service, before the regular period of your meeting; and desirous also to enable you to exercise, at the earliest moment, your full constitutional powers for the relief of the country, I could not, with propriety, avoid subjecting you to the inconvenience of assembling at as early a day as the state of the popular representation would permit. I am sure that I have done but justice to your feelings, in believing that this inconvenience will be cheerfully encountered, in the hope of rendering your meeting conducive to the good of the country.

During the earlier stages of the revulsion through which we have just passed, much acrimonious discussion arose, and great diversity of opinion existed, as to its real causes. This was not surprising. The operations of credit are so diversified, and the influences which affect them so numerous, and often so subtle, that even impartial and well-informed persons are seldom found to agree in respect to them. To inherent difficulties were also added other tendencies, which were by no means favorable to the discovery of truth. It was hardly to be expected, that those who disapproved the policy of the Government in relation to the currency, would, in the excited state of public feeling produced by the occasion, fail to attribute to that policy any extensive embarrassment in the monetary affairs of the country. The matter thus became connected with the passions and conflicts of party; opinions were more or less affected by political considerations; and differences were prolonged which might otherwise have been determined by an appeal to facts, by the exercise of reason, or by mutual concession. It is, however, a cheering reflection, that circumstances of this nature cannot prevent a community so intelligent as ours from ultimately arriving at correct conclusions. Encouraged by the firm belief of this truth, I proceed to state my views, so far as may be necessary to a clear understanding of the remedies I feel it my duty to propose, and of the reasons by which I have been led to recommend them.

The history of trade in the United States for the last three or four years, affords the most convincing evidence that our present condition is chiefly to be attributed to over-action in all the departments of business; an over-action deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper, and by other facilities for the acquisition and enlargement of credit. At the commencement of the year 1834, the banking capital of the United States, including that of the national bank then existing, amounted to about two hundred millions of dollars; the bank notes then in circulation to about ninety-five millions; and the loans and discounts of the banks to three hundred and twenty-four millions. Between that time and the first of January, 1836, being the latest period to which accurate accounts have been received, our banking capital was increased to more than two hundred and fifty-one millions; our paper circulation to more than one hundred and forty millions, and the loans and discounts to more than four hundred and fifty-seven millions. To this vast increase are to be added the many millions of credit, acquired by means of foreign loans, contracted by the States and State institutions, and, above all, by the lavish accommodations extended by foreign dealers to our merchants.

The consequences of this redundancy of credit, and of the spirit of reckless speculation engen-

dered by it, were a foreign debt contracted by our citizens, estimated in March last at more than thirty millions of dollars; the extension to traders in the interior of our country of credits for supplies, greatly beyond the wants of the people; the investment of thirty-nine and a half millions of dollars in unproductive public lands, in the years 1835 and 1836, whilst in the preceding year the sales amounted to only four and a half millions; the creation of debts, to an almost countless amount, for real estate in existing or anticipated cities and villages, equally unproductive, and at prices now seen to have been greatly disproportionate to their real value; the expenditure of immense sums in improvements which, in many cases, have been found to be ruinously improvident; the diversion to other pursuits of much of the labor that should have been applied to agriculture, thereby contributing to the expenditure of large sums in the importation of grain from Europe—an expenditure which, amounting in 1834 to about two hundred and fifty thousand dollars, was, in the first two quarters of the present year, increased to more than two millions of dollars; and, finally, without enumerating other injurious results, the rapid growth among all classes, and especially in our great commercial towns, of luxurious habits, founded too often on merely fancied wealth, and detrimental alike to the industry, the resources, and the morals of our people.

It was so impossible that such a state of things could long continue, that the prospect of revulsion was present to the minds of considerate men before it actually came. None, however, had correctly anticipated its severity. A concurrence of circumstances inadequate of themselves to produce such wide-spread and calamitous embarrassments, tended so greatly to aggravate them, that they cannot be overlooked in considering their history. Among these may be mentioned, as most prominent, the great loss of capital sustained by our commercial emporium in the fire of December, 1835—a loss, the effects of which were underrated at the time, because postponed for a season by the great facilities of credit then existing; the disturbing effects, in our commercial cities, of the transfers of the public moneys required by the deposit law of June, 1836; and the measures adopted by the foreign creditors of our merchants to reduce their debts, and to withdraw from the United States a large portion of our specie.

However unwilling any of our citizens may heretofore have been to assign to these causes the chief instrumentality in producing the present state of things, the developments subsequently made, and the actual condition of other commercial countries, must, as it seems to me, dispel all remaining doubts upon the subject. It has since appeared that evils, similar to those suffered by ourselves, have been experienced in Great Britain, on the continent, and, indeed, throughout the commercial world; and that in other countries, as well as in our own, they have been uniformly preceded by an undue enlargement of the boundaries of trade, prompted, as with us, by unprecedented expansions of the systems of credit. A reference to the amount of banking capital, and the issues of paper credits put in circulation in Great Britain, by banks, and in other ways, during the years 1834, 1835, and 1836, will show an augmentation of the paper currency there, as much disproportioned to the real wants of trade as in the United States. With this redundancy of the paper currency, there arose in that country also a spirit of adventurous speculation, embracing the whole range of human enterprise. Aid was profusely given to projected improvements; large investments were made in foreign stocks and loans; credits for goods were granted with unbounded liberality to merchants in foreign countries; and all the means of acquiring and employing credit were put in active operation, and extended in their effects to every department of business, and to every quarter of the globe. The reaction was proportioned in its violence to the extraordinary character of the events which preceded it. The commercial community of Great Britain were subjected to the greatest difficulties, and their debtors in this country were not only suddenly deprived of accustomed and expected credits, but call-



ed upon for payments, which, in the actual posture of things here, could only be made through a general pressure, and at the most ruinous sacrifices.

In view of these facts, it would seem impossible for sincere inquirers after truth to resist the conviction, that the causes of the revulsion in both countries have been substantially the same. Two nations, the most commercial in the world, enjoying but recently the highest degree of apparent prosperity, and maintaining with each other the closest relations, are suddenly, in a time of profound peace, and without any great national disaster, arrested in their career, and plunged into a state of embarrassment and distress. In both countries we have witnessed the same redundancy of paper money, and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses; and, at length, nearly the same overwhelming catastrophe. The most material difference between the results in the two countries has only been, that with us there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments, occasioned by the suspension of specie payments by the banks.

The history of these causes and effects, in Great Britain and the United States, is substantially the history of the revulsion in all other commercial countries.

The present and visible effects of these circumstances on the operations of the Government, and on the industry of the people, point out the objects which call for your immediate attention.

They are—to regulate by law the safe keeping, transfer, and disbursement, of the public moneys; to designate the funds to be received and paid by the Government; to enable the Treasury to meet promptly every demand upon it; to prescribe the terms of indulgence, and the mode of settlement to be adopted, as well in collecting from individuals the revenue that has accrued, as in withdrawing it from former depositories, and to devise and adopt such further measures, within the constitutional competency of Congress, as will be best calculated to revive the enterprise and to promote the prosperity of the country.

For the deposit, transfer, and disbursement, of the revenue, National and State banks have always, with temporary and limited exceptions, been heretofore employed; but, although advocates of each system are still to be found, it is apparent that the events of the last few months have greatly augmented the desire, long existing among the people of the United States, to separate the fiscal operations of the Government from those of individuals or corporations.

Again to create a national bank, as a fiscal agent, would be to disregard the popular will, twice solemnly and unequivocally expressed. On no question of domestic policy is there stronger evidence that the sentiments of a large majority are deliberately fixed; and I cannot concur with those who think they see, in recent events, a proof that these sentiments are, or a reason that they should be, changed.

Events, similar in their origin and character, have heretofore frequently occurred, without producing any such change; and the lessons of experience must be forgotten, if we suppose that the present overthrow of credit would have been prevented by the existence of a national bank. Prone to excessive issues has ever been the vice of the banking system; a vice as prominent in National as in State institutions. This propensity is as subservient to the advancement of private interests in the one as in the other; and those who direct them both, being principally guided by the same views, and influenced by the same motives, will be equally ready to stimulate extravagance of enterprise by improvidence of credit. How strikingly is this conclusion sustained by experience. The Bank of the United States, with the vast powers conferred on it by Congress, did not or could not prevent former and similar embarrassments; nor has the still greater strength it has been said to possess, under its present charter, enabled it, in the existing emergency, to check other institutions, or even to save itself. In Great Britain, where, it has been seen, the same causes have been attended with the same effects, a national bank, possessing pow-

ers far greater than are asked for by the warmest advocates of such an institution here, has also proved unable to prevent an undue expansion of credit, and the evils that flow from it. Nor can I find any tenable ground for the re-establishment of a national bank, in the derangement alleged at present to exist in the domestic exchanges of the country, or in the facilities it may be capable of affording them. Although advantages of this sort were anticipated when the first Bank of the United States was created, they were regarded as an incidental accommodation; not one which the Federal Government was bound, or could be called upon, to furnish. This accommodation is now, indeed, after the lapse of not many years, demanded from it as among its first duties; and an omission to aid and regulate commercial exchange, is treated as a ground of loud and serious complaint. Such results only serve to exemplify the constant desire, among some of our citizens, to enlarge the powers of the Government, and extend its control to subjects with which it should not interfere. They can never justify the creation of an institution to promote such objects. On the contrary, they justly excite among the community a more diligent inquiry into the character of those operations of trade, towards which it is desired to extend such peculiar favors.

The various transactions which bear the name of domestic exchanges, differ essentially in their nature, operation, and utility. One class of them consists of bills of exchange, drawn for the purpose of transferring actual capital from one part of the country to another, or to anticipate the proceeds of property actually transmitted. Bills of this description are highly useful in the movements of trade, and well deserve all the encouragement which can rightfully be given to them. Another class is made up of bills of exchange, not drawn to transfer actual capital, nor on the credit of property transmitted, but to create fictitious capital, partaking at once of the character of notes discounted in bank, and of bank notes in circulation, and swelling the mass of paper credits to a vast extent in the most objectionable manner. These bills have formed, for the last few years, a large proportion of what are termed the domestic exchanges of the country, serving as the means of usurious profit, and constituting the most unsafe and precarious paper in circulation. This species of traffic, instead of being upheld, ought to be discontinued by the Government and the people.

In transferring its funds from place to place, the Government is on the same footing with the private citizen, and may resort to the same legal means. It may do so through the medium of bills drawn by itself, or purchased from others; and in these operations it may, in a manner undoubtedly constitutional and legitimate, facilitate and assist exchanges of individuals founded on real transactions of trade. The extent to which this may be done, and the best means of effecting it, are entitled to the fullest consideration. This has been bestowed by the Secretary of the Treasury, and his views will be submitted to you in his report.

But it was not designed by the Constitution that the Government should assume the management of domestic or foreign exchange. It is indeed authorized to regulate by law the commerce between the States, and to provide a general standard of value, or medium of exchange, in gold and silver; but it is not its province to aid individuals in the transfer of their funds, otherwise than through the facilities afforded by the Post Office Department. As justly might it be called on to provide for the transportation of their merchandise. These are operations of trade. They ought to be conducted by those who are interested in them, in the same manner that the incidental difficulties of other pursuits are encountered by other classes of citizens. Such aid has not been deemed necessary in other countries. Throughout Europe, the domestic as well as the foreign exchanges are carried on by private houses, often, if not generally, without the assistance of banks. Yet they extend throughout distinct sovereignties, and far exceed in amount the real exchanges of the United States. There is no reason why our own may not be conducted in the same manner, with equal cheapness and safety. Cer-

tainly this might be accomplished, if it were favored by those most deeply interested; and few can doubt that their own interest, as well as the general welfare of the country, would be promoted by leaving such a subject in the hands of those to whom it properly belongs. A system founded on private interest, enterprise and competition, without the aid of legislative grants or regulations by law, would rapidly prosper; it would be free from the influence of political agitation, and extend the same exemption to trade itself; and it would put an end to those complaints of neglect, partiality, injustice, and oppression, which are the unavoidable results of interference by the Government, in the proper concerns of individuals. All former attempts on the part of the Government to carry its legislation, in this respect, further than was designed by the Constitution, have in the end proved injurious, and have served only to convince the great body of the people, more and more, of the certain dangers of blending private interests with the operations of public business; and there is no reason to suppose that a repetition of them now would be more successful.

It cannot be concealed that there exists, in our community, opinions and feelings on this subject in direct opposition to each other. A large portion of them, combining great intelligence, activity, and influence, are no doubt sincere in their belief that the operations of trade ought to be assisted by such a connection; they regard a national bank as necessary for this purpose, and they are disinclined to every measure that does not tend, sooner or later, to the establishment of such an institution. On the other hand, a majority of the people are believed to be irreconcilably opposed to that measure: they consider such a concentration of power dangerous to their liberties; and many of them regard it as a violation of the Constitution. This collision of opinion has, doubtless, caused much of the embarrassment to which the commercial transactions of the country have lately been exposed. Banking has become a political topic of the highest interest, and trade has suffered in the conflict of parties. A speedy termination of this state of things, however desirable, is scarcely to be expected. We have seen for nearly half a century, that those who advocate a national bank, by whatever motive they may be influenced, constitute a portion of our community too numerous to allow us to hope for an early abandonment of their favorite plan. On the other hand, they must indeed form an erroneous estimate of the intelligence and temper of the American people, who suppose that they have continued, on slight or insufficient grounds, their persevering opposition to such an institution; or that they can be induced by pecuniary pressure or by any other combination of circumstances, to surrender principles they have so long and so inflexibly maintained.

My own views of the subject are unchanged. They have been repeatedly and unreservedly announced to my fellow citizens; who, with full knowledge of them, conferred upon me the two highest offices of the Government. On the last of these occasions, I felt it due to the people to apprise them distinctly, that, in the event of my election, I would not be able to co-operate in the re-establishment of a national bank. To these sentiments, I have now only to add the expression of an increased conviction, that the re-establishment of such a bank, in any form, whilst it would not accomplish the beneficial purpose promised by its advocates, would impair the rightful supremacy of the popular will; injure the character and diminish the influence of our political system; and bring once more into existence a concentrated moneyed power, hostile to the spirit, and threatening the permanency, of our republican institutions.

Local banks have been employed for the deposit and distribution of the revenue, at all times partially, and, on three different occasions, exclusively; first, anterior to the establishment of the first Bank of the United States; secondly, in the interval between the termination of that institution and the charter of its successor; and, thirdly, during the limited period which has now so abruptly closed. The connection thus repeatedly attempted, proved unsatisfactory on each successive occasion,

notwithstanding the various measures which were adopted to facilitate or insure its success. On the last occasion, in the year 1833, the employment of the State banks was guarded especially in every way which experience and caution could suggest. Personal security was required for the safe-keeping and prompt payment of the moneys to be received, and full returns of their condition were, from time to time, to be made by the depositories. In the first stages the measure was eminently successful, notwithstanding the violent opposition of the Bank of the United States, and the unceasing efforts made to overthrow it. The selected banks performed with fidelity, and without any embarrassment to themselves or to the community, their engagements to the Government, and the system promised to be permanently useful. But when it became necessary, under the act of June, 1836, to withdraw from them the public money, for the purpose of placing it in additional institutions, or of transferring it to the States, they found it, in many cases, inconvenient to comply with the demands of the Treasury, and numerous and pressing applications were made for indulgence or relief. As the instalments under the deposit law became payable, their own embarrassments, and the necessity under which they lay of curtailing their discounts and calling in their debts, increased the general distress, and contributed, with other causes, to hasten the revulsion in which, at length, they, in common with the other banks, were fatally involved.

Under these circumstances, it becomes our solemn duty to inquire whether there are not, in any connection between the Government and banks of issue, evils of great magnitude, inherent in its very nature, and against which no precautions can effectually guard.

Unforeseen in the organization of the Government, and forced on the Treasury by early necessities, the practice of employing banks, was, in truth, from the beginning, more a measure of emergency than of sound policy. When we started into existence as a nation, in addition to the burdens of the new Government, we assumed all the large but honorable load of debt which was the price of our liberty; but we hesitated to weigh down the infant industry of the country by resorting to adequate taxation for the necessary revenue. The facilities of banks, in return for the privileges they acquired, were promptly offered, and perhaps too readily received, by an embarrassed Treasury. During the long continuance of a national debt, and the intervening difficulties of a foreign war, the connection was continued from motives of convenience; but these causes have long since passed away. We have no emergencies that make banks necessary to aid the wants of the Treasury; we have no load of national debt to provide for, and we have on actual deposit a large surplus. No public interest, therefore, now requires the renewal of a connection that circumstances have dissolved. The complete organization of our Government, the abundance of our resources, the general harmony which prevails between the different States, and with foreign Powers, all enable us now to select the system most consistent with the Constitution, and most conducive to the public welfare. Should we, then, connect the Treasury for a fourth time with the local banks, it can only be under a conviction that past failures have arisen from accidental, not inherent, defects.

A danger, difficult, if not impossible, to be avoided in such an arrangement, is made strikingly evident in the very event by which it has now been defeated. A sudden act of the banks intrusted with the funds of the people, deprives the Treasury, without fault or agency of the Government, of the ability to pay its creditors in the currency they have by law a right to demand. This circumstance no fluctuation of commerce could have produced, if the public revenue had been collected in the legal currency, and kept in that form by the officers of the Treasury. The citizen whose money was in bank receives it back, since the suspension, at a sacrifice in its amount; whilst he who kept it in the legal currency of the country, and in his own possession, pursues, without loss, the current of his business. The Government, placed in the situation of the former, is involved in embarrassments

it could not have suffered had it pursued the course of the latter. These embarrassments are, moreover, augmented by those salutary and just laws which forbid it to use a depreciated currency, and, by so doing, take from the Government the ability which individuals have of accommodating their transactions to such a catastrophe.

A system which can, in a time of profound peace, when there is a large revenue laid by, thus suddenly prevent the application and the use of the money of the people, in the manner and for the objects they have directed, cannot be wise; but who can think, without painful reflection, that, under it, the same unforeseen events might have befallen us in the midst of a war, and taken from us, at the moment when most wanted, the use of those very means which were treasured up to promote the national welfare and guard our national rights? To such embarrassments and to such dangers will this Government be always exposed, whilst it takes the moneys raised for, and necessary to, the public service, out of the hands of its own officers, and converts them into a mere right of action against corporations entrusted with the possession of them. Nor can such results be effectually guarded against in such a system, without investing the Executive with a control over the banks themselves, whether State or National, that might with reason be objected to. Ours is, probably, the only Government in the world that is liable, in the management of its fiscal concerns, to occurrences like these. But this imminent risk is not the only danger attendant on the surrender of the public money to the custody and control of local corporations. Though the object is aid to the Treasury, its effect may be to introduce into the operations of the Government, influences the most subtle, founded on interests the most selfish.

The use by the banks, for their own benefit, of the money deposited with them, has received the sanction of the Government from the commencement of this connection. The money received from the people, instead of being kept till it is needed for their use, is, in consequence of this authority, a fund, on which discounts are made for the profit of those who happen to be owners of stock in the banks selected as depositories. The supposed and often exaggerated advantages of such a boon will always cause it to be sought for with avidity. I will not stop to consider on whom the patronage incident to it is to be conferred; whether the selection and control be trusted to Congress or to the Executive, either will be subjected to appeals made in every form which the sagacity of interest can suggest. The banks, under such a system, are stimulated to make the most of their fortunate acquisition; the deposits are treated as an increase of capital; loans and circulation are rashly augmented, and, when the public exigencies require a return, it is attended with embarrassments not provided for, nor foreseen. Thus banks that thought themselves most fortunate when the public funds were received, find themselves most embarrassed when the season of payment suddenly arrives.

Unfortunately, too, the evils of the system are not limited to the banks. It stimulates a general rashness of enterprise, and aggravates the fluctuations of commerce and the currency. This result was strikingly exhibited during the operations of the late deposit system, and especially in the purchases of public lands. The order which ultimately directed the payment of gold and silver in such purchases, greatly checked, but could not altogether prevent, the evil. Specie was indeed more difficult to be procured than the notes which the banks could themselves create at pleasure; but still, being obtained from them as a loan, and returned as a deposit, which they were again at liberty to use, it only passed round the circle with diminished speed. This operation could not have been performed, had the funds of the Government gone into the Treasury, to be regularly disbursed, and not into banks, to be loaned out for their own profit, while they were permitted to substitute for it a credit in account.

In expressing these sentiments, I desire not to undervalue the benefits of a salutary credit to any branch of enterprise. The credit bestowed on

probity and industry is the just reward of merit, and an honorable incentive to further acquisition. None oppose it who love their country and understand its welfare. But when it is unduly encouraged—when it is made to inflame the public mind with the temptations of sudden and unsubstantial wealth—when it turns industry into paths that lead sooner or later to disappointment and distress—it becomes liable to censure, and needs correction. Far from helping probity and industry, the ruin to which it leads falls most severely on the great laboring classes, who are thrown suddenly out of employment, and by the failure of magnificent schemes never intended to enrich them, are deprived in a moment of their only resource. Abuses of credit and excesses in speculation will happen in despite of the most salutary laws; no Government perhaps can altogether prevent them; but surely every Government can refrain from contributing the stimulus that calls them into life.

Since, therefore, experience has shown, that to lend the public money to the local banks, is hazardous to the operations of the Government, at least of doubtful benefit to the institutions themselves; and productive of disastrous derangement in the business and currency of the country, is it the part of wisdom again to renew the connection?

It is true that such an agency is in many respects convenient to the Treasury, but it is not indispensable. A limitation of the expenses of the Government to its actual wants, and of the revenue to those expenses, with convenient means for its prompt application to the purposes for which it was raised, are the objects which we should seek to accomplish. The collection, safe-keeping, transfer and disbursement of the public money, can, it is believed, be well managed by officers of the Government. Its collection, and, to a great extent, its disbursement also, have indeed been hitherto conducted solely by them; neither National nor State banks when employed, being required to do more than keep it safely while in their custody, and transfer and pay it in such portions and at such times as the Treasury shall direct.

Surely banks are not more able than the Government to secure the money in their possession against accident, violence, or fraud. The assertion that they are so, must assume that a vault in a bank is stronger than a vault in the Treasury; and that directors, cashiers, and clerks, not selected by the Government, nor under its control, are more worthy of confidence than officers selected from the people and responsible to the Government; officers bound by official oaths and bonds for a faithful performance of their duties, and constantly subject to the supervision of Congress.

The difficulties of transfer, and the aid heretofore rendered by banks, have been less than is usually supposed. The actual accounts show that by far the larger portion of payments is made within short or convenient distances from the places of collection; and the whole number of warrants issued at the Treasury in the year 1834—a year, the results of which will it is believed afford a safe test for the future—fell short of five thousand, or an average of less than one daily for each State; in the city of New York they did not average more than two a day, and at the city of Washington only four.

The difficulties heretofore existing are, moreover, daily lessened by an increase in the cheapness and facility of communication; and it may be asserted with confidence, that the necessary transfers, as well as the safe-keeping and disbursements of the public moneys, can be with safety and convenience accomplished through the agencies of Treasury officers. This opinion has been, in some degree, confirmed by actual experience since the discontinuance of the banks as fiscal agents, in May last; a period which, from the embarrassments in commercial intercourse, presented obstacles as great as any that may be hereafter apprehended.

The manner of keeping the public money since that period, is fully stated in the report of the Secretary of the Treasury. That officer also suggests the propriety of assigning, by law, certain additional duties to existing establishments and officers, which, with the modifications and safeguards referred to by him, will, he thinks, enable



the Department to continue to perform this branch of the public service, without any material addition either to their number or to the present expense. The extent of the business to be transacted has already been stated; and in respect to the amount of money with which the officers employed would be entrusted at any one time, it appears that, assuming a balance of five millions to be at all times kept in the Treasury, and the whole of it left in the hands of the collectors and receivers, the proportion of each would not exceed an average of thirty thousand dollars; but that, deducting one million for the use of the mint, and assuming the remaining four millions to be in the hands of one-half of the present number of officers—a supposition deemed more likely to correspond with the fact—the sum in the hands of each would still be less than the amount of most of the bonds now taken from the receivers of public money. Every apprehension, however, on the subject, either in respect to the safety of the money, or the faithful discharge of these fiscal transactions, may, it appears to me, be effectually removed by adding to the present means of the Treasury the establishment by law, at a few important points, of offices for the deposit and disbursement of such portions of the public revenue as cannot, with obvious safety and convenience, be left in the possession of the collecting officers until paid over by them to the public creditors. Neither the amounts retained in their hands, nor those deposited in the offices, would, in an ordinary condition of the revenue, be larger in most cases than those often under the control of disbursing officers of the Army and Navy, and might be made entirely safe, by requiring such securities, and exercising such controlling supervision, as Congress may by law prescribe. The principal officers whose appointments would become necessary under this plan, taking the largest number suggested by the Secretary of the Treasury, would not exceed ten; nor the additional expenses, at the same estimate, sixty thousand dollars a year.

There can be no doubt of the obligation of those who are entrusted with the affairs of Government, to conduct them with as little cost to the nation as is consistent with the public interest; and it is for Congress, and ultimately for the people, to decide whether the benefits to be derived from keeping our fiscal concerns apart, and severing the connection which has hitherto existed between the Government and banks, offer sufficient advantages to justify the necessary expenses. If the object to be accomplished is deemed important to the future welfare of the country, I cannot allow myself to believe that the addition to the public expenditure of comparatively so small an amount as will be necessary to effect it, will be objected to by the people.

It will be seen by the report of the Postmaster General, herewith communicated, that the fiscal affairs of that Department have been successfully conducted since May last upon the principle of dealing only in the legal currency of the United States, and that it needs no legislation to maintain its credit, and facilitate the management of its concerns; the existing laws being, in the opinion of that officer, ample for those objects.

Difficulties will doubtless be encountered for a season, and increased services required from the public functionaries; such are usually incident to the commencement of every system, but they will be greatly lessened in the progress of its operations.

The power and influence supposed to be connected with the custody and disbursement of the public money, are topics on which the public mind is naturally and, with great propriety, peculiarly sensitive. Much has been said on them, in reference to the proposed separation of the Government from the banking institutions; and surely no one can object to any appeals or animadversions on the subject, which are consistent with facts, and evince a proper respect for the intelligence of the people. If a Chief Magistrate may be allowed to speak for himself, on such a point, I can truly say, that to me nothing would be more acceptable, than the withdrawal from the Executive, to the greatest practicable extent, of all concern in the custody and disbursement of the public revenue; not that I would shrink from any

responsibility cast upon me by the duties of my office, but because it is my firm belief, that its capacity for usefulness is in no degree promoted by the possession of any patronage not actually necessary to the performance of those duties. But under our present form of Government, the intervention of the Executive officers in the custody and disbursement of the public money seems to be unavoidable; and before it can be admitted that the influence and power of the Executive would be increased by dispensing with the agency of banks, the nature of that intervention in such an agency must be carefully regarded, and a comparison must be instituted between its extent in the two cases.

The revenue can only be collected by officers appointed by the President, with the advice and consent of the Senate. The public moneys, in the first instance, must, therefore, in all cases, pass through hands selected by the Executive. Other offices appointed in the same way, or, as in some cases, by the President alone, must also be entrusted with them when drawn for the purpose of disbursement. It is thus seen that, even when banks are employed, the public funds must twice pass through the hands of Executive officers. Besides this, the head of the Treasury Department, who also holds his office at the pleasure of the President, and some other officers of the same department, must necessarily be invested with more or less power in the selection, continuance, and supervision, of the banks that may be employed. The question is then narrowed to the single point, whether, in the intermediate stage between the collection and disbursement of the public money, the agency of banks is necessary to avoid a dangerous extension of the patronage and influence of the Executive? But is it clear that the connection of the Executive with powerful moneyed institutions, capable of ministering to the interests of men in points where they are most accessible to corruption, is less liable to abuse, than his constitutional agency in the appointment and control of the few public officers required by the proposed plan? Will the public money, when in their hands, be necessarily exposed to any improper interference on the part of the Executive? May it not be hoped that a prudent fear of public jealousy and disapprobation, in a matter so peculiarly exposed to them, will deter him from any such interference, even if higher motives be found inoperative? May not Congress so regulate, by law, the duty of those officers, and subject it to such supervision and publicity, as to prevent the possibility of any serious abuse on the part of the Executive? and is there equal room for such supervision and publicity in a connection with banks, acting under the shield of corporate immunities, and conducted by persons irresponsible to the Government and the people? It is believed that a considerate and candid investigation of these questions will result in the conviction, that the proposed plan is far less liable to objection, on the score of Executive patronage and control, than any bank agency that has been, or can be, devised.

With these views, I leave to Congress the measures necessary to regulate, in the present emergency, the safe-keeping and transfer of the public moneys. In the performance of constitutional duty, I have stated to them, without reserve, the result of my own reflections. The subject is of great importance; and one on which we can scarcely expect to be as united in sentiment as we are in interest. It deserves a full and free discussion, and cannot fail to be benefitted by a dispassionate comparison of opinions. Well aware myself of the duty of reciprocal concession among the co-ordinate branches of the Government, I can promise a reasonable spirit of co-operation, so far as it can be indulged in without the surrender of constitutional objections, which I believe to be well founded. Any system that may be adopted should be subjected to the fullest legal provision, so as to leave nothing to the Executive but what is necessary to the discharge of the duties imposed on him; and whatever plan may be ultimately established, my own part shall be so discharged as to give to it a fair trial, and the best prospect of success.

The character of the funds to be received and disbursed in the transactions of the Government, likewise demands your most careful consideration.

There can be no doubt that those who framed and adopted the Constitution, having in immediate view the depreciated paper of the Confederacy—of which five hundred dollars in paper were, at times, only equal to one dollar in coin—intended to prevent the recurrence of similar evils, so far at least as related to the transactions of the new Government. They gave to Congress express powers to coin money, and to regulate the value thereof, and of foreign coin; they refused to give it power to establish corporations—the agents, then as now, chiefly employed to create a paper currency; they prohibited the States from making any thing but gold and silver a legal tender in payment of debts; and the first Congress directed, by positive law, that the revenue should be received in nothing but gold and silver.

Public exigency at the outset of the Government, without direct legislative authority, led to the use of banks as fiscal aids to the Treasury. In admitted deviation from the law, at the same period, and under the same exigency, the Secretary of the Treasury received their notes in payment of duties. The sole ground on which the practice, thus commenced, was then, or has since, been justified, is the certain, immediate, and convenient exchange of such notes for specie. The Government did indeed receive the inconvertible notes of State banks during the difficulties of war; and the community submitted without a murmur to the unequal taxation and multiplied evils of which such a course was productive. With the war, this indulgence ceased, and the banks were obliged again to redeem their notes in gold and silver. The Treasury, in accordance with previous practice, continued to dispense with the currency required by the act of 1789, and took the notes of banks in full confidence of their being paid in specie on demand; and Congress, to guard against the slightest violation of this principle, have declared, by law, that if notes are paid in the transactions of the Government, it must be under such circumstances as to enable the holder to convert them into specie without depreciation or delay.

Of my own duties under the existing laws, when the banks suspended specie payments, I could not doubt. Directions were immediately given to prevent the reception into the Treasury of any thing but gold and silver or its equivalent; and every practicable arrangement was made to preserve the public faith, by similar or equivalent payments to the public creditors. The revenue from lands had been for some time substantially so collected, under the order issued by the directions of my predecessor. The effects of that order had been so salutary, and its forecast in regard to the increasing insecurity of bank paper had become so apparent, that, even before the catastrophe, I had resolved not to interfere with its operation. Congress is now to decide whether the revenue shall continue to be so collected or not.

The receipts into the Treasury, of bank notes, not redeemed in specie on demand, will not, I presume, be sanctioned. It would destroy, without the excuse of war or public distress, that equality of imports, and identity of commercial regulation, which lie at the foundation of our Confederacy, and would offer to each State a direct temptation to increase its foreign trade, by depreciating the currency received for duties in its ports. Such a proceeding would also, in a great degree, frustrate the policy, so highly cherished, of infusing into our circulation a larger proportion of the precious metals; a policy, the wisdom of which none can doubt, though there may be different opinions as to the extent to which it should be carried. Its results have been already too auspicious, and its success is too closely interwoven with the future prosperity of the country, to permit us for a moment to contemplate its abandonment. We have seen, under its influence, our specie augmented beyond eighty millions; our coinage increased so as to make that of gold amount, between August, 1834, and December, 1836, to ten millions of dollars; exceeding the whole coinage at the mint during the thirty-one previous years. The prospect of further improvement continued without abatement, until the moment of the suspension of specie payments. This policy has now indeed been suddenly checked, but is still far from being overthrown,

Amidst all conflicting theories, one position is undeniable: the precious metals will invariably disappear when there ceases to be a necessity for their use, as a circulating medium. It was in strict accordance with this truth, that whilst, in the month of May last, they were every where seen, and were current for all ordinary purposes, they disappeared from circulation the moment the payment of specie was refused by the banks, and the community tacitly agreed to dispense with its employment. Their place was supplied by a currency exclusively of paper, and, in many cases, of the worst description. Already are the bank notes now in circulation greatly depreciated, and they fluctuate in value between one place and another; thus diminishing and making uncertain the worth of property and the price of labor, and failing to subserv, except at a heavy loss, the purposes of business. With each succeeding day the metallic currency decreases; by some it is hoarded in the natural fear, that, once parted with, it cannot be replaced; while by others it is diverted from its more legitimate uses, for the sake of gain. Should Congress sanction this condition of things, by making irredeemable paper money receivable in payment of public dues, a temporary check to a wise and salutary policy will, in all probability, be converted into its absolute destruction.

It is true that bank notes actually convertible into specie may be received in payment of the revenue, without being liable to all these objections, and that such a course may, to some extent, promote individual convenience; an object always to be considered where it does not conflict with the principles of our Government or the general welfare of the country. If such notes only were received, and always under circumstances allowing their early presentation for payment, and if, at short and fixed periods, they were converted into specie, to be kept by the officers of the Treasury, some of the most serious obstacles to their reception would perhaps be removed. To retain the notes in the Treasury would be to renew, under another form, the loans of public money to the banks, and the evils consequent thereon.

It is, however, a mistaken impression, that any large amount of specie is required for public payments. Of the seventy or eighty millions now estimated to be in the country, ten millions would be abundantly sufficient for that purpose, provided an accumulation of a large amount of revenue, beyond the necessary wants of the Government, be hereafter prevented. If to these considerations be added the facilities which will arise from enabling the Treasury to satisfy the public creditors, by its drafts or notes received in payment of the public dues, it may be safely assumed that no motive of convenience to the citizen requires the reception of bank paper.

To say that the refusal of paper money by the Government, introduces an unjust discrimination between the currency received by it, and that used by individuals in their ordinary affairs, is, in my judgment, to view it in a very erroneous light. The Constitution prohibits the States from making any thing but gold and silver a tender in the payment of debts, and thus secures to every citizen a right to demand payment in the legal currency. To provide by law that the Government will only receive its dues in gold and silver, is not to confer on it any peculiar privilege; but merely to place it on an equality with the citizen, by reserving to it a right secured to him by the Constitution. It is doubtless for this reason that the principle has been sanctioned by successive laws, from the time of the first Congress under the Constitution down to the last. Such precedents, never objected to and proceeding from such sources, afford a decisive answer to the imputation of inequality or injustice.

But, in fact, the measure is one of restriction, not of favor. To forbid the public agent to receive in payment any other than a certain kind of money, is to refuse him a discretion possessed by every citizen. It may be left to those who have the management of their own transactions, to make their own terms; but no such discretion should be given to him who acts merely as an agent of the people, who is to collect what the law requires, and to pay the appropriations it makes. When bank notes

are redeemed on demand, there is then no discrimination in reality, for the individual who receives them may, at his option, substitute the specie for them; he takes them from convenience or choice. When they are not so redeemed, it will scarcely be contended that their receipt and payment, by a public officer, should be permitted, though none deny that right to an individual; if it were, the effect would be most injurious to the public, since their officer could make none of those arrangements to meet or guard against the depreciation, which an individual is at liberty to do. Nor can inconvenience to the community be alleged as an objection to such a regulation. Its object and motive are their convenience and welfare.

If, at a moment of simultaneous and unexpected suspension by the banks, it adds something to the many embarrassments of that proceeding, yet these are far overbalanced by its direct tendency to produce a wider circulation of gold and silver, to increase the safety of bank paper, to improve the general currency, and thus to prevent altogether such occurrences, and the other and far greater evils that attend them.

It may, indeed, be questioned, whether it is not for the interest of the banks themselves that the Government should not receive their paper. They would be conducted with more caution, and on sounder principles. By using specie only in its transactions, the Government would create a demand for it, which would, to a great extent, prevent its exportation, and by keeping it in circulation, maintain a broader and safer basis for the paper currency. That the banks would thus be rendered more sound, and the community more safe, cannot admit of a doubt.

The foregoing views, it seems to me, do but fairly carry out the provisions of the Federal Constitution in relation to the currency, as far as relates to the public revenue. At the time that instrument was framed, there were but three or four banks in the United States; and had the extension of the banking system, and the evils growing out of it, been foreseen, they would probably have been specially guarded against. The same policy which led to the prohibition of bills of credit by the States, would, doubtless, in that event, have also interdicted their issue as a currency in any other form. The Constitution, however, contains no such prohibition; and, since the States have exercised, for nearly half a century the power to regulate the business of banking, it is not to be expected that it will be abandoned. The whole matter is now under discussion before the proper tribunal—the people of the States. Never before has the public mind been so thoroughly awakened to a proper sense of its importance; never has the subject, in all its bearings, been submitted to so searching an inquiry. It would be distrustful the intelligence and virtue of the people to doubt the speedy and efficient adoption of such measures of reform as the public good demands. All that can rightfully be done by the Federal Government, to promote the accomplishment of that important object, will, without doubt, be performed.

In the mean time, it is our duty to provide all the remedies against a depreciated paper currency which the Constitution enables us to afford. The Treasury Department, on several former occasions, has suggested the propriety and importance of a uniform law concerning bankruptcies of corporations, and other bankers. Through the instrumentality of such a law, a salutary check may doubtless be imposed on the issues of paper money, and an effectual remedy given to the citizen in a way at once equal in all parts of the Union, and fully authorized by the Constitution.

The indulgence granted by Executive authority in the payment of bonds for duties, has been already mentioned. Seeing that the immediate enforcement of these obligations would subject a large and highly respectable portion of our citizens to great sacrifices, and believing that a temporary postponement could be made without detriment to other interests, and with increased certainty of ultimate payment, I did not hesitate to comply with the request that was made of me. The terms allowed are, to the full extent, as liberal as any that are to be found in the practice of the Executive Department. It remains

for Congress to decide whether a further postponement may not with propriety be allowed, and, if so, their legislation upon the subject is respectfully invited.

The report of the Secretary of the Treasury will exhibit the condition of these debts; the extent and effect of the present indulgence; the probable result of its further extension on the state of the Treasury, and every other fact necessary to a full consideration of the subject. Similar information is communicated in regard to such depositories of the public moneys as are indebted to the Government, in order that Congress may also adopt the proper measures in regard to them.

The receipts and expenditures for the first half of the year, and an estimate of those for the residue, will be laid before you by the Secretary of the Treasury. In his report of December last, it was estimated that the current receipts would fall short of the expenditures by about three millions of dollars. It will be seen that the difference will be much greater. This is attributed not only to the occurrence of greater pecuniary embarrassments in the business of the country than those which were then predicted, and, consequently, a greater diminution in the revenue, but also to the fact that the appropriations exceeded, by nearly six millions, the amount which was asked for in the estimates then submitted. The sum necessary for the service of the year beyond the probable receipts, and the amount which it was intended should be reserved in the Treasury at the commencement of the year, will be about six millions. If the whole of the reserved balance be not at once applied to the current expenditures, but four millions be still kept in the Treasury, as seems most expedient, for the uses of the mint, and to meet contingencies, the sum needed will be ten millions.

In making this estimate, the receipts are calculated on the supposition of some further extension of the indulgence granted in the payment of bonds for duties, which will affect the amount of the revenue for the present year to the extent of two and a half millions.

It is not proposed to procure the required amount by loans or increased taxation. There are now in the Treasury nine millions three hundred and sixty-seven thousand two hundred and fourteen dollars, directed by the act of the 23d of June, 1836, to be deposited with the States in October next. This sum, if so deposited, will be subject, under the law, to be recalled, if needed, to defray existing appropriations; and as it is now evident that the whole, or the principal part of it, will be wanted for that purpose, it appears most proper that the deposit should be withheld. Until the amount can be collected from the banks, Treasury notes may be temporarily issued, to be gradually redeemed as it is received.

I am aware that this course may be productive of inconvenience to many of the States. Relying upon the acts of Congress which held out to them the strong probability, if not the certainty, of receiving this instalment, they have in some instances adopted measures with which its retention may seriously interfere. That such a condition of things should have occurred is much to be regretted. It is not the least among the unfortunate results of the disasters of the times; and it is for Congress to devise a fit remedy, if there be one. The money being indispensable to the wants of the Treasury, it is difficult to conceive upon what principle of justice or expediency its application to that object can be avoided. To recall any portions of the sums already deposited with the States, would be more inconvenient and less efficient. To burden the country with increased taxation, when there is in fact a large surplus revenue, would be unjust and unwise; to raise moneys by loans under such circumstances, and thus to commence a new national debt, would scarcely be sanctioned by the American people.

The plan proposed will be adequate to all our fiscal operations, during the remainder of the year. Should it be adopted, the Treasury, aided by the ample resources of the country, will be able to discharge, punctually, every pecuniary obligation. For the future, all that is needed will be that caution and forbearance in appropriations which the dimi-



tion of the revenue requires, and which the complete accomplishment or great forwardness of many expensive national undertakings renders equally consistent with prudence and patriotic liberality.

The preceding suggestions and recommendations are submitted, in the belief that their adoption by Congress will enable the Executive Department to conduct our fiscal concerns with success, so far as their management has been committed to it. Whilst the objects and the means proposed to attain them are within its constitutional powers and appropriate duties, they will at the same time, it is hoped, by their necessary operation, afford essential aid in the transaction of individual concerns, and thus yield relief to the people at large in a form adapted to the nature of our Government. Those who look to the action of this Government for specific aid to the citizen to relieve embarrassments arising from losses by revulsions in commerce and credit, lose sight of the ends for which it was created, and the powers with which it is clothed. It was established to give security to us all, in our lawful and honorable pursuits, under the lasting safeguard of republican institutions. It was not intended to confer special favors on individuals, or on any classes of them; to create systems of agriculture, manufactures, or trade; or to engage in them, either separately or in connection with individual citizens or organized associations. If its operations were to be directed for the benefit of any one class, equivalent favors must, in justice, be extended to the rest; and the attempt to bestow such favors with an equal hand, or even to select those who should most deserve them, would never be successful. All communities are apt to look to Government for too much. Even in our own country, where its powers and duties are so strictly limited, we are prone to do so, especially at periods of sudden embarrassment and distress. But this ought not to be. The framers of our excellent Constitution, and the people who approved it with calm and sagacious deliberation, acted at the time on a sounder principle. They wisely judged that the less Government interferes with private pursuits, the better for the general prosperity. It is not its legitimate object to make men rich, or to repair, by direct grants of money or legislation in favor of particular pursuits, losses not incurred in the public service. This would be substantially to use the property of some for the benefit of others. But its real duty—that duty, the performance of which makes a good Government the most precious of human blessings, is to enact and enforce a system of general laws commensurate with, but not exceeding, the objects of its establishment; and to leave every citizen and every interest to reap, under its benign protection, the rewards of virtue, industry, and prudence.

I cannot doubt that on this, as on all similar occasions, the Federal Government will find its agency most conducive to the security and happiness of the people, when limited to the exercise of its conceded powers. In never assuming, even for a well meant object, such powers as were not designed to be conferred upon it, we shall in reality do most for the general welfare. To avoid every unnecessary interference with the pursuits of the citizen, will result in more benefit than to adopt measures which could only assist limited interests, and are eagerly, but perhaps naturally, sought for, under the pressure of temporary circumstances. If, therefore, I refrain from suggesting to Congress any specific plan for regulating the exchanges of the country; relieving mercantile embarrassments; or interfering with the ordinary operations of foreign or domestic commerce; it is from a conviction that such measures are not within the constitutional province of the General Government; and that their adoption would not promote the real and permanent welfare of those they might be designed to aid.

The difficulties and distresses of the times, though unquestionably great, are limited in their extent, and cannot be regarded as affecting the permanent prosperity of the nation. Arising, in a great degree, from the transactions of foreign and domestic commerce, it is upon them that they have chiefly fallen. The great agricultural interest has, in many parts of the country, suffered comparatively

little; and, as if Providence intended to display the munificence of its goodness at the moment of our greatest need, and in direct contrast to the evils occasioned by the waywardness of man, we have been blessed throughout our extended territory with a season of general health and of uncommon fruitfulness. The proceeds of our great staples will soon furnish the means of liquidating debts at home and abroad; and contribute equally to the revival of commercial activity, and the restoration of commercial credit. The banks, established avowedly for its support, deriving their profits from it, and resting under obligations to it which cannot be overlooked, will feel at once the necessity and justice of uniting their energies with those of the mercantile interest. The suspension of specie payments, at such a time and under such circumstances as we have lately witnessed, could not be other than a temporary measure; and we can scarcely err in believing that the period must soon arrive when all that are solvent will redeem their issues in gold and silver. Dealings abroad naturally depend on resources and prosperity at home. If the debt of our merchants has accumulated, or their credit is impaired, these are fluctuations always incident to extensive or extravagant mercantile transactions. But the ultimate security of such obligations does not admit of question. They are guaranteed by the resources of a country, the fruits of whose industry afford abundant means of ample liquidation, and by the evident interest of every merchant to sustain a credit, hitherto high, by promptly applying these means for its preservation.

I deeply regret that events have occurred which require me to ask your consideration of such serious topics. I could have wished that, in making my first communication to the assembled representatives of my country, I had nothing to dwell upon but the history of her unalloyed prosperity. Since it is otherwise, we can only feel more deeply the responsibility of the respective trusts that have been confided to us, and under the pressure of difficulties, unite in invoking the guidance and aid of the Supreme Ruler of nations, and in laboring with zealous resolution to overcome the difficulties by which we are environed.

It is, under such circumstances, a high gratification to know, by long experience, that we act for a people to whom the truth, however unpromising, can always be spoken with safety; for the trial of whose patriotism no emergency is too severe, and who are sure never to desert a public functionary honestly laboring for the public good. It seems just that they should receive, without delay, any aid in their embarrassments which your deliberations can afford. Coming directly from the midst of them, and knowing the course of events in every section of our country, from you may best be learnt as well the extent and nature of these embarrassments, as the most desirable measures of relief.

I am aware, however, that it is not proper to detain you, at present, longer than may be demanded by the special objects for which you are convened. To them, therefore, I have confined my communication, and believing it will not be your own wish to extend your deliberations beyond them, I reserve till the usual period of your annual meeting, that general information on the state of the Union, which the Constitution requires me to give.

M. VAN BUREN.

WASHINGTON, September 4th, 1837.

#### REPORT OF THE POSTMASTER GENERAL.

POST OFFICE DEPARTMENT,  
September 4, 1837.

SIR: Immediately after the suspension of specie payments by the banks in New York, in May last a circular was sent out, directing all postmasters who had been instructed to deposit the proceeds of their offices in banks, to retain them in specie to meet the drafts of the department.

To those who had been instructed to pay directly to contractors, another circular was sent, reminding them of their duties and liabilities in reference to the moneys to be received and paid by them under existing laws.

Instructions have recently been prepared, directing the manner in which returns of cash on hand are hereafter to be made to the department, and forbidding the loaning or use of the moneys belonging to the public for any purpose whatsoever. Copies of these papers are annexed, marked A, B, and C.

In relation to upwards of ten thousand of the post offices, these regulations make no change. The only change effected by them is, that about eleven hundred postmasters who formerly deposited their income in banks, weekly, monthly, or quarterly, according to its amount, now retain the money in their own hands till drawn for by the department. To about nine-tenths of these, the new system is more convenient than the old, as it saves them the trouble of going or sending to the banks and procuring certificates of deposit; it is equally safe, as their entire balances will be drawn for as often as they are deposited; and it is more efficient, because some postmasters who might neglect to deposit will not venture to dishonor a draft.

The postmasters who will not close their accounts quarterly, will not, probably, exceed one hundred; and the balances in their hands, from quarter to quarter, are not likely, under a proper administration of the department, to exceed, in ordinary times, one or two hundred thousand dollars. As they are required to have their balances always ready in gold and silver, the department will always have the means of meeting its engagements; and if a default in an individual case should occasionally happen, nothing like a general refusal to pay, as in the case of the late deposit banks, is ever to be apprehended.

It will ever be the true policy of the department not to have a large surplus, and, consequently, there will be little to entrust to the custody of postmasters or others. Moreover, the number of post offices now instructed to retain their funds, will be largely reduced upon an adjustment of the collection system to the mail service, as arranged within the last twelve months.

Though in some places convenient, banks are not necessary to the collection and disbursement of the funds of this department. In reference to more than ten thousand post offices, the collections and disbursements are effected more expeditiously and more conveniently without the interposition of banks, than they could be with it. The contractors who are creditors of the department, are its collectors from postmasters, and the collection and disbursement are but one operation. It is generally effected in a few days after the close of each quarter. The operation is the same where the postmasters pay to contractors upon the drafts of the department, though it is more tardy. The few offices, in reference to which banks are a convenience, are those whose receipts are large, and are not likely to be absorbed from quarter to quarter by the drafts of the department. They have generally iron chests or safes where the specie is kept; and, with a strict supervision and careful attention to their bonds, they will seldom, if ever, be found in default.

The necessary transfers of funds are effected by the department without inconvenience or loss. On the interior mail routes, the expenditure is generally greater than the income; so that, after the contractors have received the entire revenue of the offices supplied by them, balances are still due. These balances are as readily paid off by drafts on the postmasters in the cities where the surplus arises, as they could be by checks on banks in the same places. The process is rendered the more easy from the fact, that the heaviest surplus accrues at those points where funds are the most valuable, particularly at New York, so that the drafts of the Department to pay balances in the most distant parts of the Union are generally better than cash, being available for mercantile remittances. Thus, the necessary transfers of the Department are readily effected; and as this state of things is not likely to change, it would seldom, if ever, become necessary for the Department to transport specie from one point to another, if there was not a bank in existence.

Upon the suspension of the banks, efforts were

made in some quarters to compel the Department to receive irredeemable and depreciated paper for postages. Law, justice, and public policy, required an inflexible resistance of these efforts. Gold and silver are the only constitutional and legal currency of the United States, and nothing but that currency, or its equivalent, can be legally offered to the public creditors in payment. All taxes and postages are imposed in this currency, and all contracts are made upon its basis. The public faith could be kept, and the public business successfully carried on, only by a strict adherence to the plain letter, as well as obvious spirit, of the law.

The undersigned is happy to state, that all attempts to force the department to receive depreciated paper were soon abandoned; that little difficulty has been experienced in collecting postages in specie, and none where the circulation of change tickets has been successfully resisted; and that the credit of the department has been preserved unimpaired. Nor is any difficulty apprehended, so long as postages are collected in the constitutional currency of the United States. But, should the department be compelled to receive, and offer to its creditors, the depreciated notes issued by hundreds of embarrassed, faithless, or bankrupt corporations or individuals, no sure calculation can be made as to the future; and there is reason to apprehend general discontent, extensive failures, and deplorable disorganization throughout the mail service. With what face could the department insist on, and compel a strict performance of contract obligations by contractors, when stripped of the power to perform the most vital part of the contracts (so far as the interest of the contractor is concerned) on its own part. Justice and sound policy alike demand a firm adherence, in the mail service, to the standard of value, and the basis of contracts, prescribed by the Constitution, and hitherto strictly maintained, (except for a short period,) amidst the calamities of war.

On the whole, no legislation is necessary to maintain the credit of this department; or enable it to manage its fiscal concerns; the existing laws being deemed ample for those purposes.

I have the honor to be,

Your obedient servant,

AMOS KENDALL.

To the PRESIDENT OF THE UNITED STATES.

A.

POST OFFICE DEPARTMENT,  
— 1837.

Sir: You will, until further orders, retain the proceeds of your office in your hands, *in specie*, to meet the drafts of this Department.

I am, respectfully,

Your obedient servant.

Postmaster at

B.

POST OFFICE DEPARTMENT,  
Appointment Office, Washington, May 16, 1837.

Sir: I am instructed by the Postmaster General to call your particular attention to the fact, that the rates of postage, as established by law, are based upon the legal currency of the United States. The following extracts from the printed regulations and the law, will clearly show what are your duties and responsibilities in relation to the kind of currency to be received for postage, viz:

"You will receive nothing but specie, or its equivalent, for postage."—*Instructions to Postmasters*, chapter 5, section 62.

"All payments to the department, whether upon its drafts, or by deposits in bank, must be in specie, or its equivalent. No allowance can be made to postmasters for the depreciation of money received for postage, nor for losses by fire, robbery, or theft."—Chapter 23, section 245.

Extract from an act of Congress, approved on the 14th of April, 1836.

"SECTION 2. And be it further enacted, That, hereafter, no bank notes of less denomination than ten dollars, and that from and after the 31 day of March, anno Domini 1837, no bank note of less

denomination than twenty dollars, shall be offered in payment, in any case whatsoever in which money is to be paid by the United States, or by the Post Office Department; nor shall any bank note, of any denomination, be so offered, unless the same shall be payable, and paid on demand, in gold or silver coin at the place where issued, and which shall not be equivalent to specie at the place where offered, and convertible into gold or silver upon the spot, at the will of the holder, and without delay or loss to him: *Provided*, That nothing herein contained shall be construed to make any thing but gold or silver a legal tender by any individual, or by the United States."

Hence, you will perceive that, whatever you may receive for postage, you are responsible for gold or silver; and that it is *unlawful* for you to offer in payment to contractors, or others, any note of any bank which does not pay its notes in specie. As the Postmaster General has no power to release you from your responsibilities under the laws, and as, on the contrary, it is his duty to see them faithfully executed, he has deemed it expedient to give you this notice, that you may guard yourself against loss in the collection of your postages.

Very respectfully,

Your obedient servant,

ROBERT JOHNSTON,

Second Assistant Postmaster General.

C.

Postmasters, who may be under instructions to retain the proceeds of their offices until drawn for by the department, will observe the following regulations, viz:

Those whose nett proceeds are five hundred dollars or more per week, will report the amount weekly to the Department. Fractions of weeks at the beginning and end of quarters need not be reported separately.

Those whose nett proceeds are not five hundred dollars per week, but amount to that sum or more per month, will report them monthly. The last month of each quarter need not be reported separately.

At the end of each quarter, all postmasters at draft offices will immediately ascertain the amount of nett revenue accruing at their respective offices during the quarter, and report it forthwith to the department, setting down the sums, if any, which may have been reported weekly or monthly, and deducting them, thus exhibiting the balance not reported.

All these reports must be by letter, addressed to the Postmaster General, which must be sent separately, and not enclosed with the quarterly accounts, or tied to them, or to any other letter or packet on other business. Nor must it be delayed until the accounts are forwarded, if it can be sent sooner.

Postmasters will not be permitted to use or loan out any of the moneys belonging to the department, but will keep them always on hand to meet its drafts. A violation of this regulation will be considered good cause for instant removal and prosecution. Every draft must be paid on presentation.

The travelling agents of the Department will be instructed to call occasionally on the draft offices, without notice, for the purpose of counting and reporting the cash on hand, and reporting also the manner in which it is kept.

Mr. WRIGHT moved that 5,000 copies of the Message, and 1,500 of the documents, be printed.

Mr. CLAY rose, he said, to second the motion; and he did so with great pleasure. Indeed, if there were any practical mode of disposing of the copies without inconvenience to Senators, he would be willing to vote for double or treble the number proposed to be printed. He had risen merely to second the motion of the honorable Senator; but while up, he could not help expressing the deepest regret at the President's entertaining such views, and having made such a proposition as was contained in this paper, to meet the existing crisis in the affairs of our country, and which had called us together at this inconvenient period of the year from our occupations and our families.

Mr. BUCHANAN said that he did not rise to express any opinion, or to enter into a discussion

on the recommendation of this message. "Sufficient for the day was the evil thereof." But, he rose to move for an increased number of copies. We were assembled together for specific purposes, and the eyes of the American people were now intently fixed upon us. Their eyes would be exclusively directed for some time to come to our deliberations. He did not think that 5,000 copies would be a sufficient number to circulate among our constituents, in order to give them that information which they ought to have.

He had generally been adverse to printing documents, because he knew that on many occasions they were considered as useless lumber in the post office; but for this document, which was of the highest importance, he was willing to vote that 8,500 copies should be printed, and 1,500 of the accompanying documents. He would, therefore, make that motion.

The question being taken on printing 10,000 copies, it was agreed to.

The Senate then, on motion of Mr. GRUNDY, adjourned.

#### HOUSE OF REPRESENTATIVES,

TUESDAY, September 5, 1837.

The following members appeared and were qualified:

The Hon. JOHN P. RICHARDSON of South Carolina.

The Hon. WILLIAM C. DAWSON of Georgia.

The Hon. THOMAS GLASCOCK of "

The Hon. JESSE F. CLEVELAND of "

The Hon. RICE GARLAND of Louisiana.

The Hon. JOHN W. JONES of Wisconsin.

The Hon. CHARLES DOWNING of Florida.

Mr. GARLAND of Virginia, from the select joint committee appointed to wait on the President of the United States, and inform him that the two Houses of Congress were organized, reported that they had performed that duty, and that the President would transmit a Message to them in writing that day at 12 o'clock.

A Message in writing was received from the President of the United States by the hands of his private secretary, ABRAHAM VAN BUREN, Esq.

[Given in the proceedings of the Senate.]

The message having been read by the Clerk:

Mr. HAMER moved that the message and accompanying documents be laid on the table, and that ten thousand extra copies be printed.

Mr. OWENS moved to increase the number to twenty thousand.

Mr. ROBERTSON begged to inquire of the gentleman by whom the original motion was made, whether any individual was authorized to print for the use of the House.

Mr. HAMER was not prepared to say whether there was or not. He said he had no objection to accept the amendment of the gentleman from Georgia as a modification of his own.

Mr. WHITTLESLEY, of Ohio, then moved that 10,000 copies be printed for the use of the House.

Mr. WHITTLESLEY was much gratified when his colleague had, in the first place, moved for the printing of 10,000 copies of the message, because he thought we ought to commence this session of the House with a view to the embarrassed condition of the country, and expend no more money than was actually necessary to carry on the operations of the Government. It was a fact well known to many present, that previous to the year 1829, no more than 5,000 copies of the message and documents had ever been printed. The number that year had been doubled, and for the last few years it had increased to 20,000 copies. Now, he would appeal to gentlemen on this floor, whether it was not a fact that this document was printed in the newspapers of the country for months before we receive them from the public printer. Attempts had heretofore been made to prevent so large a number from being ordered, but it had then been looked upon by some as being introduced out of hostility to the Executive or public printer. Now we have no public printer, and he considered it an appropriate time to attempt to retrench the expenses of the House in this particular. He was willing to vote money to the fullest

extent, where it was necessary to carry on the operations of the Government; but he could not see any benefit to be derived from the printing so large a number, while it was well known that all the papers in the country published the document before it could be laid on our tables, and sent by us through the mails to our constituents. So far as his vote would go, he should endeavor to retrench the expenses of the House, and he hoped he would be seconded in this effort. Mr. W. then called for a division of the question.

The motion to lay on the table was then agreed to without a division.

The question was then put on printing 20,000 copies of the message.

Mr. BOND called for the yeas and nays, which were ordered, and the motion was agreed to—yeas 115, nays 109.

The SPEAKER laid before the House a communication with a report from the Secretary of the Treasury on the state of the finances; which, on motion of Mr. CONNOR, was ordered to lie on the table.

Mr. CONNOR, moved to print 20,000 extra copies: lost—yeas 101, nays 106.

Mr. OWENS moved that 10,000 extra copies be printed; which was agreed to without a division. On motion of Mr. McKENNAN, the usual resolution for supplying the members with five daily papers was agreed to.

On motion of Mr. PATTON, it was

Resolved, That the House do now proceed to the election of Printer for the House for the 25th Congress; whereupon,

Mr. LEWIS WILLIAMS nominated GALES and SEATON.

Mr. HAMER nominated BLAIR and RIVES.

Mr. CLARK of New York nominated THOMAS ALLEN.

The same gentlemen having been appointed tellers, the result was announced as follows:

	1st ballot.	2d.	3d.	4th.	5th.
Whole number of votes, 230	230	230	228	227	228
Necessary to a choice . . .	116	116	115	114	115
BLAIR and RIVES . . .	103	103	103	100	104
GALES and SEATON . . .	100	102	101	103	100
THOMAS ALLEN . . .	22	22	23	22	23
Scattering . . .	1	1	1	2	0
Blanks . . .	4	2	0	0	1

Mr. OWENS remarked; that as there appeared to be little probability of the House making a choice to-night, he moved an adjournment; which was agreed to—yeas 108, noes 102; and so

The House adjourned.

## IN SENATE,

WEDNESDAY, September 6.

Mr. HUBBARD offered a resolution proposing an alteration in the standing rules of the Senate, and asked its consideration at this time.

Mr. CLAY objecting, the resolution lies over till to-morrow.

Mr. HUBBARD moved that the Senate proceed to-morrow to the appointment of the standing committees.

Mr. CLAY said he should be very glad to learn from that part of the Senate which was capable of affording the information, whether it was intended to appoint all the standing committees, and for what purpose? It had been intimated in the message that those communications which were annually made, and which formed the basis and action of the standing committees generally, were at this time to be withheld until the usual period of the meeting of Congress. Indeed we were told, and he thought without a sufficient regard to the rights, and he would add, what was of much importance in the present crisis of the country, the duties which Congress had now to perform, that he (the President) had called them together for a certain purpose; that he meant to limit his communications to that purpose, and dismiss us when we should have done.

Assembled as we are, (continued Mr. C.) we have a right to look to the interests of the whole country—to the interests of all—and, for one, I must say that, although no man has come here with more reluctance than I have done, and no man here will return to his private pursuits with more pleasure and satisfaction than I shall do, yet

when I regard the present general, unhappy, distressed, and embarrassed condition of the country, I should be more reluctant, whatever may have been the purposes of the President, or any body else, to return home, until I see some broad, comprehensive, effectual plan proposed for the relief of the country.

But, sir, I have risen to inquire what is the design, what is the purpose, of appointing all the standing committees, if we are limited to one single object, and which, according to the language of the message, we are called here to deliberate upon? We know nothing of our foreign affairs; we know nothing concerning the question of the northeastern boundary; we know nothing in regard to Texas. Then what are the purposes to be answered by appointing the Committee on Foreign Relations? All that I desire is to have light on the subject—to learn, if it be possible, the views and purposes of those into whose hands are confided the intentions of the administration, why all these committees should be appointed.

Mr. HUBBARD remarked that he regretted as deeply as the Senator from Kentucky could, the existence of any cause which had made it necessary for the President to assemble Congress at this time; and he was quite sure that he had left his home with as much reluctance to perform his duty here, as that Senator, or as any other Senator. But Congress were now assembled; both Houses had been organized in the usual manner, and communications had been interchanged that the two Houses were now ready to proceed in the transaction of the public business; and, after such a meeting, what was it proper for the Senate to do? By the 33d rule, it was made their duty at the commencement of each session to appoint their standing committees. This was the law, and it had been the invariable practice of the Senate. And was there any less obligation, any less propriety, or any less importance, for the Senate to appoint its usual standing committees at an extra session, than there was at an ordinary session of Congress? He did not so consider the matter. The rule itself was imperative. The course of proceeding was, to his mind, plain, and he had offered the resolution in accordance with his sense of duty. He was well aware, with the Senator from Kentucky, that the President had, in his public message, which had been communicated to Congress, alluded mainly to but one subject, and what seemed to him to be necessarily connected therewith; and he was free to admit that that was a subject of deep and abiding importance to the interests of our whole country. But does the Senator know that the President may not, by special message during the present session, communicate to Congress other and different subjects? Certain the fact is, that the people themselves are not precluded by the Message from coming here with their memorials. They have a right to present here their petitions; and would it be wise or proper for the Senate to refuse to hear, consider, and dispose of these matters in the usual manner, because this happened to be an extra session of Congress, called by the President for a particular and avowed purpose? He thought not. This session of Congress having commenced, he had offered to the Senate the resolution for the appointment of the usual committees, as the best and most legitimate mode for the disposal of the public and private business which may be presented for its consideration. He could not doubt that the great and absorbing subject referred to in the President's Message, would engage the unremitting attention, and would command the most faithful service of the Senate; but the all-importance of that subject, and the fact of its being exclusively considered in the Message, was, to his mind, no sufficient reason against the appointment of the standing committees. The consideration of that subject would be, and should be, the main business of the present session. He could not believe that the appointment of the committees would necessarily protract the session. After the completion of the business which had summoned Congress together, Congress would adjourn. He was as anxious as any man could be, to bring this session to a speedy close, to finish the work proper to be done; and he felt assured, that by exerting their best efforts, Congress would be

able at this session to accomplish some measure which would, in effect, restore confidence, and give relief to the community. He was as desirous as the Senator from Kentucky, or as any other Senator, could be, to have this done, and done speedily. He had, therefore, thus early introduced the resolution for the appointment of the committees. He hoped to see this a short but a business session. It seemed to him that every consideration of policy and of duty should induce the Senate at this time to make the appointment of their committees. He hoped, therefore, that his motion would be adopted.

The motion was agreed to.

On motion of Mr. WALKER, The Senate adjourned.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, Sept. 6, 1837

On motion of Mr. ALLEN of Vermont, by general consent, a resolution was adopted ordering copies of a diagram of the hall, with the names of the members appended to their seats therein, to be furnished to the members.

Mr. BRONSON, by consent, submitted the following resolution:

Resolved, That the further balloting under the resolution of yesterday, providing for the election of a printer for this House, be suspended until the third Monday of September instant, and that temporarily and until the due election of a printer, the Clerk of this House be authorized and directed to employ some person or persons to do the necessary printing of the House, upon the same terms that it was done at the last session.

Mr. CUSHING expressed a hope that this resolution would not be adopted, since it proposed to do that by resolution which the House had refused to do directly, by a vote of 126 to 100, on yesterday.

Mr. GRENELL moved to lay the resolution on the table.

Mr. HAYNES asked for the yeas and nays on that motion, which were ordered, and were—yeas 109, nays 114, as follows:

YEAS.—Messrs. Adams, Heman Allen, John W. Allen, Ayckrigg, Bell, Biddle, Bond, Borden, Briggs, William B. Calhoun, John Calhoun, William B. Carter, Chambers, Childs, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Evans, Everett, Ewing, Richard Fletcher, Isaac Fletcher, Filmore, Rice Garland, Goode, James Graham, William Graham, Graves, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Hierod, Hoffman, Robert M. T. Hunter, Jenifer, Henry Johnson, William Cost Johnson, Legare, Lincoln, Andrew Loomis, Mallory, Marvin, Sampson, Mason, Maury, May, Maxwell, McKennan, Menifee, Mercer, Milligan, Matthias Morris, Calvary Morris, Naylor, Noyes, Oels, Patterson, Patton, Pearce, Peck, Phillips, Pope, Potts, Randon, Randolph, Reed, Rhett, Ridgway, Rives, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Siegard, Sibley, Slade, Snyder, Southgate, Stanley, Stratton, Tallaferra, Thompson, Tillinghast, Toland, Underwood, John White, Eliza Whitteley, Lewis Williams, Sherrod Williams, Christopher H. Williams, Wice, and York—109.

NAYS.—Messrs. Anderson, Andrews, Atherton, Beatty, Belknap, Bicknell, Birdsell, Boon, Bouldin, Brochard, Bronson, E. C. Buchanan, Cambridge, Timothy Carter, Casey, Cheney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Cushman, Davee, DeGroot, Drumcoble, Duncan, Edwards, Farrington, Fairfield, Foster, Fry, Gallup, J. M. Garland, Gholson, Glascock, Graustad, Grant, Gray, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Holsby, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Jones, B. Jackson, Jacob Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, K. L. Kitchens, Ler Butler, Logan, Appahed Loomis, James M. Mas, n. Martin, McKay, Robert McClellan, Abraham McClellan, McCune, McKim, Miller, Montgomery, Morgan, Samuel W. Morris, Mullenberg, Murray, Noble, Owens, Palmer, Parker, Parmelee, Pratt, Prentiss, Reiley, Rencher, Robertson, Sheffer, Shiple, Smith, Spencers, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Tuomey, Vail, Vandever, Wagener, Webster, Weeks, Thomas T. Whitteley, Jared W. Williams, and Worthington—114.

So the House refused to lay the resolution on the table.

The question recurring on agreeing to the resolution—

Mr. PICKENS submitted an amendment to come in as an additional clause to the resolution, to the effect that "the contracts for printing be given out by the Clerk to the lowest bidder, subject to the regulations now imposed by law."

Mr. PICKENS said he had voted against laying this resolution on the table, so that the question involved in the matter might be brought to the notice of the House. Every gentleman who had occupied a seat in this House for any length of time, must have witnessed the great evils arising from connecting editors of political newspapers with the print



ing of Congress. He called upon the House now to sustain him in his effort to separate the printing of the House from editors of newspapers, whose business alone was to defame and slander high minded and honorable men. He had no idea of continuing patronage to a set of men who had raised one of the most odious despotisms ever held over a free people. A gentleman from Virginia had a few years ago submitted a scheme for separating the printing of Congress from the newspaper press, and he hoped gentlemen would now see the necessity of adopting this project. He had no idea of patronizing editors, who were aided by Executive bounty, and grew rich from the plunder of the people. It was time for the House to take this matter into consideration, and separate itself as much as possible from the partisan press of the day. It was proposed to limit the operation of this resolution to the third Monday in September; but he desired himself to free the House entirely from the excitement, consequent upon the election of a public printer. He had no idea that this House should be engaged for days in a miserable scramble for the election of a man or set of men to do the printing of the House, merely because they were editors of political papers. The matter of election of printer had grown to be a matter of as much importance as the election of a Speaker of the House, and would continue to create an improper excitement, so long as the printing was connected with the political press of the country. He desired a free and ample discussion of the matter, and he hoped the amendment he had submitted might be adopted.

Mr. BRONSON said that the same reasons which induced him to offer the original resolution, would induce him to vote against the amendment of the gentleman from South Carolina; and he briefly gave his reasons. He said it had appeared perfectly evident to him, from the result of the ballots of yesterday, that no choice of a public printer would be made by subsequent ballots; and it appeared equally evident to him that the people of this country would not look with favor or approbation upon the House spending day after day in balloting for a printer. They had been called together for much more momentous and important considerations. They were called together on an occasion, the like of which was never before seen, and the eyes of the whole nation were directed to their deliberations. Under these circumstances, it struck him that it did not become them to spend two or three days, or perhaps a much longer space, in choosing A, B, C, or any other person, to do the public printing; and with a view, therefore, that the House might at once proceed to deliberate and dispose of the great considerations for which they had been called together, he had offered that resolution. The same reasons, therefore, that induced him to offer it, would induce him to vote against the amendment, for he plainly perceived that if the latter should be entertained, they would spend probably much more time in discussing it than even under the balloting of yesterday.

Mr. WILLIAMS of Kentucky moved to amend the amendment, by adding the words "and to a printer who is not the editor of a newspaper."

Mr. McKAY called the attention of the gentleman from South Carolina to the terms of the joint resolution of 1819, regulating the manner in which the printing for Congress shall be done. In regard to the question of separating the public printing from the newspaper press, Mr. McK. was ready and willing to concur that it should be done, either by the establishment of a private press belonging to the Government, by contracts, or by any other plan that would be practicable. He, however, was not disposed to enter into a discussion of that subject at present, and had only risen for the purpose first stated. He would, therefore, suggest to the gentleman from South Carolina, that while that joint resolution was in force, it would not be in order to adopt the provision embraced in that amendment. That law prescribed the manner in which the printing should be done, and the price to be paid for it, and he held it was not competent in them, during its existence, to let out the work by contract; that law limited the price, and it might turn out

that the lowest bid would exceed it, which the Clerk being bound to accept, would be a violation of the law, and the House be paying higher prices for its printing than it was authorized to do by joint resolution and the law of the land now in force.

Mr. PICKENS inquired if there was not a proviso in the joint resolution, "until otherwise ordered?"

Mr. McKAY read from it the words "when otherwise specially ordered."

Mr. PICKENS. Then under that provision my amendment is clearly in order.

Mr. TAYLOR hoped the original resolution would be adopted; for it was of the first importance that the House should be progressing with the business that had called them together, which was its obvious design. With reference to changing the mode of employing a printer, he believed that no other printers were at present prepared to execute the work, than the editors of the papers in the city; and, moreover, if let to the lowest bidder, some irresponsible man might get the job, who would put in too low a bid, and either disappoint them altogether, by not executing the work at all, or by doing it in a manner that would be disapproved of; in either case the public interest would suffer. He also held the existing law to be binding, and in full force, until it was repealed by the concurrence of a joint vote of the two Houses.

Mr. WILLIAMS of Kentucky said, at the request of several of his friends, he would withdraw his amendment.

Mr. PICKENS then modified his amendment so as to provide "that the contracts should not exceed the prices now stipulated by the joint resolution of 1819, and that this arrangement be extended to the first Monday in December next."

Mr. COLES proposed to amend the amendment by striking out all after the word "and," and insert a provision for the appointment of a select committee to inquire into the expediency of separating the emoluments of public printer from the newspaper press of the country: lost.

After some remarks from Messrs. McKEN-NAN, WISE, and UNDERWOOD,

Mr. ROBERTSON moved to insert, in lieu of the definite period assigned in the amendment, the following: "continued until the further order of the House of Representatives." Mr. R. explained why he voted against laying the original resolution on the table. His reasons were two-fold: first, because he found they were engaged in a struggle for an election, not of a printer, but of a politician, or partisan editor; an election which might consume a great deal of the time of the House, without the slightest benefit to the country; and second, because he hoped the effect of that resolution, if adopted, would be for ever to put an end to this biennial struggle for the election of a partisan printer.

Mr. BRIGGS was opposed both to the resolution and the amendment, because it appeared to him to be an evasion, if not a direct violation, of a statute now existing. He then read the statute directing the manner in which a printer was to be elected, and contended that it was not competent for the House, without the concurrence of the Senate, to give out the printing in any other manner than that laid down in the statute referred to. The joint resolution of 1819 provides that each House shall proceed to elect, by ballot, within thirty days of the adjournment of Congress, a printer for the next Congress. He appealed to gentlemen to say whether this statute was not binding upon them until it was rescinded by the joint action of the two Houses? Taking this view of the question, he could see no other mode of proceeding than to reject the resolution and amendment, and proceed to the election of a printer by ballot.

Mr. GLASCOCK was not disposed, at this stage of the question, to excite the passions of the House by a reference to any political or partisan question which might hereafter arise. We had come here for the purpose of proceeding with the business which we were called together to act upon, as speedily as possible, and he was not disposed now to continue any course which would procrastinate our action on this important business. As to the

cause of the existing evils he was not disposed to make a question. It was sufficient for him to know that the country was involved in difficulty; and he was in favor of the speedy action of Congress on the subject, in order to provide a remedy for the evil. The object of the gentleman from New York in submitting the resolution, he had no doubt, was to dispose of the question of the election of printer as speedily as possible, with a view to facilitate the business of the House; and it appeared to him that this ought to be the desire of every gentleman here. It seemed to him that the resolution, as modified by the gentleman from South Carolina, (Mr. Pickens) ought to meet the concurrence of every gentleman on the floor of the House. This resolution held out an inducement to every editor or printer in the community to submit proposals; and the contract must be made with the person who is the lowest bidder. He did not look upon this resolution as introduced to effect any political object; and he hoped it would receive the sanction of the House. He looked forward to difficulties which may arise in our deliberations, but he hoped that we might go on and organize speedily, so that we might, if possible, unite in accomplishing the great objects for which we were assembled. He cared not who was elected printer. He, to be sure, had his friends, as he doubted not every man in that House had; but when we saw so many conflicting interests, we ought to compromise. The plan proposed by the resolution, as modified by the gentleman from South Carolina, he considered the best compromise which could be made, and he hoped it would be adopted, so that we might proceed with the other important business for which we were assembled to consider.

Mr. PICKENS called for the reading of the statute alluded to by the gentleman from Massachusetts, (Mr. Briggs,) which being read by the Clerk, Mr. P. stated that his object was merely to show, that because the House had not complied with the terms of the statute, it was null, and of no effect. The House had neglected to perform its duty in not electing a printer at the last session, thereby considering the statute a mere dead letter. The resolution of the gentleman from New York, now proposed to authorize the Clerk to appoint a printer to fill the office left vacant by the negligence of the House. That being the case, and the resolution being before the House, he considered his amendment as being strictly in order. The argument of the gentleman from Massachusetts he considered as applying equally to the resolution of the gentleman from New York, with the amendment submitted by himself. He contended, however, that both the resolution and amendment were strictly in order, and he hoped they would be adopted.

Mr. HOFFMAN of New York alluded to the distress which had existed, and was now existing, in the city of New York, and asserted that the press which had received special favor from the Executive had used its efforts to increase that distress; and when they had petitioned the Executive for relief, in the midst of their distresses, their petitions had been spurned by the official organ of the Government. The power which they received from the Executive was made use of as an engine to strike down the interests of a large class of our citizens. He deprecated the course pursued by the party press of the country, but he could not see that we could adopt the resolution now before the House, because in his opinion it went to abrogate an existing statute of the land. He contended that it was not competent for the House to set aside a joint resolution of the two Houses; and that the only means of effecting the object desired by the gentleman who introduced the resolution, would be the passage of a law changing the mode of appointing a public printer.

The question was then taken on the amendment submitted by Mr. Robertson, and decided in the negative without a division.

The question then recurred on the amendment of Mr. Pickens.

Mr. RENCHER called for the yeas and nays on this amendment, which were ordered.

Mr. REED, of Massachusetts, contended that he laws in relation to the prices for printing were

wholly defective. The law was specific in relation to the setting of types to be sure, but it was entirely defective in relation to the paper to be made use of, in consequence of which the public printer might use paper which would not be fit for the work. He then moved to amend the amendment, by inserting therein the words "that the quality of the paper be also prescribed in the contract."

The question was then taken on the amendment of Mr. PICKENS, and decided in the affirmative—yeas 112, nays 109.

Mr. CAMBRELENG called for the reading of the resolution as amended, which being read, he said there appeared to be some inconsistency about it. It appeared to him to be important that the public documents already ordered to be printed, should be printed and laid upon our tables, and he did not perceive that the resolution was calculated to effect that object speedily. It seemed to him if the resolution was adopted, that it would be a week or ten days before a single document could be printed, and he therefore hoped it might not be agreed to.

Mr. WISE moved the following amendment: Strike out all after the word "resolved" and insert the following: "That the Clerk of the House be, and he is hereby, authorized to employ the Editors of the Intelligencer and the Madisonian to execute the printing of this House, upon the terms of the joint resolution of 1819, until the first Monday in December next."

Mr. CAMBRELENG asked for the yeas and nays; which were ordered.

Mr. McKENNAN moved to lay the whole of the propositions on the table.

Mr. MONTGOMERY asked for the yeas and nays on this motion, but they were not ordered, and the vote was taken by tellers—yeas 117, nays not counted.

So the whole subject was laid on the table.

#### ELECTION OF PRINTER.

The House then resumed the ballot for the choice of a printer to the House for the 25th Congress, commencing with the 6th ballot, (five having been given in yesterday,) and the result was as follows:

Whole number of votes	-	-	230
Necessary to a choice	-	-	116
For Blair and Rives	-	-	107
Gales and Seaton	-	-	93
Thomas Allen	-	-	27
Blanks	-	-	3

There being no choice, the House balloted again, when the result was announced as follows:

Whole number of votes	-	-	228
Necessary to a choice	-	-	115
For Blair and Rives	-	-	101
Gales and Seaton	-	-	81
Thomas Allen	-	-	42
Blanks	-	-	4

There being still no choice, another ballot was gone into, the result of which was as follows:

Whole number of votes	-	-	227
Necessary to a choice	-	-	114
For Blair and Rives	-	-	101
Gales and Seaton	-	-	68
Thomas Allen	-	-	53
Blanks	-	-	5

The result of this ballot showing that no choice was yet made, the House was proceeding to a ninth ballot, when—

Mr. SLADE moved that the House adjourn.

Mr. CUSHMAN asked for the yeas and nays, but they were not ordered, and the motion was disagreed to without a count.

Mr. TAYLOR submitted the following resolution:

*Resolved*, That the printer of the House of Representatives for the last Congress, be authorized to print for this House till a public printer shall be duly elected.

Mr. PATTON moved to lay the resolution on the table; upon which

Mr. TAYLOR asked for the yeas and nays, which were ordered, and were—yeas 123, nays 100.

So the resolution was laid on the table.

Mr. BOON sent to the table a resolution to be submitted to the House; when

Mr. TALIAFERRO raised the point whether it was in order to move a resolution while the House was engaged on another subject.

The CHAIR ruled otherwise, on the ground that the House being in the execution of its order of yesterday, viz: the election of a printer, *ergo* all resolutions or motions on that subject were in order. The one about to be submitted, was on the mode of electing the printer, and the House not having prescribed any particular mode, it was in order to make a motion to that effect at any stage of the proceedings. The Chair was decisive on the point, though he would, if it was desired, take the sense of the House upon it.

Mr. TALIAFERRO said he would not press the point.

Mr. BOON'S resolution was then read as follows:

*Resolved*, That in the election of a printer to the House of Representatives for the first session of the 25th Congress the vote of the members shall be given *viva voce*.

Mr. B. asked for the yeas and nays on the adoption of the resolution, which were ordered.

Mr. PATTON wished the principle of voting for officers of the House to be in all cases *viva voce*, and was understood to be preparing an amendment to that effect, when,

Mr. EVERETT moved to lay the resolution on the table.

Mr. BOON asked for the yeas and nays, which were ordered, and were—yeas 88, nays 132, as follows:

**YEAS**—Messrs. Adams, Ayckrigg, Alexander, Homan Allen, John W. Allen, Bell, Biddle, Boyd, Borden, Briggs, Bronson, William B. Calhoun, John Calhoun, William B. Campbell, John Campbell, Childs, Clowney, Co-win, Cravston, Crockett, Curtis, Cushing, Darling, Davies, Deberry, Dennis, Elmore, Evans, Everett, Ewing, R. Fletcher, Filmore, Rice Garland, Goode, Grinnell, Hall, Haskett, Harlan, Harper, Hastings, Henry, Hoffman, Robert M. T. Hunter, Henry Johnson, W. C. Johnson, Legare, Lincoln, Andrew Loomis, Mallory, Marvin, Samuel Mason, Maxwell, McKenney, Menzies, Mercer, Milligan, Morgan, Nathaniel Morris, Calvary Morris, Naylor, Noyes, Patterson, P. Parco, Phillips, Peje, Potts, Randolph, Reed, Rencher, Rhett, Ridgeway, Runney, Russell, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Smith, Southgate, Stanley, Stratton, Thompson, Tillinghast, Toland, Underwood, Eliza Whitlesley, Lewis Williams, Christopher H. Williams, Wise, and Yorke—88.

**NAYS**—Messrs. Anderson, Andrews, Atherton, Beatty, Belme, Bicknell, Birdsall, Boon, Bouldin, Brodhead, Bruyn, Buchanan, Bynum, Cambreleng, Timothy Carter, Wm. B. Carter, Casey, Chaney, Chapman, Cille, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Cushman, Dawson, Dayce, DeGraff, Dringoloco, Duncan, Dunn, Edwards, Farrington, Fairfield, Foster, Fry, Gallup, James Garland, Gholson, Glascock, James Graham, William Graham, Grandand, Graves, Gray, Haley, Hammond, Hamer, Harrison, Hawes, Hawkins, Haynes, Herod, Holsey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Jennifer, Joseph Johnson, Nathaniel Jones, John W. Jones, Kenble, Kilgore, Klingensmith, Leadbetter, Logan, Arphaxed Loomis, James Mason, Martin, Maury, May, McKay, Miller, McClellan, Abraham McClellan, McClure, McKim, Millar, Montgomery, Moore, Morris, Muhlenberg, Murray, Noble, Ogle, Owens, Palmer, Parker, Pughenter, Patton, Paynter, Pennybacker, Pettrikin, Phelps, Plumer, Potter, Prentiss, Rariden, Reily, Richardson, Rives, Robertson, Sawyer, Sheffield, Shipley, Snyder, Spencer, Stewart, Taliaferro, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vandever, Wagener, Webster, Weeks, John White, Thomas T. Whitlesley, Sherrod Williams, Jared W. Williams, and Worthington—132.

Mr. PATTON then sent the amendments he proposed to submit to the Chair, providing that the election of all other officers, as well as the public printer, should be *viva voce*.

The CHAIR remarked that the amendment was not strictly in order, because it related to a subject not embraced in the order of the House of yesterday; which read—

*Resolved*, That this House do now proceed to the choice of a printer to the House for the 25th Congress, and had no reference to any other appointment than that of printer.

Mr. PATTON called the attention of the Chair to the fact, that the resolution of the gentleman from Indiana was itself inconsistent with the terms of the order of yesterday, for the latter provided for the choice of a printer to the whole "25th Congress," but the former for only the "first session" of that Congress.

Mr. GHOLSON was in the act of moving to strike out the words "for the first session;" when

Mr. BOON himself modified his resolution by striking out the words referred to.

The CHAIR then entertained the amendment of Mr. PATTON, which, after some remarks from the honorable mover, and Messrs. BOULDIN, DAWSON, and BOON, was agreed to.

The question recurring on the resolution as amended—

Mr. BRIGGS considered the resolution entirely unnecessary, and expressed his unfeigned astonishment at the introduction of such a measure, after they had been going on with the ballot for two days. In adverting to the discussion on the same subject, two years ago, he said he had opposed it then, and should do so, be it introduced when or by whom it might.

Mr. BOULDIN replied at some length, in favor of the *viva voce* mode of voting, and dwelt on its consistency with the mode and practice of the Old Dominion.

Mr. WISE said, he should vote for the proposition, as he had heretofore done on all occasions, when it had been introduced. He, however, cautioned gentlemen voting for Thomas Allen, to be on their guard, for that they would be marked and doomed to executive vengeance, the partisan press taking the lead, and giving the cue. For this reason he condemned the introduction of the resolution, though, being in favor of its object, he should vote for it.

Mr. GHOLSON said that he himself, like the gentleman from Virginia, (Mr. Wise,) who last addressed the Chair, was in favor of the *viva voce* mode of voting, not only in that body, but in all others—not only for public printer, but for every other appointment by the agents of the people. Being in favor of it, also, like the gentleman, he was indisposed to screen himself from this resolution, or to skulk from the responsibility of the open vote proposed by it, for he had never given a vote which he feared to have exposed to his constituents and to the world.

Sir, continued Mr. G. we are here told—we the representative citizens of a free people, we the American Congress of the United States, are gravely told—that this House is not free, and that we dare not carry out our own principles! That we, the representatives of a free people, are not independent, and dare not express our own will! It may be that gentlemen have come here with such feelings, but for myself, sir, I unhesitatingly and unqualifiedly deny the charge. I came here, sir, the representative of the freemen of Mississippi, and stand prepared to carry out their will fearlessly, boldly, and independently; and such I honestly believe to be the situation and the determination of every democrat in this House. There may be individuals here, there may be politicians here, acting on principles at variance with those they entertained when they first entered this hall, and who no longer possess that spirit of independence, and that adherence to principle, which should characterize the representatives of a free people. We are told that this resolution is to affect that party voting for the individual as public printer who has the smallest number of votes, (Thomas Allen,) and the gentleman from Virginia inquires of my friend from Indiana (Mr. Boon) whether any illegal combination, any extraordinary combining of the two political parties has been discovered, rendering it necessary to be exposed to the American people. Let me ask, sir, does that gentleman, for himself and his friends, dread exposure to his constituents by the votes they have here given? If not, why the inquiry? I will tell the gentleman that, from what I know of some of those who have voted for that candidate, they do not dread the responsibility of voting *viva voce*. Why then this attempt to terrify them? Why tell them their doom is sealed? Whence the necessity of all this? Sir, I have regretted to see the spirit of the speeches we have heard delivered to-day by the two gentlemen from Virginia and South Carolina, (Mr. Wise and Mr. Pickens,) for they were too much characterised by the party spirit of the day. I had hoped that, on such an occasion as this, we should have met in a spirit of harmony and compromise, especially after the declaration of the gentleman from Virginia himself, that this was to be termed "the distress session." Sir, I have the honor to be sent here by a people whose patriotism extends further than their pockets; and though we have suffered embarrassments as severe and as heavy as those that have afflicted any other portion of this Union, they are still prepared to suffer much more for the good of the country.

We, sir, of Mississippi, do not rely alone upon—nay, we do not expect—the aid of this nor any other legislative body. Though the message of the President has been already denounced, and characterized as a *loco foco* document, I will say that if that doctrine prevailed more generally than it does, the influence of bank rags would be lessened, the community less afflicted, and more political honesty found among us than I fear is now the case.

The gentleman from Virginia tells us, that it was his province to investigate into the abuses of this Government, and that one of the great evils was, that we had a partisan press engaged in executing the public printing, and that hence that press was brought up by the Government. A strange conclusion this, sir! Let me ask the gentleman if, in the course of his inquiries about the corruption of the press, he discovered any thing about the payment of a certain \$52,000, by a great moneyed corporation, to buy up a certain press? That corporation had been put down, I hope effectually and for ever, mainly through the exertions of the partisan press alluded to by the gentleman, (the Globe.) I wonder, sir, if the gentleman's labors discovered any trace of \$52,000, or any other sum, paid by the late Executive and his administration, or by the present. If the American press has become corrupted, the cause of it may be found in the transaction I have referred to.

Mr. Speaker, why then is it necessary for us to strunge, or to crouch, or to pretend to do either, before Executive influence? Do we dread that influence? Have we any cause to do so? Are we not responsible to our constituents, and to them alone? and if we fear to show our votes, is it not because we rather dread the responsibility we should be under to them, and the account they might call us to? Why, sir, the gentleman from Virginia is the very last man who would be brought to say he dreaded Executive influence, and yet he cautions those who are called conservatives to be on their guard, for that they will be marked! Why, sir, does the gentleman suppose that there are any here possessed of so little independence as to dread the influence of the Executive? Does he pretend to say that it has come to this, that the members of this body, who do not go in accordance with the will of the President, are to be hunted down? Does he think the President is not otherwise employed, than in hunting down, or striving to hunt down, those who may differ with him? Have we come here to legislate for the President, or to make a successor to him? That war I thought, sir, had been over, the people having performed that duty, fortunately, without our intervention. It really does appear to me, therefore, Mr. Speaker, that, if we commence this way, the sooner we leave here, and return to our constituents the authority by which we came here, the more credit we shall be entitled to, and the more honor we shall merit.

I reiterate the hope, sir, that this resolution will be adopted, so that we may be enabled to give an assurance to the American people, that we are willing to take the responsibility of voting for whom we please, and especially that we have no dread of being hunted down by executive influence. I wish also to show the American people upon whom this delay is accountable. I wish my constituents to be satisfied that upon me rests not the responsibility of this delay of the public time. What a picture does this proceeding present! We were convened upon an extraordinary emergency, and here have we been for two days engaged in what is called the pitiful election of a public printer. First we have been told that a partisan editor, or the printers of a political paper, ought not to be voted for; and yet the very gentlemen who say so are themselves engaged in voting for one of that character, though of their own political sentiments. Then gentlemen are cautioned not to show how they vote for fear of being hunted down by Executive influence, and every thing is urged calculated to keep up this delay. I do think, however, that the circumstances under which we now are, the number of ineffectual ballottings we have already had, and the consequent delay that has been already produced, render it incumbent upon us, and we owe it to our constituents, to our honor, and our sense of justice, that we should assume the responsibility of show-

ing to the world who are the causes of keeping up this delay. To do this requires the passage of this resolution; and again, sir, do I entreat the House to adopt it.

After some further remarks from Messrs. FOSTER, UNDERWOOD, and POPE—

The question recurring on the resolution as amended, the House was further addressed on the subject by Messrs. BRIGGS, BOULDIN, WISE, GHOLSON, FOSTER, UNDERWOOD, and POPE; when, after some remarks,

Mr. ROBERTSON moved to postpone the further consideration of the resolution until to-morrow, giving notice of his intention to submit a resolution which should have the effect of putting an end to this continual struggle. Mr. R. read to the House the resolution, which was to sever the connection of the public printing with the political press.

On motion of Mr. GLASCOCK,

The House adjourned at 6 o'clock, p. m.

#### IN SENATE,

THURSDAY, September 7.

The resolution offered yesterday by Mr. HUBBARD, proposing to amend the thirty-third rule of the Senate, by the insertion of the words "Committee on Patents and the Patent Office," was, on his motion, taken up.

Mr. GRUNDY stated that the reasons which had influenced the mover of the amendment were to provide for the appointment of a committee to have especial charge of every thing relating to patents and the patent office; for neither branch of Congress had ever appointed a committee solely for that purpose. In the Senate, every thing connected with the subject had heretofore been referred to the Committee on the Judiciary. That committee, however, being almost always engaged with subjects of its own importance, had frequently found it impossible to pay that attention to others which they deserved, and hence the necessity of creating a committee to take especial charge of all matters in relation to patents and the patent office. He hoped that the amendment would be adopted.

The question was then taken on the adoption of the resolution, and it was agreed to.

A message was received from the President of the United States through Major Van Buren, his private Secretary; which was laid on the table.

Mr. BUCHANAN presented a memorial from certain delegates of a meeting held at Erie, praying for an appropriation to construct a Macadamized turnpike road from the Cumberland road to Lake Erie.

Mr. B. observed that he did not believe that it was the intention of Congress, at this time, to go into the general transaction of business. Should it be their disposition to do so, which he trusted might not be the case, he would ask to have the memorial referred to an appropriate committee. However, as he had received the memorial, it was his duty to present it. He then moved that it be laid on the table and printed, which was agreed to.

Mr. BUCHANAN also presented a petition from Joseph Morrison, President of the Alleghany College, Meadville, praying for a township of land for that institution; which was laid on the table and ordered to be printed.

Mr. WALKER presented a memorial from the Legislature of Mississippi, requesting their Senators and instructing their Representatives in Congress to advocate the construction of an additional mail route from certain points designated in the said memorial. Also, a communication from the Governor of Mississippi, enclosing certain resolutions of the Legislature in relation to those passed by the Legislature of Maryland, in reference to the franking privilege: laid on the table and ordered to be printed.

Mr. HUBBARD, in pursuance of his motion of yesterday, moved that the Senate proceed to appoint their standing committees; which was agreed to.

At the suggestion of Mr. GRUNDY, the Senate first proceeded to elect the chairman, when four had been elected.

The Senate, on motion of Mr. CLAY, unanimously agreed that the committees should be appointed by the Vice President.

On motion of Mr. Wright, 3,000 extra copies of the report of the Secretary of the Treasury were ordered to be printed.

On motion of Mr. KING of Alabama, the Senate went into the consideration of Executive business; and after a short time spent therein, Adjourned.

#### HOUSE OF REPRESENTATIVES.

THURSDAY, September 7, 1837.

The House resumed the consideration of the resolution, submitted yesterday by Mr. BOON, which was, as modified by himself, in these words:

*R solved*, That in the election of a printer to the House of Representatives for the 25th Congress, the vote of the members shall be given *viva voce*, the amendment of Mr. PATTON extending the principle of voting *viva voce*, to all other officers appointed by the House, having been adopted:

Mr. ROBERTSON moved to strike out all after he word "resolved," and insert the following:

1. *Resolved*, That the public printing ought to be separated, as far as practicable, from the political press.

2. *Resolved*, That to afford time to digest a plan, having that object in view, the Clerk, until further order, contract for all printing ordered by this House, upon the terms and in the manner prescribed by the joint resolution of the 3d March, 1819, distributing the same among the proprietors of the several printing offices, not exceeding four, in the city of Washington, who will execute it on those terms, providing they will undertake to execute it equally, or in such proportions as they will contract to execute it.

Mr. ROBERTSON said the question involved in the resolution, was one of deep interest, but he did not consider this the time to go into a discussion of the matter; we have other and important matters to take into consideration, and he hoped the time of the House would not now be consumed in a discussion of a matter of this kind. He had introduced the proposition to get rid of the difficulty in which we have found ourselves involved. This contest for printing appeared to be a contest for political power, and from the manner in which political parties were now divided, it must be evident that unless one party or the other yields, there can be no union and no election can take place. The object of his proposition was to avoid the difficulty, for it was not to be expected that either party would yield the ground they had taken. He could not see that any gentleman could object to this proposition, and he submitted it to the House, hoping it might be adopted; because he apprehended that if the House did not adopt some such proposition as the one submitted by himself, a great portion of our session would be spent in determining the question as to who was to be elected public printer. We have other and higher duties to perform here, than to contend for the choice of a printer of the House, and he therefore hoped that his amendment might be speedily adopted.

Mr. GARLAND of Virginia, asked the indulgence of the House for a moment or two upon the subject of this resolution, growing out of the peculiar position he then occupied.

With regard to the abstract proposition of his honorable colleague, (Mr. Robertson,) he regarded it as a sound one, yet he believed it, at present at least, impracticable in execution. He thought the public printing should be, if practicable, separated from the public press, but yet the public press were the political engines of the country, and the Government itself was a Government of politics; and it would be as impossible to make the separation as it would be to separate any thing else of the most obdurate and difficult character. He should therefore vote against it.

In relation to the proposition to distribute the printing, he was utterly opposed to it. The House had one of two duties to perform. It must either designate the public printer, or select an agent for the performance of that duty. If it selected an agent, it must select one who could have the printing done with neatness, care, and despatch, and in whom they could confide.

In relation to another point, growing out of the resolutions of yesterday, he wished to say a few



words. He was one of that humble few, of that single twenty-two, who had voted for a particular individual (Thomas Allen) for printer. His determination to support that individual had been formed, not on account of private hostility to the late public printer, nor on account of any arrangement, management, or intrigue, with the friends of either of the other competitors for the office, for he had had none; but it had grown out of the fact that he stood pledged to his constituents to support a set of opinions which the editors of the Globe stand pledged to war against. Hence it was that, while the friends of Gales and Seaton, and the friends of the editors of the Globe, were all advocating their claims, it was but an humble privilege which he had exercised in supporting the claims of Thomas Allen, with whom he agreed in opinion. When Mr. G. had been approached on this subject, he had been distinct in the announcement to all who approached him, that he should not vote for Gales and Seaton, because he differed from them materially, and more materially than he did from Blair and Rives. If, however, he was voting for a wolf in sheep's clothing, he should deeply regret it; but till he found it out, neither wrath nor indignation should ever drive him from his position.

Mr. G. said that one of his honorable colleagues (Mr. Wise) had made a remark yesterday which had drawn him out on this occasion. The party to which Mr. G. belonged had been called conservatives, and he admitted he belonged to that party. He agreed also in the general tenor of the remarks of his colleague; but he understood him to say that they (the conservatives) were marked, and were put aside, as the "fatted calf," for execution. Mr. G. hoped the information of his colleague was incorrect, but yet he had no terror pressing upon him that any kind of proscription would follow him, so long as he merited the approbation of his constituents in the position he had taken, having in his own breast a sense of rectitude.

Mr. WISE made a brief explanation.

Mr. GARLAND said he understood his colleague then as now. Mr. G. continued: He had sought no controversy with any one; but if it came, it came from others, and not from himself. Mr. G. then referred to the history of one of the Roman consuls, who had put his son to death for disobedience of orders, as applicable to the case in point, and added that if he was to be executed, even the knowledge of such a determination should not drive him from any opinions he had entertained heretofore. *Them* he would never desert, for he had honestly and conscientiously entertained them; and nothing under the heavens should ever induce him to desert them. His motto should be "My country first, and then with the party with which I can honestly and conscientiously go." Upon this principle he had stood and voted for Speaker, and was then standing in voting for public printer; and come what would, he should ever stand upon that position.

Mr. CLARKE said he had no hesitation in voting for the proposition to take the vote *visa voce*, for he had no desire to disguise from the House, or from his constituents, that he had all along voted for Thomas Allen in preference to Blair and Rives. But as this discussion would probably be prolonged, he thought it better to take some other opportunity of considering it; and he therefore moved to lay the whole subject on the table.

Mr. ROBERTSON asked for the yeas and nays, but the House refused to order them, and the motion to lay on the table was agreed to without a division.

Mr. GRAVES then offered the following resolution:

*Resolved*, That the Clerk of this House be directed to contract with Thomas Allen to do the printing of this House until a printer is elected, provided that the contract can be made upon terms as favorable to the Government as those upon which similar services were performed during the last Congress.

Mr. GRAVES said he proposed to submit but a remark or two as to the reason which had induced him to submit this resolution.

We have employed the greater portion of two days in a fruitless attempt to elect a printer. We

have balloted eight times unsuccessfully, and without any certain prospect of procuring a majority of all the members present to unite on any one of the three candidates for whom we have been thus far balloting, as long as all continue to be voted for. Now, inasmuch as the sense of the House has been taken upon the resolution of a gentleman from New York, (Mr. Taylor,) that the editors of the Globe should be employed by the House to do the printing until an election could be made, and as a majority could not be procured in favor of that resolution, although Mr. Allen is not my first choice, as I think a majority can be more likely united on him, I have offered this resolution. If it should fail, one can then be offered in favor of the editors of the *Intelligencer*, so as to have expressed the sense of the House as to each of the three prominent candidates.

Mr. PATTON moved to lay the resolution on the table; whereupon,

Mr. GHOLSON asked for the yeas and nays.

Mr. LEGARE hoped the gentleman would withdraw the proposition, and was proceeding in his remarks; when,

Mr. PATTON rose to a question of order, that the motion to lay on the table was not a debatable one.

Mr. WILLIAMS of Kentucky, submitted to the Chair, whether the resolution itself was in order, since it interposed between the ballot for public printer.

The CHAIR ruled that it was in accordance with the decisions of yesterday.

The House then, by tellers, refused to order the yeas and nays.

Mr. GRAVES said that, perceiving that the resolution which he had submitted is not acceptable to the House, he had arisen with a view of withdrawing it. But before he did so, he begged leave to say a word in reply to the remark of the gentleman from South Carolina, (Mr. Legare,) who said that he disclaimed any desire on the part of the friends of Mr. Allen, that this resolution should be adopted. Which is, that he did not act in reference to the wishes of the friends of Mr. Allen, or of any other editor, in submitting his resolution, but solely with a view of subserving the public good. [Here the Speaker called Mr. Graves to order, and remarked it was out of order to submit any remarks pending a motion to lay upon the table.] Mr. Graves then said he was fully apprized that his remarks, like those of the gentleman from South Carolina, were not strictly in order. But as the Chair did not interpose until a question was regularly made by a member, in the case of that gentleman, he was somewhat surprised at its remarkable pertinacity in the case of himself, when but a remark had been made. Mr. G. then withdrew the resolution.

The House then proceeded to a ninth ballot for printer, and the result being announced, was as follows:

Whole number of votes	-	-	223
Necessary to a choice	-	-	115
For Blair and Rives	-	-	104
Gales and Seaton	-	-	48
Thomas Allen	-	-	70
Blanks	-	-	3
Scattering	-	-	3

Mr. HOWARD then submitted the following resolution:

*Resolved*, That the further balloting for a printer, under the resolution of Tuesday last, be suspended until the third Monday of September inst. and that temporarily, and until said third Monday in September, the printer to the last House of Representatives be employed to execute the printing of the House upon the same terms and conditions that were agreed upon at the last Congress.

Mr. RENCHER inquired if this resolution was in order. It appeared to him, that it was of a character similar to one offered on a former occasion.

Mr. HOWARD remarked that his resolution was a mere temporary expedient, whereas the resolution of yesterday might have run through the whole session. Mr. H. said that the reason why he offered the resolution was, that he considered that we had spent time enough in this preparatory

stage of our proceedings in a fruitless effort to elect a public printer.

Mr. BRIGGS rose to a point of order. He had understood the Chair on yesterday to decide a resolution similar to the one now before the House out of order; because it was on a different subject from the one immediately before the House. If so, the resolution of the gentleman could not be in order.

The CHAIR stated that the resolution decided to be out of order on yesterday, did not propose to suspend the balloting which was then progressing, whereas the present resolution did propose a suspension of further balloting.

Mr. HOWARD proceeded. We had spent time enough in this fruitless effort in his opinion, and the pressure of the public business would not permit us further to progress in this matter to the waste of the time of the House. We have already ordered 20,000 copies of the message to be printed for the purpose of being disseminated among the people, so that we might learn some expression of opinion from them on the subject. The people expect us to send out this message to them, and it is but proper that we should gratify the public expectation. He knew gentlemen would say that the message would be published in the newspapers of the country; but that was no reason why we should not send out speedily the messages we had ordered to be printed; besides there were many places where newspapers were not printed which required our attention. We are told in the message of the President that, by the first day of October, there will be many matters of importance to claim our attention. The instalments due the States come due by that time, and, if they are to be paid, it will be necessary to provide means of paying the instalments. The merchants' bonds also become due at that time, and it will be necessary to have some action on the subject. If they are to be extended further, it is time that the subject was taken into consideration. The law in relation to the funds to be distributed to the States must either be repealed, or the means provided of making the payments, as it is out of the power of the Treasury Department to meet the payments. We have now but three weeks to organize the House, appoint committees, digest a plan for meeting the emergency in which we have been placed, and adopt it. As this duty was to be performed, it was time we were proceeding with it. If the deposit law is enforced, we are told that the Treasury will be short some six millions of dollars. It, therefore, behooves us to go to work instantly, with a view of meeting the case. He considered that they had no more time to lose in ballotings, and he considered that his resolution proposed a plan by which we could proceed with our business, appoint our committees, and have something done by the first of October. From the position in which they had been placed, he felt it incumbent upon himself to submit the resolution before the House, and he hoped it would be adopted.

Mr. PATTON said that the majority of the House, not the party majority, had determined to proceed to the execution of the order of yesterday, in relation to the election of a printer by ballot. They had manifested this determination in a great variety of forms; and it was useless to endeavor to prevent them from carrying out this determination. It had been asserted on yesterday, in a tone of menace, that it was desired to let the country see who it was that was wasting the time of the House in this scuffle for public printer. The country will now see it. This motion comes from the friends of that candidate which the majority of the House have determined not to elect. Why was it that these motions are pressed upon us, when it is known that they can have no other effect than to delay the business of the House? It struck him as very curious, that the more near we come to effecting an election, the more ready certain gentlemen are to assert that the effort will be fruitless. He thought he saw in the last two or three ballotings that the matter was likely to be brought to a speedy termination; and he hoped gentlemen would forbear in their efforts to keep off an election. He concluded by moving to lay the resolution on the table.

Mr. HARRISON called for the yeas and nays,

which were ordered, and were—yeas 116, nays 107, as follows:

**YEAS**—Messrs. Adams, Ayckrigg, Alexander, Heman Allen, John W. Allen, Bell, Biddle, Bond, Borden, Bouldin, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, John Campbell, William B. Carter, Casey, Chambers, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Evans, Everett, Ewing, R. Fletcher, Flinnore, Rice Garland, Goode, James Graham, William Graham, Grantland, Graves, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Robert T. H. Hunter, Jennifer, Henry Johnson, William Cost Johnson, Legare, Lincoln, Andrew Loomis, Mallory, Marvin, Samson Mason, Maury, May, Maxwell, McKennan, Menifee, Mercer, Milligan, C. Morris, Naylor, Noyes, Ogle, Patterson, Patton, Pearce, Peck, Phillips, Pickens, Plumer, Pope, Potts, Rariden, Randolph, Reed, Rencher, Rhett, Ridgeway, Rives, Robertson, Ramsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Snyder, Southgate, Stanley, Stewart, Stratton, Tallaferro, Thompson, Tillinghast, Toland, Underwood, John White, Elisha Whittlesey, Lewis Williams, Sherard Williams, Christopher H. Williams, Wise, and Yorks—116.

**NAYS**—Messrs. Anderson, Andrews, Atherton, Beatty, Beltrio, Bicknell, Birdsall, Boon, Brothhead, Branson, Bruyn, Buchanan, Bynum, Cambreleng, Timothy Carter, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Cushman, Daves, DeGraff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, Gholson, Glascock, Grant, Gray, Haley, Hammond, Hamor, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, William H. Hunter, Ingham, T. B. Jackson, J. Jackson, J. Johnson, N. Jones, John W. Jones, Kemble, Kingsmith, Leadbetter, Logan, Applehead, Loomis, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McCulloch, McKim, Miller, Montgomery, Moore, Moran, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmeter, Paynter, Pennyacker, Petrakis, Phelps, Potter, Pratt, Prentiss, Reilly, Shaffer, Shipley, Smith, Spencer, Taylor, Thomas, Titus, Toucey, Towens, Turney, Vail, Vandever, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, and Worthington—107.

So the resolution was laid on the table.

Mr. HARRISON of Missouri then submitted the following resolution:

*Resolved*, That for the purpose of putting an end to further ineffectual ballotings for printer to the House, in future ballotings, the persons receiving the fewest number of votes upon a count shall be dropped, and the balloting shall be continued between the two receiving the highest number of votes.

Mr. McKAY called the attention of the House to the fact, that they had not proceeded in accordance with the resolution of 1819; and even if we had, that resolution was believed by a good number of gentlemen to be unconstitutional, and not binding upon them. If, then, it was not binding upon them, the inquiry might arise whether Blair and Rives, having received a plurality of votes, were not elected. In proof of this, he alluded to the case in the Senate in 1829, in which a resolution was adopted declaring Duff Green printer of the Senate when he had received but a plurality of votes. Taking this as a precedent, he would inquire whether it was not in the power of the House to declare Blair and Rives printers to the House. He would not go into this subject, but merely threw out these suggestions for the consideration of gentlemen.

Mr. PATTON would be glad to have a vote by yeas and nays on the proposition, whether Blair and Rives were elected printers, as he should like to know how the democratic republicans would stand on this question; but as the question could not now be made, he would move to lay the resolution of the gentleman from Missouri on the table.

Mr. HARRISON called for the yeas and nays, which were not ordered, and the motion to lay on the table was agreed to.

The House then proceeded with a tenth ballot, the result of which was declared to be as follows:

Whole number of votes	-	-	229
Necessary to a choice	-	-	115
For Blair and Rives	-	-	105
Gales and Seaton	-	-	21
Thomas Allen	-	-	99
Scattering	-	-	2
Blanks	-	-	2

There still being no choice, the House proceeded to ballot for the eleventh time, the result of which was announced as follows:

Whole number of votes	-	-	225
Necessary to a choice	-	-	113
For Blair and Rives	-	-	102
Gales and Seaton	-	-	8
Thomas Allen	-	-	111
Scattering	-	-	2

Blanks - - - - - 2  
No choice having been yet made, the House balloted for the twelfth time, of which the issue was as follows:

Whole number of votes	-	-	225
Necessary to a choice	-	-	113
For Blair and Rives	-	-	101
Gales and Seaton	-	-	9
Thomas Allen	-	-	113
Scattering	-	-	1
Blanks	-	-	1

Whereupon Thomas Allen was declared duly elected printer to the House for the 25th Congress.

On motion of Mr. WHITTLESEY of Ohio the House took up the resolution submitted on Monday last by Mr. MERCER, proposing to adopt the rules and orders of the last House of Representatives, with the exception of those relating to the appointment and duties of the Committee on Elections, the reference of which he moved to a select committee.

The question pending, was the amendment of Mr. ADAMS to refer the whole subject, together with the report of the select committee of the last Congress thereon, to a select committee.

Mr. ADAMS having withdrawn his amendment, Mr. BELL suggested the propriety of referring the whole subject generally to a committee, to report at some future day, either on the first Monday in October, or the first Monday of December next, the House acting in the mean time, under the old rules.

After some remarks from Messrs. MERCER and PATTON, Mr. ADAMS withdrew his proposition.

Mr. GRAHAM then submitted an amendment proposing to adopt the rules of the last House of Representatives for ten days, and submitting said rules to a special committee to revise and report thereon in ten days.

After some remarks from Messrs. SMITH of Maine, WHITTLESEY of Ohio, CAMBRELENG, BELL, and UNDERWOOD,

Mr. MERCER modified his resolution, by referring the subject of the rules to a special committee, to be reported upon in ten days, and that the rules of the last House of Representatives, with the exception of that in relation to the Committee of Elections, be adopted for the government of the House for the ensuing ten days.

Mr. HAMER then moved to strike out all after the word resolved, and insert an amendment that the rules and orders of the last House of Representatives, excepting the 10th rule, be adopted for the government of the House until Friday, the 15th instant; and that a special committee be appointed to prepare and report rules for the government of the House.

After some remarks from Messrs. HAMER and MERCER, the amendment was disagreed to—ayes 86, noes 89.

Mr. HAMER then moved to amend, by striking out that part in relation to the Committee of Elections, and insert "except the one hundred and seventh rule."

Mr. H. subsequently, at the request of Mr. CAMBRELENG, modified his motion by moving to strike out the exception in relation to the Committee of Elections; which motion was agreed to—ayes 100, noes not counted.

After some remarks by Messrs. POPE and MERCER, the resolution was adopted.

On motion of Mr. WHITTLESEY of Ohio,  
*Ordered*, That the several standing committees be now appointed, according to the rules and orders of the House.

Mr. BIDDLE then submitted the following resolution, which by the rule lies over one day.

*Resolved*, That the Secretary of the Treasury report to this House, whether a letter purporting to be addressed by him to the Clerk of the House, offering payment in specie to members of Congress, is authentic; if so, to what other claimants on the Treasury, a similar offer has been made, and what principle of discrimination, if any, has been adopted in the medium of payment to the public creditors.

On motion,

The House then adjourned.

## IN SENATE.

FRIDAY, September 8, 1837.

The CHAIR announced the appointment of the following standing committees:

*On Foreign Relations*—Messrs. Buchanan, Tallmadge, King of Georgia, Clay of Kentucky, and Rives.

*On Finance*—Messrs. Wright, Webster, Nicholas, Benton, and Hubbard.

*On Commerce*—Messrs. King of Ala. Davis, Brown, Ruggles, and Norvell.

*On Manufactures*—Messrs. Niles, Buchanan, Preston, Strange, and Pierce.

*On Agriculture*—Messrs. Smith of Conn. Spence, Linn, McKean, and Black.

*On Military Affairs*—Messrs. Benton, Preston, Tipton, Wall, and Allen.

*On Militia*—Messrs. Wall, Swift, Clay of Ala. Mouton, and Smith of Indiana.

*On Naval Affairs*—Messrs. Rives, Southard, Tallmadge, Cuthbert, and Williams.

*On Public Lands*—Messrs. Walker, Fulton, Clay of Alabama, Roane, and Prentiss.

*On Private Land Claims*—Messrs. Linn, Sevier, Bayard, Mouton, and Lyon.

*On Indian Affairs*—Messrs. White, Sevier, Tipton, Lian, and Swift.

*On Claims*—Messrs. Hubbard, Tipton, Crittenden, Strange, and Young.

*On the Judiciary*—Messrs. Grundy, Morris, King of Georgia, Wall, and Clayton.

*On Post Offices and Post Roads*—Messrs. Robinson, Grundy, Knight, Brown, and Niles.

*On Roads and Canals*—Messrs. Tipton, McKean, Nicholas, Young and Williams.

*On Pensions*—Messrs. Morris, Sevier, Prentiss, Pierce and Roane.

*On Revolutionary Claims*—Messrs. Brown, White, Crittenden, Norvell and Smith of Con.

*On the District of Columbia*—Messrs. Kent, King of Alabama, Nicholas, Roane and Allen.

*On Patents and Patent Office*—Messrs. Ruggles, Strange, Bayard, Prentiss and Robinson.

*On Contingent Expenses of the Senate*—Messrs. McKean, Tallmadge, and Black.

*On Engrossed Bills*—Messrs. Clay of Alabama, Smith of Indiana, and Norvell.

*On Enrolled Bills*—Messrs. Smith of Connecticut, Lyon, and Allen.

On motion of Mr. WRIGHT, so much of the President's message as relates to the subject of Finance, as also of the report of the Secretary of the Treasury, was referred to the Committee on Finance.

On motion of Mr. GRUNDY, so much of the message as relates to the Judiciary, was referred to the Committee on the Judiciary, as was also so much of the report of the Secretary of the Treasury as relates to that subject.

Mr. GRUNDY moved that when the Senate adjourn it adjourn till Monday next; which was agreed to.

Mr. NICHOLAS presented a memorial from the Chamber of Commerce, New Orleans, praying the establishment of a national bank; which was referred to the Committee on Commerce, and ordered to be printed.

Mr. GRUNDY presented a memorial from Mr. Teakle, a Senator in the Legislature of Maryland, giving his views generally, on the subject of finance; which was referred to the Committee on Finance, and ordered to be printed.

On motion of Mr. HUBBARD, the Senate went into the consideration of Executive business; and when the doors were opened,

Mr. WHITE announced the death of the Hon. J. STANDEFER, a member elect of the House of Representatives. Mr. W. then offered the following resolutions:

*Resolved, unanimously*, That as a testimony of respect for the memory of the Hon. JAS. STANDEFER, late a member elect of the House of Representatives from the State of Tennessee, the Senate will go into mourning, by wearing crape on the left arm for thirty days.

*Resolved unanimously*, That as an additional mark of respect to the memory of the deceased, the Senate do now adjourn.

The resolutions having been unanimously adopted, The Senate adjourned.



# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

MONDAY, SEPTEMBER 18, 1837.

VOLUME 5.....No. 2.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

## HOUSE OF REPRESENTATIVES.

FRIDAY, September 8, 1837.

After the reading of the journal—

On motion of Mr. HAYNES, it was resolved that when this House adjourns it will adjourn to meet on Monday next.

Mr. ROBERTSON of Virginia laid upon the table the following amendment to be proposed to the resolution submitted on yesterday by Mr. BIDDLE, which was ordered to be printed:

"Also, that he report, so far as ascertained, the amount of specie received by the Government since the first day of May last; the source from whence derived, and the amount from each; the regulations under which the same, or any part thereof, has been disbursed; the persons to whom paid, and the sums paid to each; the amount now on hand, and where deposited. Also, whether since the date above, the public dues, or any portion thereof, have been received in protested drafts, or any funds other than those prescribed by the joint resolution of 30th April, 1816."

Mr. BELL in announcing to the House the death of his colleague, the Hon. JAMES STANDEFER, said:

Mr. SPEAKER: The melancholy duty has been assigned me, by my colleagues, of announcing to the House the death of one of our number.

JAMES STANDEFER, while on his journey to this place, in order to enter upon his duties as a member of this House, was, on the 20th of last month, suddenly arrested by the hand of the great destroyer of human existence. By this unexpected event, the country is deprived, at a period of more than common interest and difficulty, of the services of a most devoted and patriotic public servant, and this House of an honest and worthy member. My late colleague was remarkable for an equanimity of temper, and a kindness of feeling, combined with a justness of perception in all the concerns of life, at least of ordinary occurrence, which, without the advantages of early culture, or of books, at any time, procured for him throughout a life, which was not short, the respect and esteem of numerous friends, and raised him to the rank of a useful and meritorious citizen. The same qualities of heart and of mind, aided by a reputation for honesty which he nobly earned, and continued to maintain by the most scrupulous regard for truth and justice in all his transactions, public and private, caused him to be repeatedly chosen to the Legislature of his own State—of which body he was a useful and respected member. He was, for many years, a member of this, and I am sure that his quiet and unobtrusive manners—his punctual discharge of all the duties assigned him, in the organization of the House, must have secured the respect of his associates. To these evidences of his worth, I might add, that in the late war with Great Britain, he approved himself an intrepid soldier. He was, above most men I have known, who have risen in any degree into public view, under similar circumstances, free from the pride and vanity of mere station; never anxious to appear what he was not; content to be classed with the useful and faithful, he made no pretensions, had no aspirations, beyond his real deserts. If, therefore, my lamented colleague cannot be said to have possessed any of those shining endowments which are required to make a figure in this House, which strike our fancy, or command our admiration, he might still justly lay claim to other and humbler attributes, which, upon the whole, constitute a character of solid merit, and often one of more enduring fame; and that the due and used tribute of respect be paid to his memory, by this House, I move you, sir, the resolution which I hold in my hand.

*Resolved*, That as a testimony of respect for the memory of the deceased, the members of this House will go into mourning by wearing crape on the left arm for thirty days.

*Resolved*, That as a testimony of respect for the

memory of the deceased, the members of this House will go into mourning by wearing crape on the left arm for thirty days.

On motion of Mr. BELL,  
The House then adjourned.

## IN SENATE,

MONDAY, September 11, 1837.

In pursuance of the forty-ninth rule, the Senate proceeded to ballot for Secretary, when ASBURY DICKINS, Esq. received thirty-nine votes out of the forty Senators present, and was declared duly elected, and was sworn in.

The Senate next proceeded to ballot for Chaplain, when there appeared for

	1st	2d	3d	4th
The Rev. Mr. Slicer,	9	12	17	23
Bolls,	8	7	7	4
Tuston,	8	11	13	16
Goodman,	5	2		
McCallam,	5	2	1	
Pinckney,	3	5	3	1
Noble,	1			
Ebaugh,	1	2	3	
Dempster,	1			
Fowler,	1	1		
Blank,	1	1		

The Rev. Mr. SLICER was declared duly elected.

Mr. WRIGHT, from the Committee on Finance, arose and stated that the committee not being able, for want of time, to report at large, had reported only a bill. The following is the bill:

A BILL to postpone the fourth instalment of deposits with the States.

*Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled*, That the transfer of the fourth instalment of deposits directed to be made with the States under the thirteenth section of the act of June 23d, 1836, be, and the same is hereby, postponed until further provision by law.

Mr. WRIGHT expressed his hope that the committee would be able to-morrow to report further.

Mr. CALHOUN hoped that the bill would not be pressed upon the Senate immediately. He thought it due to the body and to the occasion to say that whatever views the committee might entertain, that they should all be laid before us before we acted on this important subject. However disconnected in their nature they might be, still they had all grown out of a common calamity, and were all so intimately connected, that we could not act well on one part of the subject, without having the other before us. He therefore hoped that the bill would not be acted upon until the committee should have reported all their views.

Mr. WEBSTER said that there might be some weight in the suggestion of the honorable Senator from South Carolina. As to how far he might find it necessary to make that request of the Senate, after the lapse of a day or two, he might be able to judge. He, (Mr. W.) supposed it very probable that the Senate would have all the information before them by that time. He had risen to express his sincere hope, that whether the subjects should be acted upon successively, as they might be reported, or whether they should be considered together, they might be considered, disposed of, and decided upon with all the promptness which was consistent with considerate legislation. He had not given his concurrence with the committee in this report, for he did not esteem this measure as one suited to the exigency of the Government or the condition of the country. He feared that he should find himself equally unable to concur in most of the other measures which the President had recommended to Congress, and which are sanctioned in the report of the Secretary of the Treasury. But measures, introduced here upon the recommendation of the President, or otherwise, for the purpose of meeting the exigency of the Government and the wide-spread distress of the

country, would receive no hindrance, obstruction, or delay from him, (Mr. W.) He would content himself with a short statement of his judgment upon them, as they should come before us, and he would leave them in the hands of those majorities in both Houses, known to be favorable to the existing administration. He beseeched those majorities, that as soon as they could make up their own judgment as to these measures, they would pronounce it in the form of law. They had the power; they had the responsibility. For one, he should do nothing to obstruct the prompt exercise of that power—nothing to diminish the just exercise of that responsibility. Connected with the commercial interest, and as a resident of a commercial place—connected with the manufacturing interest, with a State deeply interested in manufactures—with some knowledge, certainly not beyond that ordinarily possessed by others, he thought he saw a pressure upon the labor, the industry, and the business of the country, which called loudly for immediate relief; and he saw a condition of things connected with this, no matter what had given rise to it, which demanded from the Government the efficient and prompt interposition of Congress. He hoped that the earliest consideration would be given to the measure, and that if it should not pass the Senate, another might be proposed, and if it should go to the other branch, would receive their sanction and support. If it should be deemed necessary that the other measures, with this, should be presented to the consideration of the Senate together, and which were calculated to relieve the community, he trusted that the chairman of the Committee of Finance would present them at a very early day, so that they might be acted upon immediately.

Mr. CALHOUN fully concurred with the Senator from Massachusetts, that it was due to the country that there should be a full and early consideration of the measures of relief to be proposed. But it was highly important that the whole ground should be presented, so that each measure might be discussed not only upon its particular merits, but upon the general merits of the plan.

The bill was then read a first time, and ordered to a second reading.

Mr. LINN offered the following resolution:

*Resolved*, That the Joint Library Committee be instructed to inquire into the expediency of causing the manuscripts of the late James Madison, deposited in the Department of State, to be published.

Mr. BENTON presented three petitions and memorials from the Chamber of Commerce, St. Louis, praying the incorporation of a national bank; which was referred to the Committee on Finance, and ordered to be printed.

Mr. BLACK presented a memorial from Carroll county, Mississippi, praying the establishment of a national bank; which was referred to the Committee on Finance, and ordered to be printed.

Mr. ALLEN presented three petitions from the citizens of Columbiana county, Ohio, against the charter of any national bank, and advising a disconnection of the Government from the banks, and praying the adoption of measures so as to enable the Government to receive its revenues exclusively in metal; which were referred to the Committee on Finance, and ordered to be printed.

Mr. RUGGLES presented the petition of John H. Hall, of Harper's Ferry, praying to be remunerated for labor done, and expenses incurred by him in making sundry improvements in certain fire-arms; which was referred, with the accompanying documents, to the Committee on Military Affairs.

Mr. HUBBARD presented a petition from John Collins Long; also, from E. Ridgeway, and Nathaniel Harrison; which he moved to have referred to the Committee on Naval Affairs.

Mr. CALHOUN hoped that all the ordinary business would be laid on the table. He trusted that

the course would be pursued in regard to these petitions.

Mr. HUBBARD was of opinion that the petitions might as well take the usual course, and be referred to the appropriate committees. He did not think that any delay would grow out of such proceedings.

Mr. BUCHANAN entirely concurred in the sentiments expressed by the Senator from Massachusetts and the Senator from South Carolina, in regard to the course the business should take during the present session. He believed it was not expected by the country; and he thought it would be very inconvenient for the members of this and the other House to continue in session until the regular period for the meeting of Congress. If Senators presented petitions on ordinary subjects, and moved to have them referred to a committee, it would be taken as conclusive evidence that we intended to proceed with the dispatch of the ordinary business. And, should we commence at all, we probably would be kept here until next May or June. His (Mr. B's) opinion was that the Senate should confine its present labors to the relief of the country, and postpone the ordinary business until the next session. In order to try what was the sense of the Senate, he would move to lay the petitions on the table, if the Senator from South Carolina did not insist on his motion.

Mr. HUBBARD said that he was certainly aware of the importance of the business we were met to transact; and he was sorry to interpose any thing that should have the effect of preventing the immediate consideration of the measures for the relief of the country. And, if it was understood that private memorials should be laid on the table, he would interpose no objection whatever.

The memorials were then laid on the table.

Mr. CLAY of Alabama submitted the following:  
*Resolved*, That the Committee on the Judiciary be instructed to inquire into the expediency of restoring to the District Court of the United States for the northern district of Alabama, its former jurisdiction.

Mr. KING of Alabama submitted the following:  
*Resolved*, That the Committee on the Judiciary be instructed to inquire into the expediency of altering the time of holding the courts of the United States in the ninth judicial district.

On motion of Mr. PRESTON,  
The Senate adjourned.

## HOUSE OF REPRESENTATIVES.

MONDAY, September 11th, 1837.

The following members appeared, and were qualified:

The Hon. Mr. CRARY, of Michigan.

The Hon. Mr. YELL, of Arkansas.

The Hon. Mr. LEWIS, of Alabama.

The Hon. Mr. CHEATHAM, of Tennessee.

The following Standing Committees were announced as having been appointed by the Chair, under the resolution to that effect on Friday last.

*Elections*.—Messrs. Buchanan, Griffin, Hawkins, Kilgore, Maury, Townes, Bronson, Pennybacker, and Hastings.

*Ways and Means*.—Messrs. Cambreleng, McKim, Owens, Sergeant, Hamer, Jones of Virginia, Fletcher of Massachusetts, Atherton, and Rhett.

*Claims*.—Messrs. Whittelsey of Ohio, Grennell, Chambers, Darlington, Graham of N. C. Russell, Campbell of Tennessee, Clarke, and Carter of Maine.

*Commerce*.—Messrs. Smith, Phillips, Johnston of Louisiana, Cushman, De Graff, Legare, Toland, Curtis, and Mason of Virginia.

*Public Lands*.—Messrs. Boon, Williams of N. C. Lincoln, Casey, Chapman, Harrison, Anderson, Duncan, and Turney.

*Post Offices and Post Roads*.—Messrs. Connor, Briggs, Hall, Cleveland, Hopkins, Hubley, Calhoun of Kentucky, Palmer, and Worthington.

*District of Columbia*.—Messrs. Bouldin, A. H. Sheppard, Jenifer, Dawson, Cilley, Prentiss, Biene, C. H. Williams of Tennessee, and Hunter of Ohio.

*Judiciary*.—Messrs. Thomas, Robertson, Toucey,

Martin, Corwin, Bynum, Garland of Virginia, Hoffman, and Potter.

*Revolutionary Claims*.—Messrs. Muhlenberg, Craig, Underwood, Taliaferro, Ellmore, Foster, Parmenter, Harper of Ohio, and Birdsall.

*Public Expenditures*.—Messrs. Haley, Ogle, Alexander, Titus, Stratton, Rumsey, Fletcher of Vermont, Crockett and Patterson.

*Private Land Claims*.—Messrs. May, Garland of Louisiana, Calhoun of Massachusetts, Harlan, Bruyn, Mallory, Beatty, Rariden and Leadbetter.

*Manufactures*.—Messrs. Adams, Webster, Whittelsey of Connecticut, Holsey, Slade, Biddle, Tillinghast, Vail, Naylor.

*Agriculture*.—Messrs. Deberry, Logan, Phelps, Weeks, Spencer, Noyes, Davies, Randolph, and Mitchell.

*Indian Affairs*.—Messrs. Bell, Everett, Haynes, Chaney, Montgomery, Parker, Campbell, of South Carolina, Murray, and S. W. Morris.

*Military Affairs*.—Messrs. McKay, Coles, Glascock, Thompson, Gholson, Miller, Rives, Kemble, and McClellan, of Tennessee.

*Militia*.—Messrs. Glascock, Wagener, Carter of Tennessee, Holt, Hammond, Pratt, Hunter of Virginia, Halstead, and Allen of Ohio.

*Naval Affairs*.—Messrs. Ingham, Milligan, Read, Wise, Grantland, Moore, Richardson, Paynter, and Williams of New Hampshire.

*Foreign Affairs*.—Messrs. Howard, Hamer, Cushing, Jackson of Georgia, Dromgoole, Rencher, Pope, Claiborne, and Fairfield.

*Territories*.—Messrs. Patton, Potts, Pickens, Pearce, Borden, Graves, Davee, Jones of New York, and Farrington.

*Revolutionary Pensions*.—Messrs. Morgan, Klingsmith, Bond, Fry, Johnson of Virginia, Sibley, Ewing, Gray, and Loomis of Ohio.

*Invalid Pensions*.—Messrs. Taylor, Williams of Kentucky, Allen of Vermont, McClellan of New York, Petriten, Stuart, Herod, Reily, and Stanley.

*Roads and Canals*.—Messrs. Mercer, Evans, McKennan, Snyder, White of Kentucky, Filmore, Johnson of Maryland, Bicknell, and White of Indiana.

*Revisal of Unfinished Business*.—Messrs. Mason of Ohio, Noble, Southgate, Henry, and Peck.

*Accounts*.—Messrs. Johnson of Virginia, Grant, McClure, C. Shepard of North Carolina, and Johnston of Maryland.

*Expenditures of the Department of State*.—Messrs. M. Morris of Pennsylvania, Jackson of New York, Shepler, York, and Andrews.

*Expenditures of the Department of the Treasury*.—Messrs. Allen of Vermont, Sheffer, Ayer, Gray, and Holsey.

*Expenditures of the War Department*.—Messrs. Clowney, Vandever, Holt, Morris of Ohio, and Marvin.

*Expenditures of the Navy Department*.—Messrs. Brodhead, Maxwell, Goode, Edwards, and Graham of Indiana.

*Expenditures of the Post Office Department*.—Messrs. Childs, Dennis, Hawes, Gallup, and Plummer.

*Expenditures of the Public Buildings*.—Messrs. Sawyer, Crauston, Menifee, Dunn, and Ridgeway. The House then took up for consideration the following resolution, submitted by Mr. BIDDLE on Thursday last:

*Resolved*, That the Secretary of the Treasury report to this House, whether a letter purporting to be addressed by him to the Clerk of the House, offering payment in specie to members of Congress, is authentic; if so, to what other claimants on the Treasury, a similar offer has been made, and what principle of discrimination, if any, has been adopted in the medium of payment to the public creditors.

Mr. BIDDLE said that the letter of the Secretary of the Treasury to the Clerk of this House, on the subject alluded to in his resolution, had struck him as objectionable, and he had, therefore, taken the opportunity of calling the attention of the House to it at the earliest moment. If the offer contained in that letter was a mere matter of grace on the part of the Secretary, and rested in his discretion to be given and withheld at pleasure, it may be given to a portion of the members of the House, and withheld from another portion of the members of the House; or it may be withdrawn entirely

from members of Congress, and given to some other officers of the Government, or public creditors. It may be withdrawn from us, and given to some other person whom it might be proper to reward. It may be given to judges of courts, thereby increasing their salary by his mere fiat. It might have been given to the judges of the court in the District of Columbia while the mandamus case was pending, and thus will it be in the power of the Secretary of the Treasury to raise or diminish the salary of any public officer at will. He did not consider it proper, and consistent with the safety of the country, that the position of officers of the Government should be thus precarious. He was, however, disposed to look on this matter in another light. We have been called upon to inquire into the state of the currency of the country, and are supposed to come fresh from the people, having a knowledge of all the evils and distresses which they are suffering. At home, and on our way here, we have seen and felt the evils under which the people have labored. At every step of our journey we have seen the difficulty arising from the exchanging the miserable scrolls and tickets which are in circulation as a currency. Why was it then that this boon is held out to us immediately on our arrival here? Is it not calculated to efface from our minds the impressions which had been made upon them before we arrived in this city? Does it not at once convert us into a favored class, and remove us from all the evils which are oppressing our constituents, and bowing them down to the earth. He would ask whether those members of Congress who closed with the Secretary of the Treasury in this matter, had not a direct pecuniary interest in perpetuating a depreciated currency? The specie which we may receive may be sold for a large premium for paper which will meet all our engagements here, as we are not under the necessity of keeping specie to pay our postage. The premium, in some instances, on the specie which members receive for a week's salary will be sufficient to defray their expenses for the week. This is, to be sure, an exclusive specie currency. It is given to us, and we sell it to the brokers, and the people have to buy it to pay their postages and custom-house bonds. The members of Congress and the brokers receive all the benefits to be derived from it, and the people are taxed, and have the mere handling of it in carrying it from the brokers' office to the post-office or custom-house. But this state of things will cease the moment that specie payments are resumed, and therefore it will be the interest of members of Congress to support every scheme which would have a tendency to retard the resumption of specie payments by the banks. He believed this to be a matter of great importance. It was not connected with any party movement. He appealed to higher interests and higher feelings. At the time the law passed commonly called the compensation law, those who gave warning as to the effects it was to produce throughout the country, were looked upon as over-scrupulous; but no one has forgotten the storm which that law raised throughout the country. If a member of Congress was to introduce a proposition similar to the measure adopted by the Secretary of the Treasury, he would not dare to stand up before his constituents in vindication of his conduct. He would at once be declared as unworthy of the confidence of the people, and would be hurled from his situation. Why then should we receive secretly, through the agency of the Secretary of the Treasury, that which we dare not demand openly? The laborers on the public works, who toil and sweat through the whole day, and receive but about one-sixteenth part of our per diem, is paid in paper of some ten per cent. less value than the funds we receive, the public contractor is paid in paper, and the widow and the orphan of those who fell in battle are paid in the same depreciated currency. It was but the other day that an officer from Florida found himself in this city with paper so worthless, that he could scarcely sell all he had for enough of specie to pay the postage on letters which he received through the post office. How then can the Secretary offer us, who have no postage to pay, specie when it is withheld from the officers of your army? On what principle of honesty

or common decency can the Secretary make this discrimination? He had submitted the resolution for the purpose of obtaining information for his own guidance. If the offer made by the Secretary of the Treasury is a mere matter of grace, or a boon which he might give or withhold, he would now say that he would not receive it, as he had no idea of carrying home bags of gold derived in this way. He knew too well what his constituents suffered, and were suffering, and while they were thus oppressed, he could not consent to be reaping a golden harvest through the cunning and device of any executive officer. He would entreat the House to look at the position they occupied before the country. Let us so conduct ourselves as to rally around us the confidence of the people of the country, and pursue that course which is calculated to lead to a speedy termination of the difficulties under which the country is laboring. Although he could not oppose the amendment of the gentleman from Virginia, (Mr. Robertson) still he desired to have a vote taken on the simple proposition he had submitted, as it was nothing more than a plain question which he desired to have answered, for the purpose of determining his own course in relation to the matter.

Mr. ROBERTSON submitted the amendment he had before given notice of as follows:

"Also, that he report, so far as ascertained, the amount of specie received by the Government since the first day of May last; the source from whence derived, and the amount from each; the regulations under which the same, or any part thereof, has been disbursed; the persons to whom paid, and the sums paid to each; the amount now on hand, and where deposited. Also, whether since the date above, the public dues, or any portion thereof, have been received in protested drafts, or any funds other than those prescribed by the joint resolution of 30th April, 1816."

Mr. R. expressed a hope that the honorable mover of the resolution would accept the amendment.

Mr. BIDDLE assented, and the resolution was modified accordingly.

Mr. HAMER said he believed it was unusual to debate a resolution of this character, which was merely proposing an inquiry from one of the heads of the department, but some of the remarks submitted by the gentleman from Pennsylvania seemed to require some slight notice. The resolution asked, in the first place, whether a certain letter said to be written to the Clerk of this House be or be not genuine; and, secondly, whether the Secretary of the Treasury had made other offers to other claimants of the Government similar to those said to be made to members of Congress in that communication. Now, Mr. H. only meant then to say, that if the House should adopt this resolution, he had no doubt the Secretary would very promptly reply to the inquiry, and inform them whether that letter be genuine or not, and also what were his reasons for making the offer. If the letter be genuine, he would also respond to the other inquiry embraced in the resolution. But it did seem to Mr. H. that it would be but candid and fair, not only on the part of the gentleman from Pennsylvania, but of every other gentleman there, to wait for the response ere they undertook to condemn the Secretary. The gentleman seemed to take it for granted, in the remarks submitted by him, that this offer was a boon held out to members of Congress, an inducement held out to them, to perpetuate the present state of things. Now, so far as he (Mr. H.) was concerned, he had only to say, that he had a much better opinion, a much higher opinion, of the gentlemen who constituted that body, than to believe, for a moment, that the poor, paltry per centage that might be made through a broker upon the compensation they received there, would influence the course of any gentleman upon that floor; and he would add, that if he believed his constituents entertained such an opinion of him, he would resign before the going down of the sun. As to the resolution, and the amendment now engrafted upon it, he had no objection to the adoption of both, and should vote for them.

Mr. McKAY intended to vote for the adoption

of the resolution, but the gentleman from Pennsylvania had thrown out some remarks that required a brief explanation. The gentleman had stated that this offer was a mere matter of bounty, a mere matter of grace, on the part of the Secretary of the Treasury; and had even gone so far as to say that its effect would be, if its design was not, to perpetuate the present state of things in the financial affairs of the country. Now, if the gentleman had taken the trouble to look into the laws of Congress, he would have seen that what the Secretary had done was nothing more than a mere matter of official duty, and did not partake, in the slightest degree, of either a grace or a bounty. The law passed in 1836—which was the rule of the Government and all the Secretaries, the Secretary of the Treasury in particular—expressly provided that the public creditors should be paid either in gold or silver, or in that which was its equivalent and convertible into gold or silver on the spot, etc. This law applied as well to members of Congress as to any other public creditors, for they were only a class of public creditors. If the gentleman had also taken the trouble to look into the report of the Secretary of the Treasury, he would likewise have seen that in all the instructions given to the disbursing officers, they had been directed to pay out no funds except such as were equivalent to specie, or which the public creditor was willing to receive. The gentleman had told the House that the States had been paid in depreciated money. The gentleman was also mistaken in that: for the Secretary of the Treasury, in his instructions, had expressly stated what he would read. Mr. McKAY then read from the report the following passage from the Secretary's letter to the Executives of the States.

"P. S. It may be useful, in the present embarrassed condition of the pecuniary concerns of the country and of the banks, to suggest that, for reasons growing out of the deposit act, as well as the existing liabilities of the banks, and the obligations required from the States to the Treasury, no one of the latter is required to accept, on the within transfers, any kind of money which is not available and at par, and which it is not ready to account for in the same way when required."

"Should any of the banks, therefore, on which the transfers are drawn, fail to deposit with you such money, they may be returned to this Department, with a statement of the fact, in order that the case may be submitted to Congress at its approaching session."

The same had been done with regard to all other cases, of revolutionary soldiers, the widows and orphans, and all other claimants of the Government. They were not bound, unless they were willing to do so, to receive any thing but gold or silver, or its equivalent. That, he repeated, was the law of 1836; and if the debtors of the Government would do their duty, it would have been carried out in all cases. That these individuals had not done so was well known. Among other things, he had understood that some of these very merchants who had been instrumental in bringing about the suspension of specie payments, after having received indulgencies from the Government, by an extension of their bonds, had, in many instances, gone forward with their debentures, drawn out the specie upon them, and then gone and reviled that very Government, to which they were so much indebted. At New Orleans, he had understood, many of them had drawn the specie from the custom-house on their debentures, re-exported their goods, intending to reimpart them, and then get a credit on their bonds. However, he would not go further into this matter at present.

Those of them who had been there some time, would recollect that, some years ago, when the Bank of the United States was struggling for a charter, one of the charges preferred by a then gentleman from Georgia, (Mr. Clayton,) was, that it afforded extraordinary accommodations to members, by furnishing them with drafts or bills of exchange on terms different from those they extended to other creditors of the Government. What was the defence then made by the party to which the gentleman belonged? Why, that it was all right then;

but now, when the Bank of the United States was not the Treasury, and Levi Woodbury, in his imprudent letter, proposes nothing more than is warranted and enjoyed by the plain and obvious spirit and letter of the law, it is all wrong. In the former case, it was all right; now it was a matter meriting the severest censure and reprobation.

Mr. BIDDLE thought that the severest censure which could be cast upon the Secretary of the Treasury had been cast upon him by the gentleman from North Carolina himself. The gentleman had told the House that the publication of that offer was an "imprudent" thing, and therefore that the members of the House should have been apprised of the offer only as they went to receive their money. Now Mr. B. had cast no such censure upon the Secretary. On the contrary, he insisted that the act of publication was a right and proper one.

The gentleman had referred to the act of 1836. That act, however, was passed for the benefit of all the public creditors, but no similar offer had been made to any other class than members of Congress; on the contrary, the Secretary had stated his inability to pay them in specie. What Mr. B. wanted to know was, by what authority that officer took upon himself the exercise of such tremendous power as he had done in that offer.

Mr. McKAY was not disposed to prolong this discussion, though he could readily answer every thing the gentleman had said. He would, however, advert to one matter. The gentleman had said that no similar offer had been made to the States. Now, one answer to that was, that there was no debt due to the States; for, by the terms of the deposit law, it was nothing more than a transfer of the public money from one part of the Treasury, or from one depository to another; in other words, from the Federal Treasury to the Treasuries of the several States, which, for the time being, were converted into a part or branch of the Federal Treasury. It was not necessary then to go further into that part of the argument, but he would again refer the gentleman to the letter before quoted by him, in which it would be seen that the offer had been made even to the States. [See the "P. S." quoted in Mr. McKAY's foregoing remarks.]

With regard to the remark that Mr. McKAY considered the letter "imprudent," he only meant to say that it was so, so far as regarded the Secretary's reputation, from its affording an opportunity to some gentlemen to misinterpret his motives. The letter itself was not imprudent in any other sense than its being liable to misconstruction; for, he again repeated, it was in strict accordance with the law of 1836.

Mr. BIDDLE again insisted that the letter referred to in his resolution was at variance with that quoted by the gentleman from North Carolina, and also that it gave an undue preference to the members over other claimants of the Government.

The resolution, as modified, was then agreed to.

Mr. BELL, on leave, then submitted the following resolution:

*Resolved*, That the Secretary of the Treasury be directed, with as little delay as possible, to communicate to this House the amount of the appropriations of the past and present years remaining unexpended; the amount required to fulfil all existing engagements contracted prior to the first day of June last, and all existing engagements contracted since that time; also, the amount of money drawn from the Treasury and placed in the hands of disbursing officers or agents on the first day of May last and at the present time; and that he also report what objects of public expenditure can with the least injury to the public service be either wholly dispensed with during the present year, or bear any material reduction.

The resolution having been read, and the Chair remarking that, under the rule, it would have to lie over one day,

Mr. CAMBRELENG suggested to the honorable mover, that as the information called for was of a very important character, and ought to be in possession of the House with as little delay as possible, to move a suspension of the rule, so as to insure the immediate consideration of the resolution.

Mr. BELL said he was about to ask that indul-



gence of the House, and he made the motion which was assented to; when the resolution was considered and agreed to.

#### PRESIDENT'S MESSAGE.

On motion of Mr. CAMBRELENG, the message of the President to Congress was then taken up, and referred to a Committee of the Whole on the state of the Union; and on motion of the same gentleman, the House went thereon into committee, Mr. J. Q. ADAMS in the Chair.

The Message being taken up in committee—

Mr. CAMBRELENG introduced two resolutions, as follows:

1. *Resolved*, That so much of the President's Message as relates to the finances of the country, be referred to the Committee of Ways and Means.

2. *Resolved*, That so much of the President's Message as relates to a bankrupt law, be referred to the Committee on the Judiciary.

The two resolutions were severally agreed to *nem dis.*; when, on motion of Mr. CAMBRELENG, the committee rose and reported them to the House, and they were both severally concurred in.

Mr. CAMBRELENG then submitted the following resolution:

*Resolved*, That so much of the report of the Secretary of the Treasury on the state of the finances, as relates to the finances of the country, be referred to the Committee of Ways and Means; and that so much of said report as relates to a bankrupt law be referred to the Committee on the Judiciary.

Mr. EWING made an inquiry of the chairman of the Committee of Ways and Means, whether his motion had any reference to, or was intended to embrace, any proposition for the relief of the merchants, and the extension of their bonds.

Mr. CAMBRELENG replied by stating that the terms he had used in his motion embraced every topic relating to the public finances, and, of course, necessarily and directly involved the question of extending the time of payment of the merchants' bonds. It embraced all the various topics connected with the subject of relief, and it was certainly not Mr. C's intention to suffer so important a proposition as that to escape his attention. He thought it not improbable that the gentleman's views and his own would concur; but he would confine himself then by replying to the gentleman, that it was the design of his motion to embrace that as well as every other topic adverted to on the subject.

Mr. EWING then moved to strike out the words "the Committee of Ways and Means," and insert in lieu thereof the following: "A select committee, with power to inquire into existing laws, in connection with orders and regulations adopted by the Treasury, War, and Post Office Departments, which now tends to prolong the embarrassments of the people, and extend injurious influences through the political, as well as the agricultural, commercial, and manufacturing interests of the Union; and to provide such judicious restraints upon the abuses of Executive power, conferred by legislation, in relation to the currency, revenue, and patronage hereafter, as may be deemed proper to afford permanent and general relief: said committee to consist of one member of each State, appointed by a vote of the House."

After a few remarks in support of the amendment by Mr. E. it was rejected, and the original resolution was agreed to.

On motion of Mr. WHITTLESEY of Ohio, and by general consent, a resolution was agreed to, directing the Clerk of the House not to have any maps printed in books ordered for the use of the House, unless the maps be specially ordered to be printed.

Mr. SMITH, on leave, then submitted the following resolution:

*Resolved*, That the action of the several standing committees of this House on all matters not embraced by the Message of the President of the United States to the two Houses of Congress, communicated on the second day of the current session, be suspended until the commencement of the annual session of Congress, in December next; and that the consideration of all petitions on such suspended matters be also postponed to the period above specified.

Mr. SMITH said he did not conceive how it was to be expected by those who had claims upon the Government, that the general business of Congress should be taken up. He was aware that while the Committee of Ways and Means and the Committee on the Judiciary had under consideration the subjects which were referred to them, there might be an interval in which it might be possible to consider some other subjects; but it is not to be expected that this session can be continued sufficiently long to mature any other business than that which we have been specially called to act upon. It would not in the first place, be proper to take up general subjects, because we are not in possession of the means of carrying out that business. The President has refrained entirely from entering into matters of general legislation. Then if we are to go into other matters, it will be absolutely indispensable that an immediate call be made upon the Executive for the necessary information. This, however, he apprehended was not the course which the majority of the House would desire to see taken. It was not to be expected by those having claims against the Government that this course of proceeding should be adopted. But he presumed the gentleman from Ohio (Mr. Whittlesey) would say that there were numerous claims which have been presented to the House and examined by a committee, which might be acted upon at this session. In answer to this he would say, that it would hardly be just to other claimants who have not had their claims brought before the House, to give precedence to the claims the gentleman had on a former day alluded to. He considered that it would be better to suspend all those claims for the present, and that the business we were called to deliberate upon should be proceeded with. He, for one, wished that the special business might be the sole business of the session; and it appeared to him that a responsibility rested upon every gentleman, in conducting the business of the present session with an eye single to the great matter which we are here assembled to deliberate upon. If it shall be discovered that we can do nothing, let it be known as soon as possible, so that the country shall not be kept in suspense.

Mr. WHITTLESEY of Ohio understood the gentleman from Maine (Mr. Smith) to make two exceptions to the course he wished to see pursued by the House. In the first place, the gentleman opposed going into business generally, because the President of the United States had not communicated the subjects to Congress. In relation to the recommendation of the President, the gentleman may search in vain, from the organization of the Government to the present time, to find the subject of the claims alluded to brought to the notice of the House. They are not presented in the message as subjects for our deliberation, because it is a part of our duty to examine and decide upon them without any recommendation of the President. It is a part of the legislative business of Congress to take up and consider this matter, and there is no necessity for a recommendation from the Executive. As to the information which may be desired from the Executive officers of the Government, we can get at any time all the information which may be necessary. Even if Congress only sits six weeks, he considered that it would be proper to call for the estimates of the departments, and proceed to act upon them; because it is a fact that the officers of the Government are frequently in anticipation of their salaries for months before the appropriations are made to pay them, and they are frequently at the mercy of the merchants for a subsistence. As to the objection of the gentleman in relation to the preference which would be given to one class of claims over another, he had only to say, he considered that those claims which had been before the House for years, ought to be discharged before those which only originated or were presented on yesterday. He was not for prolonging the session, but he wished all the time we had to spare devoted to business of this description.

Mr. WILLIAMS of North Carolina, did not consider that the House was now prepared to act on this subject, and with a view to give time to con-

sider the matter, he moved to postpone the resolution until Wednesday next.

Mr. BELL would cheerfully support this motion, if it were possible to get such information from the Committee of Ways and Means as could determine what projects would probably be brought before the House at the present session. No person would deny that the subject brought to our notice in the message of the President was broad enough for the occupation of our whole time, provided the committees reported conformably to the recommendations there laid down. If he could be informed as to the intention of the Committee of Ways and Means, or of those who were in the majority in the House, in relation to bringing forward a project for the regulation of the fiscal concerns of the Government, he could then determine what course to pursue. In relation to some parts of that very extraordinary document, the message of the President, he presumed there were some sentiments contained in it, which would meet the support of members from all sides of the House; and he should now be pleased to learn from the chairman of the Committee of Ways and Means, or some other individual who could give the information, what was to be the course of action of that committee on the subject. If it was to be expected that no other propositions than these should be brought forward, he apprehended that we might, in the course of a short time, conclude our labors, and return to our constituents; and if no other propositions were brought forward than these, then he would have no hesitation in voting for the resolution of the gentleman from Maine. But if it was the determination of the committee to bring forward nothing but the very extraordinary proposition in relation to the finances of the country, he apprehended that the majority of the House would not be long in rejecting it. He considered it a project which the majority of the committee would hardly take upon themselves to bring before the House; and, if brought there, he took it that no majority of that House or administration would venture to urge it upon the country. It appeared to him to be a project which was utterly impracticable, and could not be adopted. It may, to be sure, be in the power of the Committee of Ways and Means to bring forward a project of this kind; but if it did, he had little doubt that it would be rejected. If, however, the Committee of Ways and Means should introduce a modified project, with a view of arresting the distresses of the country, he would vote against taking up any thing which would interfere with this great and important matter. He would render every aid in his power to carry out some practicable project, to avert the evils which were impending over us; but he could not give countenance to any such project as that recommended in the Message. When he received information from the Committee of Ways and Means as to the course intended to be adopted by that committee, he would be better prepared to give his vote than at present, and should wait till he received the information desired.

Mr. CAMBRELENG said that the gentleman from Tennessee having called upon him for information, though it was not strictly in order, under the resolution they were discussing, yet he would make a brief response. The gentleman must be perfectly sensible that, in the present position of the Committee of Ways and Means, for it had only been just announced, he (Mr. C.) could do no more than answer for himself. Thus far, however, he would take upon himself to answer for the committee, that he was very certain every member of it would give an immediate attention to the subjects embraced in the President's message, and referred to it, and that they would bring forward their bills at the very earliest day, and with the greatest possible dispatch. He also expressed the hope that the House would confine itself, as far as practicable, to the propositions embraced in the message. On some these, he believed there would be a general concurrence, not only in that committee, but in the House itself.

Upon the other great question adverted to in the Message, he should not, at that time, prematurely engage in any debate. The gentleman, however,

must permit him to say, in reply, that he, for one, was perfectly willing, and held himself prepared, to decide that question, either in the committee or in the House; and, for one, he was perfectly willing to submit the question to the nation. Since we, sir, continued Mr. C. have been drawn out on this question, I hope gentlemen on the other side will be as bold and as frank as the President of the United States has been. Let them take their ground. The glove is thrown. Let them come forward with their propositions. They have been talking so long about non-committalism, let them come forward now, imitate the example of the President, and not lay dark. From the organs abroad, it may be inferred that we are not now to have the question of the Bank of the United States. That question may be postponed beyond the fall elections; but, sir, that that issue we shall come to at last, is as certain as the noonday sun. The great issue will be between the Bank of the United States, and the proposition whether the finances of the country can be, and shall be, managed without any bank or banks at all. That is the great question; and I hope the Committee of Ways and Means will concur with me in framing some bill to dispense with all banks. That is the real question for the House to determine. Whether that question would be settled now, or deferred till the fall elections, was for the consideration of the House, and not for the committee; and I trust the House will not be kept here beyond three or four weeks.

The subject was further discussed by Messrs. BELL, WISE, CUSHING, JENIFER, and LEWIS WILLIAMS in opposition, and by Messrs. SMITH, DUNCAN, BOON, and HAYNES in favor of the resolution; when the motion to postpone its consideration was rejected without a division.

Mr. GARLAND, of Virginia, thought that, while the Committee of Ways and Means were engaged, on the President's Message, the other committees might take up the subject of private claims. Mr. G. then moved an additional clause to the resolution in the following words—"with the exception of private business."

Mr. WHITTLESEY of Ohio asked for the yeas and nays on the amendment, but they were not ordered, and the amendment was rejected.

The question recurring on the original resolution—

Mr. LEWIS WILLIAMS asked for the yeas and nays thereon, but the House refused to order them.

Mr. WHITTLESEY, of Ohio, suggested that, at least, the Committee of Elections should be excepted, but cries of "No! No!" proceeded from various parts of the hall.

The resolution was then agreed to without a division.

On motion, the House adjourned.

#### IN SENATE,

TUESDAY, September 12, 1837.

Mr. McKEAN presented a memorial from sundry citizens of Philadelphia county, remonstrating against the annexation of Texas to the United States; which was laid on the table.

Mr. BUCHANAN also presented a memorial from the citizens of the city and county of Philadelphia, remonstrating against the annexation of the same province; which was laid on the table.

Mr. LINN offered a resolution, which was adopted, appointing a committee of three on the part of the Senate, to meet a like number on the part of the House, to direct the expenditure of the Library fund appropriated by Congress.

The following resolution, offered yesterday by Mr. CLAY of Alabama, was taken up for consideration:

*Resolved*, That the Committee on the Judiciary be instructed to inquire into the expediency of restoring to the District Court of the United States for the northern district of Alabama, its former jurisdiction.

Mr. CLAY explained the reasons in brief for offering the resolution at the present time. It was a matter, it was true, of mere local consideration; yet he presumed it would not encounter objection

on any quarter. The object of the change was to expedite the public business, much inconvenience and delay having resulted from the present time of holding the Court.

Mr. GRUNDY asked, if the change were made as proposed by the gentleman from Alabama, whether the desired object would be effected. He recollected, that some fifteen years since an attempt was made to introduce something like a uniform system in relation to these matters. He would say, if the subject were referred, the committee would endeavor to do what was right.

Mr. BUCHANAN submitted to the gentleman whether any inconvenience would be sustained, if the subject were deferred until the next session.

Mr. CLAY explained that the business would be delayed for that length of time.

Mr. SEVIER begged to offer an amendment, so as to embrace the State of Arkansas, and to insert after the word Alabama, "and to the district court of the State of Arkansas." Mr. S. explained the necessity of the adoption of this amendment, on the ground of the delay that was occasioned. In that country there were frequent murders of the whites by the Indians and of the Indians by the whites, and in all cases they had to remain twelve months in prison before trial.

The amendment was adopted, and the resolution as amended, agreed to.

The other resolutions offered yesterday were severally taken up, considered and agreed to.

The bill to postpone the fourth instalment of deposit with the States being taken up:

Mr. WRIGHT said, that before the bill was read a second time, he would ask the indulgence of the Senate to make a short explanation in regard to the Committee on Finance. Yesterday morning when the bill was reported from that committee, he took the opportunity of stating that, in all probability, they would report further this morning. They, however, found themselves unable to do so, partly in consequence of being unable to prepare the labored details before them, and having found at their meeting, this morning, two members of the committee, unexpectedly absent. The one, as he was informed since he came into the Senate, was called away by business, over which he had no control; and the other was so indisposed as to be unable to attend either the Senate or the committee. He mentioned these facts as an apology for not fulfilling his promise. He felt a confident hope from the best judgment he could form, that the committee would be able to report in full on Thursday next.

The bill was then read a second time, and,

On motion of Mr. HUBBARD, the further consideration of it was postponed till to-morrow.

A message was received from the President of the United States by Major Van Buren, his private secretary; which was laid on the table.

On motion of Mr. BUCHANAN, the Senate proceeded to the consideration of Executive business; and after a short time spent therein, the doors were re-opened, when

The CHAR appointed the following gentlemen a Committee on the Library on the part of the Senate: Messrs. ROBBINS, PRESTON, and WALL.

On motion of Mr. HUBBARD,

The Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

TUESDAY, September 12, 1837.

Mr. CAMBRELENG, on leave, from the Committee of Ways and Means, reported the following bill:

A BILL to postpone the fourth instalment of deposit with the States.

*Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled*, That the transfer of the fourth instalment of deposits directed to be made with the States under the thirteenth section of the act of June 23d, 1836, be, and the same is hereby, postponed until further provision by law.

Mr. CAMBRELENG would merely mention, he said, for the information of the House, that that was the only bill the committee could agree upon at this morning's session. There would, probably, be two other bills requiring the most urgent action of the House to-morrow morning.

The above bill was then, on motion of Mr. C. read twice and referred to a Committee of the Whole on the state of the Union.

On leave, Mr. JOHNSON of Maryland and Mr. HEROD presented memorials on the subject of the currency; which were referred to the Committee of Ways and Means, and ordered to be printed.

On motion of Mr. GARLAND of Virginia, it was

*Resolved*, That the House do now proceed to the election of a Chaplain to the House.

Whereupon, the following nominations were made:

Mr. GARLAND nominated	Rev. Mr. TUSTON.
Mr. McKIM	Rev. Mr. REES.
Mr. HOLT	Rev. Mr. FISKE.
Mr. BRONSON	Rev. Mr. McCALLUM.
Mr. TAYLOR	Rev. Mr. COMSTOCK.
Mr. WAGENER	Rev. Mr. EBAUGH.
Mr. EVERETT	Rev. Mr. ADAMS.

Messrs. GARLAND of Virginia, McKIM, and EVERETT having been appointed tellers, the result of the first ballot was announced as follows:

Whole number of votes	-	205
Necessary to a choice	-	103
Rev. Mr. Tuston received	-	94
Mr. Rees	-	25
Mr. Fiske	-	29
Mr. McCallum	-	12
Mr. Comstock	-	10
Mr. Ebaugh	-	16
Mr. Adams	-	10
Blanks	-	9

So there being no choice, the House balloted a second time, the result of which was as follows:

Whole number of votes	-	203
Necessary to a choice	-	102
Rev. Mr. Tuston	-	135
Mr. Rees	-	7
Mr. Fiske	-	31
Mr. McCallum	-	5
Mr. Comstock	-	3
Mr. Ebaugh	-	11
Mr. Adams	-	7
Blanks	-	4

So that the Rev. Mr. Tuston having received a majority of all the votes given, he was therefore declared duly elected Chaplain to the House for the 25th Congress.

Mr. JOHNSTON of Louisiana, on leave, presented a memorial from the Chamber of Commerce of New Orleans, praying for the establishment of a national bank; which was referred to the Committee of Ways and Means.

Mr. ADAMS submitted the following resolutions, which, by the rule, lie over one day:

*Resolved*, That the President of the United States be requested to communicate to this House, so far as the public interest will permit, the correspondence between the Government of the United States and that of Great Britain, relating to the North Eastern Boundary of the United States, since the Message of the late President to the Senate of the United States, of the 15th of June, 1836.

*Resolved*, That the President of the United States be requested to communicate to this House, so far as may be consistent with the public interest, all the correspondence between the Government of the United States and that of Mexico, concerning the boundary between them; and particularly concerning any proposition for a cession of Territory belonging to the Mexican confederation to the United States; and also all correspondence relating thereto between the Department of State and the diplomatic representatives of the United States in Mexico, and of the said department with those of the Mexican Republic accredited to the Government of the United States.

*Resolved*, That the President of the United States be requested to communicate to this House whether any proposition has been made on the part of the Republic of Texas to the Government of the United States, for the annexation of the said Republic of Texas to this Union; and if such proposition has been made, what answer has been returned, and all correspondence which has taken place relating thereto.

On motion of Mr. HAYNES,  
The House adjourned.

## SELECT COMMITTEE ON THE RULES.

The following is the select committee of the House, on the subject of the rules and orders, appointed on the second day of the session:

Mr. MERCER of Virginia.  
Mr. HAMER of Ohio.  
Mr. BRIGGS of Massachusetts.  
Mr. SMITH of Maine.  
Mr. MUHLENBERG of Pennsylvania.

## IN SENATE,

WEDNESDAY, September 13, 1837.

Mr. SMITH of Indiana presented a petition protesting against receiving Texas into the Union.

Mr. HUBBARD also presented a memorial from sundry citizens remonstrating in the strongest manner against the annexation of that province to the United States. Both of the above were laid on the table.

Mr. NORVELL presented a petition from the officers of the revenue cutter Dexter, stating their duties were equally arduous with those of the officers of the Navy, and praying that they might be allowed the same compensation: laid on the table.

Mr. BENTON presented a petition from Mr. Feuchtwanger, accompanying which was a specimen exhibiting a new cent made of German silver, which the petitioner represents to be as cheap as copper, and more portable.

Mr. MORRIS presented seven memorials from different counties in Ohio, remonstrating against the admission of Texas into the Union; which were laid on the table.

Mr. WRIGHT, from the Committee on Finance, reported the following bills:

A BILL to authorize the issuing of Treasury notes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States be, and he is hereby, authorized to cause Treasury notes, for such sum or sums as he may think expedient, but not exceeding, in the whole amount of notes issued, the sum of millions of dollars, and of denominations not less than one hundred dollars for any one note, to be prepared, signed, and issued in the manner hereinafter provided.

SEC. 2. *And be it further enacted,* That the said Treasury notes, authorized to be issued by the first section of this act, shall be reimbursed and redeemed by the United States, at the Treasury thereof, after the expiration of one year from the dates of the said notes, respectively; from which said dates, for the term of one year, and no longer, they shall bear such interest as shall be expressed upon the face of the said notes; which rate of interest, upon each several issue of the said notes, shall be fixed by the Secretary of the Treasury, by and with the advice and approbation of the President; but shall in no case exceed the rate of interest of six per centum per annum. The reimbursement herein provided for shall be made at the Treasury of the United States, to the holders of the said notes, respectively, upon presentment, and shall include the principal of each note, and the interest due thereon at the time of payment. For this reimbursement, at the time and times herein specified, the faith of the United States is hereby solemnly pledged.

SEC. 3. *And be it further enacted,* That the said Treasury notes shall be prepared under the direction of the Secretary of the Treasury, and shall be respectively signed, on behalf of the United States, by the Treasurer thereof, and countersigned by the Register of the Treasury. And that those officers respectively shall, as checks upon each other, and to secure the public safety, keep separate, full, and accurate accounts of the number, date, denomination, and amount of all the notes signed and countersigned by them, respectively; which said accounts shall be carefully preserved and placed on file in the Treasury Department; and also similar accounts, kept and preserved in the same manner, of all the said notes redeemed, as the same shall be returned and cancelled; and the Treasurer shall further account, quarterly, for all such notes delivered to him for signature, or issue, by the Register. The Treasurer and Register of the Treasury are hereby authorized, by and with the consent

and approbation of the Secretary of the Treasury, to employ such additional temporary clerks as the duties enjoined upon them by this section may render necessary; the compensation of each clerk so employed to be fixed by the Secretary.

SEC. 4. *And be it further enacted,* That the Secretary of the Treasury be, and he is hereby authorized, with the approbation of the President of the United States, to cause to be issued such portion of the said Treasury notes as the President may think expedient, in payment of debts due by the United States to such public creditors or other persons as may choose to receive such notes in payment, as aforesaid, at par. And the Secretary of the Treasury is further authorized, with the approbation of the President of the United States, to borrow, from time to time, not under par, such sums as the President may think expedient, on the credit of such notes.

SEC. 5. *And be it further enacted,* That the said Treasury notes shall be transferrable, by delivery and assignment endorsed thereon, by the person to whose order the same shall, on the face thereof, have been made payable.

SEC. 6. *And be it further enacted,* That the said Treasury notes shall be everywhere received in payment of all duties and taxes laid by the authority of the United States, of all public lands sold by the said authority, and of all debts due to the United States, of any character whatsoever. And, on every such payment, credit shall be given for the amount of the principal and interest which, on the day of such payment, may be due on the note or notes thus given in payment.

SEC. 7. *And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to cause to be reimbursed and paid the principal and interest of the Treasury notes which may be issued by virtue of this act, at the several time and times when the same, according to the provisions of this act, should be thus reimbursed and paid. And the said Secretary is further authorized to make purchases of the said notes, at a price not exceeding par, for the amount of the principal and interest due at the time of purchase on such notes. And so much of any moneys in the Treasury, not otherwise appropriated, as may be necessary for that purpose, is hereby appropriated, for paying the principal and interest of said notes.

SEC. 8. *And be it further enacted,* That a sum of thousand dollars, to be paid out of any moneys in the Treasury not otherwise appropriated, be, and the same is hereby, appropriated, for defraying the expense of preparing, printing, engraving, signing, and otherwise incident to the issuing of the Treasury notes authorized by this act.

SEC. 9. *And be it further enacted,* That if any person shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting, any note, in imitation of, or purporting to be a Treasury note aforesaid; or shall falsely alter, or cause or procure to be falsely altered, or willingly aid or assist in falsely altering, any Treasury note issued as aforesaid; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any false, forged, or counterfeited note, purporting to be a Treasury note as aforesaid, knowing the same to be falsely forged or counterfeited; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any falsely altered Treasury note, issued as aforesaid, knowing the same to be falsely altered, every such person shall be deemed and adjudged guilty of felony, and being therefore convicted by due course of law, shall be sentenced to be imprisoned and kept to hard labor for a period not less than three years, nor more than ten years, and be fined in a sum not exceeding five thousand dollars.

SEC. 10. *And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized to make and issue, from time to time, such instructions, rules, and regulations to the several collectors, receivers of public money, depositories, and all others who may be authorized to receive the said Treasury notes on behalf of, and as agents in any capacity for, the United States, as to the safe-keeping, disposition, return, and cancelling of the

said notes so paid to and received by them respectively, and as to their accounts and returns to the department of all such receipts as may seem to him best calculated to promote the public interests and convenience, and secure the United States and the holders of the said notes against frauds and losses.

SEC. 11. *And be it further enacted,* That it shall be, and hereby is, made the duty of the Secretary of the Treasury to cause a statement to be published, monthly, of the amount of all Treasury notes issued or redeemed in pursuance of the provisions of this act.

A BILL authorizing a further postponement of payment upon duty bonds.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury be, and he hereby is, authorized to grant such further extension of credit upon all bonds for duties now outstanding, as shall make the whole extension of credit upon each bond six months from the time when the original bond became due and payable, making the extension in each case to depend upon the same conditions as to additional security, the payment of interest, and other terms, which have been prescribed by the Treasury Department to the extension of revenue bonds since May last: *Provided,* That nothing herein contained shall be construed to include any existing bonds, where the parties to the same have not, since the bonds became payable, given additional security, or made part payment, and are, by the proper officers of the Government, considered insolvent, or unsafe securities for the payment of their bonds.

SEC. 2. *And be it further enacted,* That the additional credit of six months, granted by the first section of this act, upon outstanding duty bonds, shall be upon the same terms and conditions granted upon all bonds for duties which may be given during the period of one year from and after the first day of October, in the year one thousand eight hundred and thirty-seven.

SEC. 3. *And be it further enacted,* That where the security in any bond which has been, or may hereafter be postponed, is entirely satisfactory, the principal or sureties in the same shall not be disabled from being in the mean time, till the period of postponement provided for by this act expires, received as principal or sureties in other bonds for duties, notwithstanding the bond first given may not have been actually paid, discharged, or extended before or on the day it fell due: *Provided,* That such principal and sureties shall be found, in all other respects, safe and satisfactory security for the bonds to which they may be proposed as parties.

SEC. 4. *And be it further enacted,* That the operation of all prior laws, and parts of laws, so far as inconsistent with this act, be suspended in the particulars in which they may conflict with, or differ from, its provisions, until this act shall cease by its own limitation.

A BILL for adjusting the remaining claims upon the deposit banks.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury be, and he is hereby, authorized to continue to withdraw the public moneys now remaining in any of the former deposit banks, in a manner as gradual and convenient to the institutions as shall be consistent with the pecuniary wants of the Government, and the safety of the funds thus to be drawn; and that no further interest than that required by the deposit act of the twenty-third of June, one thousand eight hundred and thirty-six, under which those deposits were made, shall be demanded of any bank which has met, or shall hereafter meet, the requisitions of the department. This provision shall also extend to such public moneys as may remain in any of the said banks, whether standing to the credit of the Treasurer of the United States, or of any disbursing or other public officer of the Government.

SEC. 2. *And be it further enacted,* That in case of neglect or refusal by any of the said banks to comply with the requisitions of the Secretary of the Treasury, as he shall make them, in conformity with the first section of this act, suits shall be instituted, where that has not already been done, to



recover the amounts due to the United States, unless the defaulting bank shall forthwith cause to be executed and delivered to the Secretary of the Treasury a bond, with security to be approved by the Solicitor of the Treasury, to pay to the United States the whole moneys due from it, in three instalments; the first to be paid at the expiration of two months from the passage of this act, the second at the expiration of five months, and the remaining instalment at the expiration of eight months from the same period; and interest thereupon at the rate of six per centum per annum, from the time of default, together with any damages which may have accrued to the United States from protests of drafts drawn upon it, or from any other consequence of its failure to fulfil its obligations to the public Treasury.

These bills were read a first time and ordered to a second reading.

The bill for the postponement of the fourth instalment of deposits with the States being taken up,

Mr. CALHOUN said he hoped that the Senate would not now act on the bill, but that it would be postponed till to-morrow.

Mr. WRIGHT remarked that he entertained no other feeling than a desire to expedite the business before Congress as much as possible. He was not aware that there was any thing yet to be reported from the Committee on Finance which would at all affect the present bill. Those measures which he had just reported certainly had an intimate connection with it. He had no desire to press the bill at this time, feeling a confident hope that the committee would complete the business before them by to-morrow morning, and be enabled to report.

On motion of Mr. CALHOUN, the further consideration of the bill was postponed till to-morrow.

On motion of Mr. MORRIS,

The Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

WEDNESDAY, September 13, 1837.

The CHAIR stated, that in pursuance of the notice he had given on yesterday, he would now call the States in their order for petitions and memorials. He also stated that he should be governed by the order of the House on Monday, and he presumed that all memorials would be disposed of in the manner set forth in that resolution.

Mr. CAMBRELENG suggested for the consideration of the Chair and the House, that the mere presentation of petitions to go on the files of the House, and be taken back at the next session, would be a very unnecessary ceremony.

The CHAIR replied that it would be at the discretion of the members who held petitions, whether they would present them and have them postponed until December, or hold them in their own possession.

Petitions and memorials were presented by,  
Mr. ADAMS of Massachusetts.  
Mr. SLADE of Vermont.  
Mr. BRONSON of New York.  
Mr. PETRIKIN of Pennsylvania.  
Mr. UNDERWOOD of Kentucky.  
Mr. JOHNSTON of Louisiana.  
Messrs. RARIDEN and GRAHAM of Indiana.  
Mr. CASEY of Illinois.

Mr. CAMBRELENG, from the Committee of Ways and Means, reported a bill to authorize the issuing of Treasury notes; which was read twice and committed to a Committee of the Whole on the state of the Union.

The bill is in the following words:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States be, and he is hereby, authorized to cause Treasury notes, not bearing interest, for such sum or sums as he may think expedient, but not exceeding, in the whole amount of notes issued, the sum of twelve millions of dollars, and of denominations not less than one hundred dollars for any one note, to be prepared, signed, and issued in the manner herein-after provided.

*SEC. And be it further enacted,* That the said Treasury notes authorized to be issued by the first section of this act, shall be reimbursed and redeemed by the United States, at the Treasury

thereof, after the expiration of one year from the dates of the said notes respectively. The reimbursement herein provided for shall be made at the Treasury of the United States, to the holders of the said notes respectively, upon presentment; and in case of presentment and non-payment of said notes after they become due, the holder or holders shall be entitled to receive interest at the rate of five per cent. per annum from the date of demand of payment; and for this reimbursement, according to the provisions of this act, the faith of the United States is hereby solemnly pledged.

*SEC. And be it further enacted,* That the said Treasury notes shall be prepared under the direction of the Secretary of the Treasury, and shall be respectively signed, on behalf of the United States by the Treasurer thereof, and countersigned by the Register of the Treasury; and that those officers respectively shall, as checks upon each other, and to secure the public safety, keep separate, full, and accurate accounts of the number, date, denomination and amount of all the notes signed and countersigned by them respectively, which said accounts shall be carefully preserved and placed on file in the Treasury Department; and also similar accounts, kept and preserved in the same manner, of all the said notes redeemed, as the same shall be returned and cancelled; and the Treasurer shall further account, quarterly, for all such notes delivered to him for signature or issue by the Register. The Treasurer and Register of the Treasury are hereby authorized, by and with the consent and approbation of the Secretary of the Treasury, to employ such additional temporary clerks as the duties enjoined upon them by this section may render necessary, the compensation of each clerk so employed to be fixed by the Secretary.

*SEC. And be it further enacted,* That the Secretary of the Treasury be, and he hereby is, authorized, with the approbation of the President of the United States, to cause to be issued such portion of the said Treasury notes as the President may think expedient, in payment of debts due by the United States to such public creditors, or other persons, as may choose to receive such notes in payment as aforesaid, at par.

*SEC. And be it further enacted,* That the said Treasury notes shall be issued payable to order or bearer, as the said Secretary, with the approbation of the President, shall direct; and shall be transferable by delivery, if made payable to bearer, and by the endorsement of the original payee if made payable to order, without other or further assignment or evidence of a transfer of property.

*SEC. And be it further enacted,* That the said Treasury notes shall be every where received in payment of all dues and taxes laid by the authority of the United States; of all public lands sold by the said authority; and of all debts due to the United States, of any character whatsoever. And on every such payment credit shall be given for the amount of the principal and interest, if any should accrue under the provisions of this act, which, on the day of such payment, may be due on the note or notes thus given in payment.

*SEC. And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to cause to be reimbursed and paid the principal and interest of the Treasury notes which may be issued by virtue of this act, at the several time and times when the same, according to the provisions of this act, should be thus reimbursed and paid. And the said Secretary is further authorized to make purchases of the said notes at a price not exceeding par, for the amount of the principal and interest due at the time of purchase on such notes; and so much of any moneys in the Treasury, not otherwise appropriated, as may be necessary for that purpose, is hereby appropriated, for paying the principal and interest of said notes.

*SEC. And be it further enacted,* That a sum of thousand dollars, to be paid out of any moneys in the Treasury not otherwise appropriated, be, and the same is hereby, appropriated, for defraying the expense of preparing, engraving, signing, and all other expenses incident to the issuing of the Treasury notes authorized by this act.

*SEC. And be it further enacted,* That if any person shall falsely make, forge, or counterfeit, or

cause, or procure to be, falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting, any note, in imitation of, or purporting to be, a Treasury note aforesaid; or shall falsely alter, or cause or procure to be falsely altered, or willingly aid or assist in falsely altering, any Treasury note issued as aforesaid; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any false, forged, or counterfeited note, purporting to be a Treasury note as aforesaid, knowing the same to be falsely forged or counterfeited; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any falsely altered Treasury note, issued as aforesaid, knowing the same to be falsely altered, every such person shall be deemed and adjudged guilty of felony, and, being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept to hard labor for a period not less than three years, nor more than ten years, and be fined in a sum not exceeding five thousand dollars.

*SEC. If any person shall make or engrave, or cause, or procure to be made or engraved, or shall have in his custody or possession any metallic plate, engraved after the similitude of any plate from which any notes issued as aforesaid, shall have been printed, with intent to use such plate, or to cause, or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid; or shall have in his custody or possession any bank note or notes, engraved and printed after the similitude of any notes issued as aforesaid, with intent to use such blanks, or cause, or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid; or shall have in his custody or possession any paper adapted to the making of notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause, or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted, by due course of law, shall be sentenced to be imprisoned, and kept to hard labor, for a term not less than three nor more than ten years, and fined in a sum not exceeding five thousand dollars.*

*SEC. And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized to make and issue, from time to time, such instructions, rules, and regulations, to the several collectors, receivers of public money, depositories, and all others who may be authorized to receive the said Treasury notes on behalf of, and as agents in any capacity for the United States, as to the safe-keeping, disposition, return, and cancelling of the said notes so paid to, and received by them respectively, and as to their accounts and returns to the Department of all such receipts as may seem to him best calculated to promote the public interests and convenience, and to secure the United States and the holders of the said notes against frauds and losses.

*SEC. And be it further enacted,* That it shall be, and is hereby made, the duty of the Secretary of the Treasury to cause a statement to be published monthly of the amount of all Treasury notes issued or returned in pursuance of the provisions of this act.

Mr. MERCER, from the select committee appointed on the subject of the rules for the government of the House, made a report in part; which was made the order of the day for to-morrow, and ordered to be printed.

The following resolution, submitted by Mr. ADAMS on yesterday, came up in course:

*Resolved,* That the President of the United States be requested to communicate to this House, so far as may be consistent with the public interest, all the correspondence between the Government of the United States and that of Mexico, concerning the boundary between them; and particularly concerning any proposition for a cession of Territory belonging to the Mexican confederation to the United States; and also all correspondence relating thereto between the Department of State and the diplomatic representatives of the United States in Mexico, and of the said department with those of the Mexican Republic accredited to the Government of the United States.

Mr. ADAMS said he had submitted the resolution for the purpose of obtaining the information called for in it, and he should wait until he saw whether any objections were made to the resolution before he made any remarks thereon.

Mr. HOWARD said, if the gentleman from Massachusetts meant merely when the documents came in to have them printed, and not refer them to any committee of the House, he should make no opposition to it. If, however, it was the intention of the gentleman to move to refer them to committees for the purpose of taking up the time of the House, which should be devoted to other business, he should oppose it. He hoped the House would not, by a silent vote, place itself in a situation from which it would be difficult to extricate itself. He could not now see the necessity of printing the correspondence called for, as another motion had interfered in the matter; but he presumed the gentleman had some good reason for calling for it.

Mr. ADAMS said it was not his intention to bring the subject before the House for discussion at the present time. His intention was simply to have the information, and to have it printed for the information of the House, and the information of the nation. He was willing that the question should be taken at this time, and he should, when the second resolution came up, take occasion to make some remarks thereon, and give the reasons which induced him to call for the correspondence.

The resolution was then adopted.

Mr. ADAMS'S second resolution, in the following words, was then taken up:

*Resolved*, That the President of the United States be requested to communicate to this House whether any proposition has been made on the part of the Republic of Texas to the Government of the United States, for the annexation of the said Republic of Texas to this Union; and if such proposition has been made, what answer has been returned, and all correspondence which has taken place relating thereto.

Mr. WISE should vote against this resolution, for the reason that the correspondence was not understood to be in that condition at this time that it should be made public; and in reference to the interests of the Republic of Texas, its publication at this time might be derogatory to them.

Mr. HAYNES drew the attention of the gentleman from Massachusetts to the fact that the resolution did not contain the qualification or restriction usual in calling for information from the Executive. If the gentleman would so modify it, he would vote for it; otherwise, not.

Mr. ADAMS replied, that the reason why he had not inserted the usual restrictions was, that the call embraced in the resolution was a simple question as to a matter of fact; and he did not, for that reason, deem them necessary. It was a simple question whether a proposition had been made to this Government, which it was of public notoriety, the legislative body of the Republic of Texas instructed their Executive should be made. That, he repeated, was a matter of public notoriety, and the object of this inquiry was to know whether that proposition had been made.

Another reason was, that he considered the proposition itself as utterly unconstitutional, as one which neither the President of the United States, nor that House, nor that Congress, had any right to receive, entertain or consider. It was a new thing in the history of this nation—it was a new thing in the history of the world, and was totally different from what had taken place heretofore, in cessions of territory to the United States.

On the first occasion the cession of a territory took place under this Government, that of Louisiana, it was objected to at the time, that it was unconstitutional. So far as that was a cession of a territory, it was Mr. Adams's opinion at the time, and that opinion stood recorded upon the journals of the Senate, that so far as the mere cession of a territory was involved, it was within the power of the Government of the United States; but in that cession certain provisions were introduced, relating to the inhabitants of that territory, and securing to them what, in his opinion, the Constitution of the United States did not authorize

the Congress of the United States nor the Government of the United States to confer. That was not only his own opinion at the time, but it was the opinion also of the then President of the United States, an opinion well known to the world. It was the opinion also of his successor, the then Secretary of State, an opinion avowed by him personally to Mr. A. It was in consequence of that opinion that he had introduced into the Senate of the United States, a resolution by which the stipulations in the treaty in favor of the inhabitants of the province of Louisiana should be fulfilled; that the rights of citizens of the United States, which it was stipulated they should enjoy, should be secured to them by that power which alone, in his opinion, could secure them to them, viz: the people of the United States. He had proposed amendments to the Constitution for that purpose to the Senate, but he was overruled; and, notwithstanding the opinion of the President of the United States, notwithstanding the opinion of the then Secretary of State, the Congress of that day did proceed, and did undertake to carry into effect that treaty, and to perform the functions embraced in it.

Now, if, under the first resolution just adopted by the House, it should appear that a proposition had been actually made to the Republic of Mexico to cede a portion of her territory to the United States; and if it happened that that proposition had been accepted, and that a treaty had been made, by virtue of which the inhabitants of that portion of the Mexican Republic thus ceded by that Government to the United States were to enjoy certain privileges, among them that of being admitted, in due time, into the Union, and it had been ratified by two-thirds of the Senate, the precedents of Louisiana and Florida might have been adduced in its support. But here was a totally different thing. This was not the case of a foreign Government ceding a territory to the United States, and stipulating for certain advantages, but it was a whole nation, a whole people which were proposed to be added into this Union, and enjoy all the rights and privileges of citizens of the United States. Now that was an operation differing in toto from that of merely receiving the cession of a Territory, and an operation, he there declared it to be his opinion, in the face of God, that no power on earth was capable of performing, but the people of Texas on one side, and the people of the United States on the other. The Republic of Texas had never conferred upon its Executive the power to make this proposition, nor had we any information that it was intended by the people of that Republic. He had read their Constitution; and certainly no such power was given in that instrument. No such power existed in the President of the United States, or in the Congress of the United States, to receive any such proposition. It was a proposition of which the people of the United States alone were competent judges. Now if the proposition had been made, in his humble opinion, the only answer that could be given by the President of the United States, was that he had no power to receive the proposition. If the proposition be made to that Congress, the only answer that could be given to it, in his opinion, was that that Congress had no power to receive it. The Constitution conferred no such power. That was the reason why he did not insert, in the resolution, the usual form of restriction, "if he should not judge it incompatible with the public interest." Mr. A. did not think it possible for the President to consider it incompatible to answer the simple question embraced in the call. It was a question in which the whole people of the United States had a deep, deep, deep interest—an interest involving not only the happiness and prosperity, but the very existence of the Union: for it was his firm opinion that a very large portion of the people of this country, dearly as they loved the Union, would prefer its total dissolution to the act of annexation of Texas.

The reason given by the gentleman from Virginia, that though there was a correspondence, yet that it was not at present in a condition to lay before the public, so far from being a reason why the call should not be made, was an additional reason for the call. Since the existence of the

correspondence had been admitted, Mr. A. demanded in the name, and as one of the representatives, of the people of the United States, that they should know what that correspondence was that was to take away a part of their rights and bestow them upon another whole nation. Still, however, it it be the opinion of the majority that the restriction should be introduced, it was competent for any gentleman to move it, and the House might do its pleasure, by adopting or rejecting such a proviso. He himself was willing to take the resolution, even with that restriction upon it, because, of all things, he desired, not only that that House, but that the whole people of the country, should know what disposition was proposed to be made of their rights.

Mr. HAYNES then moved the usual proviso, "provided he (the President) deems it not incompatible with the public interest."

Mr. THOMPSON of South Carolina expressed his intention of voting for the amendment, but against the whole proposition, on the ground of its having been prematurely brought before the consideration of the House. He had no intention, at that time, of going over the topics adverted to by the gentleman from Massachusetts, for he felt convinced that no good would result by discussing the subject of Texas in its present very inchoate state. He would, however, when the proper time arrived, be prepared to reply to the gentleman, and would confine himself then by saying in advance, that he differed with him on every ground.

Mr. T. thought it proper to add a single word or two. It would be remembered that, on a former occasion, the gentleman from Massachusetts had made some very important and honorable explanations, in reply to some remarks made by Mr. T. as to what occurred in relation to the Texan boundary, while the distinguished gentleman was Secretary of State. It was then declared by the gentleman that he had been himself opposed to the limitation, and in favor of the treaty to extend the boundary. But now, forsooth, they were told it was not in the power of this Government to get back by treaty that which the gentleman says they could retain by treaty. Why it was a most monstrous doctrine, that a Government can cede away, and not recover back.

Another argument of the gentleman was not less strange. It seemed they were not bound to take the acts of the Executive of Texas, in relation to foreign matters, as authentic. Why, were they not bound to take the acts of the Executives of all foreign Governments charged with the treaty-making power, without going into an examination of the internal structure of those Governments? In this case, if the proposition had been made, it was made by the authorized branch of the Government deputed with the treaty-making power; though, even if they were to look behind that, they would find it to have been done in strict accordance with the will of the people.

The CHAIR reminded the gentleman from South Carolina, that it must be manifest the resolution did not open so wide a range of debate as the gentleman appeared to be indulging in.

Mr. THOMPSON did not design to go farther into it than had been indulged in by the gentleman from Massachusetts.

Mr. PICKENS merely arose to correct the impression his colleague and others of his friends seemed to be laboring under as to the condition of the correspondence. There was no objection whatever, at that time, to its being presented to the American people and to the world. As a friend to the cause of Texas, he was himself willing that it should be presented, in order that, by the regular session of Congress, the people generally, as well as the members there, might make up their minds and be prepared to discuss it.

While up, Mr. P. would return his thanks to the gentleman from Massachusetts for the position he had assumed, and for the candor he had displayed. He had taken his ground in advance. Mr. P. was not, however, to be drawn into the issue yet, for he would wait for events, but he wished the attention of the House and the country to be called to the very remarkable language of the gentleman, and Mr. P. wished them to understand from what quarter of this country the issue was to be pre-



sented. If he was not mistaken, he understood the gentleman to say that the people of this country would prefer disunion to the annexation of Texas.

Mr. ADAMS. I said a very large portion.

Mr. PICKENS. Ah, well, it amounted nearly to the same thing, for Mr. P. presumed the gentleman spoke out of his intimate knowledge of the people in his own section of the country. Well, then, if this be the public feeling there, and if this be a declaration in advance, let it be distinctly understood that this declaration first came from that quarter that has heretofore sung hallelujahs to this Union. Yes: the gentleman now presents the alternative, and says it is disunion.

What Mr. P. rose principally for, was to call the attention of the House to that remarkable issue, and also the public and the country to the quarter from whence it came! Yes: there are great questions involved, great interests involved; and it was, he confessed, a novel spectacle to see constitutional limitations advocated in that quarter. He rejoiced at it. It was the first time since he had the honor of a seat on that floor, that he had heard constitutional restrictions advocated from that quarter. There might be other questions arising of deep and vital interest, in which he hoped and trusted the gentleman would also consider constitutional restrictions. He hoped, however, the gentleman would not construe the Constitution to shield his own peculiar interests, while those of others were to be trampled down. At all events, the doctrine of construction from that quarter was a new one, and he rejoiced to see it.

Mr. P. had gone a little beyond what he had intended. He had risen principally to say, that from what he had been informed, and it came from the very highest quarter, the correspondence was in a situation to be presented to the world, and it was his desire that it should be presented at once, so that the American people might judge upon the great question involved. Though he rejoiced to hear the gentleman from Massachusetts come out, and he hoped he would be prepared to meet the issue he had himself made, Mr. P. was not at present to be drawn into the discussion.

Mr. PETRIKEN moved to lay the resolution and proposed amendment on the table.

Mr. REED asked for the yeas and nays, which were ordered, and were—yeas 74, nays 149.

So the House refused to lay the subject on the table.

Mr. HOWARD did not consider the amendment of any great consequence, and had himself rather the resolution passed without it, inasmuch as the gentleman had made the call an absolute one, and on account of the remarks made by him upon it. He knew the reluctance of the House to entertain debate then; and would only say, that if the gentleman from Virginia was in possession of any information to satisfy him that the correspondence, if there was any, was not in a condition to see the light, it was more than Mr. H. knew, for he had no such information. The gentleman must permit him to say that he (Mr. H.) did not believe there was any thing in it, if such correspondence existed, which the Government was either afraid or ashamed to exhibit to that House, or to the American nation.

With great respect to the gentleman from Massachusetts, Mr. H. must say that he would have thought it as well to have postponed the whole subject till a more fitting opportunity, till the President of the United States had had an opportunity of sending a message on the subject of our foreign relations generally.

Mr. GRENNELL considered this call for the correspondence which had taken place between the United States Government and the Government of Texas, a matter of very great importance to the people of the United States. The people of the country are anxious to know the whole length and breadth of the correspondence without any reserve, and therefore it was that he should go for the resolution, and against the amendment proposed by the gentleman from Georgia, (Mr. Haynes.) He opposed the proposition to amend, because he could not see how, in any possible manner, it could be incompatible with the public interest to make public the correspondence called for, if there was any such correspondence in existence. He wished to

see every thing which had passed between the Executive of the United States and the authorities of Texas, in relation to the annexation of that Territory to the United States, if there was any thing of the kind in existence. He was not aware that any such matter had been in agitation between the two Governments, and he was astonished at the announcement that a correspondence had been going on tending to that monstrous result.

The CHAIR reminded the gentleman that the merits of the question, in relation to the annexation of Texas to the United States, were not open for discussion on the resolution before the House.

Mr. GRENNELL had no desire to overstep the rules of order, as he paid very great respect to the rules and the suggestions of the Chair. He would say, however, that he would not leave it to the discretion of the President of the United States to determine whether or not it would be proper to withhold the correspondence called for. He would not leave it to the President's discretion to determine whether it was, or was not to be divulged. He should demand the publication of the document without reference to the views of the President, and he should do so because of the most novel and extraordinary position in which we were placed. The matter affects not only our internal interests and concerns, but it has a further reach and bearing, touching our relations with Mexico, and perchance with some of the Governments of Europe. He did not look upon this question of the annexation of Texas to the United States, in the same light which he presumed some other gentlemen looked upon it. It was not the mere matter of connecting it with the United States, without imposing upon the United States any obligations thereby, but it must be recollected that by that act we are casting our lot with theirs in every difficulty which may arise between that country and Mexico, or any other Government.

The CHAIR again reminded the gentleman that the question as to the expediency of annexing Texas to the United States was not before the House, and could not now be discussed.

Mr. GRENNELL would then only say, that he regarded this question as a matter of such vital interest to the whole people of the country that he would leave nothing to the discretion of the President of the United States. He would make a plain demand of the Executive to communicate the correspondence to the House, and to the country; but he would not leave it with him to say whether or not the public interest required that it should not be published.

Mr. BYNUM regretted that this question should be agitated at this time, because he could not see what benefit could ultimately arise from it. He believed, for various reasons, that the discussion and agitation of the subject at this time was entirely inexpedient, and he therefore most sincerely regretted that it had been brought to our notice by the gentleman from Massachusetts at this period of a session of Congress which was convened for a special object, having nothing to do with the one referred to in the resolution now before the House. He was not disposed, as some gentlemen appeared to be, to enter into the consideration and discussion of the various subjects suggested by the gentleman from Massachusetts, (Mr. Adams,) because those subjects were not now properly before the House, and could not, in strict accordance with the rules of order, be entered into; but he would take this occasion to say that, whenever they did come before the House in a proper manner, he would express his sentiments in relation to them freely and fully, and without the least reserve. In relation to the resolution which had been introduced by the gentleman from Massachusetts, and was now before the House, he would say that he was prepared to vote for it, if it was accompanied by the amendment submitted by the gentleman from Georgia, (Mr. Haynes,) but without that amendment he could not sustain it, and if the amendment was not adopted, he hoped the House would reject the resolution. The gentleman from Massachusetts, in his humble judgment, was the last gentleman in the House that should have introduced such a resolution into this body without being accompanied by the quali-

fications and restrictions moved by the gentleman from Georgia. What was the question involved in the original resolution? Why, it assumes that this House possesses that power which the Constitution vests alone in the Executive department. It sets aside entirely Executive discretion in relation to these all-important matters, and calls upon him to lay before the world all the correspondence in relation to this particular subject, no matter how detrimental it might be to the public interest. He believed that the resolution, without the proposed amendment, was wholly improper and unwarranted. What department of the Government had the exclusive control of all matters in relation to treaties? and what department had the sole treaty-making power? Why it was the Executive department, subject only to the ratification by the Senate of all such treaties. But the gentleman from Massachusetts says, that this is a matter which concerns the whole nation, and therefore it is necessary that we should demand of the Executive to surrender up his power into our hands. This appeared to him (Mr. B.) to be a most extraordinary doctrine, and one which he could never yield his assent to. The gentleman says that he is prepared to vote against the amendment, and that it is not to be left to the discretion of the Executive to say whether it would be proper or improper to make public the correspondence. He took it that the two honorable gentlemen from Massachusetts had presumed too much; they have presumed upon conclusions that they have not given evidence sufficient to justify. It appeared to him that there might be a propriety or an impropriety in the communication of this matter to the House. Although the honorable gentlemen may take it for granted that the Executive had no control over the matter, and that it should be immediately communicated to the House, there are other gentlemen who have not come so precipitately and rapidly to that conclusion. Mr. B. was not prepared to assent to the proposition of the gentleman from Massachusetts, that it is entirely improper to consider this question in any other way than that the people demanded the correspondence to be made public, and that, therefore, it should be spread before the world; nor would he consent that there was no propriety in advocating the annexation. He had as good a right to his own opinion in relation to this matter as the gentleman from Massachusetts had to his, and therefore the gentleman should not now attempt to force upon them any thing for the public opinion of the country which their own convictions would warrant them in believing. If the Executive believed that it was improper to disclose the correspondence at this time, the House would surely not endeavor to compel him to lay it before the public, and thereby, perhaps, prevent the Government from making an advantageous arrangement with that Government, if any such arrangement was on foot. If the Executive was in the act of making a treaty with the Government of Texas, the premature disclosure of the correspondence in relation thereto would break it off, which might be detrimental to the interests of the United States. It might be, for aught he knew, that two-thirds of the people of the United States were in favor of the annexation of Texas, or it might be that two-thirds were opposed to it, when the question should be put to them; but if we are to take the conclusions of the two gentlemen from Massachusetts, the country has already decided against the annexation of Texas to the United States. Now he was not willing to come to any such conclusion, nor would he adopt any measure which would have a tendency to prevent that measure being adopted. He would vote for the resolution, provided it was in the form of all other resolutions of this character, and publish the correspondence, if it was in a proper condition to be published; if, however, it was not in such a condition, he would oppose its publication. He saw no cause for alarm and excitement in relation to this matter, and when the subject came up fairly he hoped we would consider and discuss it coolly and calmly, and in a statesman-like manner. He hoped that the amendment might be adopted; and if it was, he should vote for the resolution. He considered that the discretion should be left with

he Executive Department of communicating or withholding the correspondence, and that it was entirely improper to attempt to take this discretion from the department.

Mr. WISE understood by the decision of the Chair, that it was not proper to enter into a discussion of the merits of the question on the resolution pending.

The CHAIR said he had so decided the resolution, being merely a call for information.

Mr. WISE remarked that he considered the decision correct, but he wished to inquire whether he could be permitted to reply to the remarks made by the gentleman from Massachusetts in relation to the annexation of Texas to the Union.

The CHAIR stated that he had endeavored to confine gentlemen to the question before the House, and said that, at the moment the gentleman from Massachusetts had made the remark, he had stated that the gentleman could not be permitted to enter into a discussion of the merits of the question in relation to the annexation of Texas to the United States.

Mr. WISE considered this decision as perfectly correct, and only regretted that the gentleman from Massachusetts had not been called to order sooner, as that gentleman had taken several occasions to discuss the question in relation to the independence of Texas, and the annexation of Texas to the United States, and he has always managed to discuss these questions single-handed, without other gentlemen having the opportunity of replying to his arguments, thus giving those opposed to Texas all the benefit of his *ex parte* arguments.

Mr. W. had only to say that he was now ready to discuss the question upon the issue presented by the gentleman from Massachusetts to the country, and he was also prepared to show that this was not a new question. Whenever the question came up, he would meet the gentleman on the ground he had taken, and discuss the question with him fully and fairly; but as the rules did not now permit him, he must withhold going into the subject at present. From the information he had received, he considered himself at the time justified in saying that the correspondence was not in a condition to be presented to the country; but as many of the friends of Texas believe that it was in a proper state to go forth to the world, he was willing that it should be published. As to the question of disunion being raised here by gentlemen on this question, he would not countenance it.

The CHAIR stated that the question of union or disunion could not be discussed on the pending resolution, neither could the question in relation to the annexation of Texas be discussed. He hoped, therefore, that gentlemen might confine themselves to the question before the House.

Mr. BELL, after some remarks on the prematurity of this discussion, important as was the subject it involved, by putting aside the all-absorbing question upon which Congress had been convened, moved that the House proceed to the orders of the day.

Mr. CAMBRELENG suggested that the House finish what other business was before it, and proceed to the orders of the day to-morrow, on the first bill reported from the Committee of Ways and Means, (to postpone the fourth instalment of deposit of the public money.)

The motion to proceed to the orders was rejected.

Mr. HAYNES expressed his great astonishment at the opposition to his amendment, coming from the quarter it did, that of the gentleman from Massachusetts. Mr. H. said he had never known a peremptory message sent to the President of the United States.

Mr. HOLSEY addressed the House at some length on the amendment of his colleague, and the question of assumption of power on the part of the House in making an absolute call upon the Executive. He contended that an unqualified call upon him was at variance with the form, and in conflict with the genius and spirit, of the Constitution. He believed that such an imperative call was unprecedented in the history of the Government.

Mr. CUSHING propounded a question to Mr. WISE. That gentleman had admitted or declared

that there existed a secret correspondence between the Government of the United States and that of Texas, through their Ministers, and he wished to ask the gentleman from Virginia, (though Mr. C. admitted it was a question he had no right to ask, and the gentleman was under no obligation to answer,) from or through what channel he came to the knowledge of the existence of that confidential correspondence, and of its character.

Mr. WISE replied, that the gentleman from Massachusetts having admitted that he had no right to put the question, nor that Mr. W. was bound to answer it, he should stand upon his right, and not answer it. Mr. W. said he would exculpate the Secretary of State, or any one representing Texas, or its friends there; but he came by it fairly, and in a manner that any other gentleman would. No one had been guilty of any breach of confidence. He submitted to the gentleman from Massachusetts, whose motives he respected, whether he had not penetrated a little too far in asking the question.

Mr. BIDDLE was prepared to meet the question of Texas at any time, and he wished every vote given by him there to be accompanied with the distinct understanding, that he was a warm opponent to the annexation of Texas.

Mr. CALHOON said that he would vote for the resolution, with or without the amendment, because he thought that the representatives from the South and West ought to prove at all times that they were ready to meet any and every question connected with the affairs of Texas, which looked to its annexation to this Union. For his own part, he was at all times ready to take his ground.

He was induced to vote against the resolutions of the gentleman from Massachusetts, when he announced that he had no intention of calling the attention of Congress to the subject in any short time. If we were not to act upon the information, he did not see the necessity at this time of calling for it, unless it was intended to operate elsewhere. He thought he had seen, in a speech which the gentleman delivered at the last session, as well as in a publication lately put forth by a distinguished individual at the north, a desire to invoke foreign interference in the final conflict which was to take place upon this subject.

Mr. DAWSON appealed to the gentleman from Massachusetts to accept the amendment of his (Mr. D's) colleague. He was in favor of the resolution, because this was the best time to lay the information before the people, who could discuss the subject with calmness and deliberation. He was opposed to making an absolute call upon the Executive. He expressed a hope, that whenever the question came up, it would be discussed by them without reference to party feelings, but as statesmen and as patriots.

The proviso of Mr. HAYNES was then agreed to without a division.

Mr. ADAMS asked for the yeas and nays on the adoption of the resolution, but they were refused, and it was adopted without a count.

The House then took up the following resolution, submitted by Mr. ADAMS on yesterday:

*Resolved*, That the President of the United States be requested to communicate to this House, so far as the public interest will permit, the correspondence between the Government of the United States and that of Great Britain, relating to the North Eastern Boundary of the United States, since the message of the late President to the Senate of the United States, of the 15th of June, 1836.

Mr. HOWARD moved to amend it by inserting an additional clause, as follows: "And all correspondence taken place since that period between the Government of the United States and the Governor of the State of Maine, on the subject of the alleged violation of the rights of the citizens of Maine."

Mr. HOWARD explained the object of his amendment to be to obtain a knowledge of all the facts in relation to the subject, as well the attitude the Federal Government towards the State of Maine as that towards Great Britain. The resolution of the gentleman from Massachusetts did not go far enough.

Mr. ADAMS accepted the amendment as a mo-

dification of his resolution; and so modified, it was agreed to.

Mr. ADAMS, on leave, submitted the following resolution:

*Resolved*, That the Clerk of this House do procure and cause to be printed for the use of the members of this House, copies of all the acts of the several State Legislatures of this Union, enacted since the 10th day of May last, authorizing or relating to the suspension of specie payments by the banks, or any of them chartered by the said State Legislatures respectively.

Mr. SNYDER, on leave, submitted the following resolution, which, under the rule, lies over one day for consideration:

*Resolved*, That the Secretary of the Treasury inform this House at what time the Bank of the State of Missouri was made a deposit bank, and what amount of its own notes said bank had in circulation, and what amount of specie it had in its vaults when it was selected. Also, what amount of money is now in the hands of the receivers of public moneys in Illinois, and where the same is now ordered to be deposited.

Mr. LOOMIS, on leave, submitted the following resolution, which also lies over one day:

*Resolved*, That the Secretary of the Treasury prepare and report to this House as soon as may be convenient, a statement showing what method have been adopted for the safe keeping of the public funds, since the first organization of the Government under the Constitution; the length of time that each method has been in use, designating the several changes, and when made, and what losses under each method have been sustained by the Treasury, in consequence of defalcation of agents or officers so entrusted with the funds for safe keeping.

Mr. GHOLSON, on leave, submitted the following resolution, which was agreed to:

*Resolved*, That the resolution of this House, adopted on the 9th September instant, for the Government of the standing committees of this House, be rescinded, so far as the same relates to the Committee of Elections.

A joint resolution from the Senate for the appointment of Chaplains to the two Houses was laid on the table, inasmuch as the House had performed their part of that duty yesterday.

Two joint resolutions, 1st. For the appointment of a joint Committee on Enrolled Bills; and 2 For a joint committee on the Library, were severally concurred in, and the committees ordered to be appointed by the Chair on the part of the House.

On motion of Mr. TAYLOR,  
The House adjourned.

#### IN SENATE,

THURSDAY, Sept. 14, 1837.

Mr. BUCHANAN presented two remonstrances from the city and county of Philadelphia, against the admission of Texas into the Union; which were laid on the table.

Mr. WEBSTER here observed that he had in his possession several memorials on the same subject to present, but that he should defer doing so until he ascertained what was to be the action of the other body in reference to it; and he took the present opportunity of stating why he had not presented them.

Mr. WRIGHT, from the Committee on Finance, reported the following bills:

A BILL to authorize merchandise to be deposited in the public stores, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That from and after the passage of this act, all goods, wares, and merchandise, imported into the United States, (except fruits and other perishable articles, which shall pay duties in cash at the time of entry,) may, at the option of the importer, be entered, and the duties thereon then paid, or be deposited, at the expense and risk of the importer, in such public or other stores as may be agreed upon between the importer and the collector, or officer of inspection of the revenue for the port where said goods, wares, and merchandise may be landed; and it shall be the duty of the collector

or officer, in all cases where goods, wares, or merchandise are so deposited, to see that they be kept securely, and under the joint locks of the inspector and the importer; and no delivery shall be made of such goods, wares, or merchandise, without a permit in writing, under the hand of the collector and naval officer of the port.

SEC. 2. *And be it further enacted*, That it shall be lawful for the importer, or his assignee, to withdraw, at any time, any portion of goods, wares, or merchandise, deposited as aforesaid, upon payment of the duties thereupon in cash, together with such storage and other expenses as may have accrued thereon.

SEC. 3. *And be it further enacted*, That if the duties on any goods, wares, or merchandise, deposited under the provisions of this act, or which shall remain unclaimed in the public stores, shall not have been paid in the manner aforesaid, at the expiration of three years from the date of importation, it shall be the duty of the collector to cause so much of goods, wares, or merchandise, as may be necessary, to be sold at public auction; and, retaining the sum required for the payment of the duties which have not been paid, together with the expenses of safe-keeping and sale of such goods, wares, or merchandise, shall return the overplus, if any, to the owner, or to his agent or lawful representative.

SEC. 4. *And be it further enacted*, That if any goods, wares, or merchandise, deposited under the provisions of this act, shall be embezzled, or fraudulently hid, or removed from any store or place wherein the same shall have been deposited, they shall be forfeited, and the person or persons so embezzling, hiding, or removing the same, or aiding or assisting therein, shall be liable to the same pains and penalties as if such goods, wares, or merchandise had been fraudulently landed without payment of duty.

SEC. 5. *And be it further enacted*, That all goods, wares, and merchandise deposited under the provisions of this act, may be transported from the public warehouses, or such stores as may be occupied for public use in one district to those in another district, under such safe regulations as the Secretary of the Treasury may prescribe.

SEC. 6. *And be it further enacted*, That no goods, wares, or merchandise deposited under this act, shall be taken or delivered from the public stores for consumption or for exportation, except upon due entry at the custom-house, and under care of some proper officer of the customs, and upon payment of the full amount of duties, when not immediately exported: *Provided, however*, That goods may be taken out or delivered for the purpose of transportation, from the public warehouses, in one district to those of any other district, as allowed in the fifth section of this act, without the payment of the duty thereon at the time of removal: *Provided, also*, that, in all such cases, twenty-four hours' previous notice shall be given in writing to the collector, with a specific description of the goods intended to be so transported, with the name of the vessel or vessels in which they were imported.

SEC. 7. *And be it further enacted*, That no drawback of the duties shall be allowed on the exportation of any goods, wares, or merchandise, which may have been deposited under the provisions of this act, in the public stores, and subsequently withdrawn therefrom, and the duties then paid; but the owner, if desiring to be relieved from the payment of duties, must export the goods at the time of their withdrawal from the public stores, in the manner before provided.

SEC. 8. *And be it further enacted*, That the Secretary of the Treasury be, and he is hereby, authorized to make such rules and regulations as may be necessary to carry this act into effect; and that all acts, or parts of acts, contrary to the provisions of this act, be, and the same are hereby, repealed. A BILL imposing additional duties as depositories, in certain cases, on public officers.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Treasurer of the United States, the treasurers of the Mint and its branches, all collectors of the customs, and surveyors acting in that capacity, all receivers of public money, and post-

masters, be, and they are hereby, required to keep safely, without loaning or using, all the public money collected by them, or otherwise at any time placed in their possession, till the same is ordered by the proper department to be transferred or paid out; in which cases, the transfers and payments shall be faithfully made by them as directed, and all other duties performed as fiscal agents, which may be imposed by this or former acts of Congress, or by any regulation of the Treasury Department made in conformity thereto.

SEC. 2. *And be it further enacted*, That all marshals, district attorneys, and others having public money to pay over, and all patentees wishing to make payment to the United States, may make the same to the Treasurer in this city, or to the Mint and its branches, when near or convenient; and, when not, may deposit the same with such collector, receiver, or other depository, as may be more conveniently situated, and may be selected for that purpose by the Secretary of the Treasury.

SEC. 3. *And be it further enacted*, That whenever the public money in the possession of any depository, by collection, transfer, or payment, shall be inconveniently situated for public use, or shall accumulate so as to exceed the amount of the existing bond of any such officer, any part of it, or the excess (as the case may be) shall either be drawn out for payments, or be transferred elsewhere to some other depository; or the Secretary of the Treasury shall require such additional security as may be considered proper and safe; and in the mean time, bonds, new and suitable in their terms, shall in all cases, at as early a day as possible after the passage of this act, be required of all depositories, in such sums and form as may be deemed reasonable and secure by the Solicitor of the Treasury, for the performance of all the duties required under the same or any previous laws.

SEC. 4. *And be it further enacted*, That the said officers, respectively may be allowed any necessary additional expenses for clerks, fire-proof chests, or vaults, or other necessary expenses of safe-keeping, transferring, and disbursing said moneys; all such expenses, of every character, to be first expressly authorized by the Secretary of the Treasury, whose directions upon all the above subjects, by way of regulation and otherwise, are to be strictly followed by all the said officers.

SEC. 5. *And be it further enacted*, That the Secretary of the Treasury shall be, and he is hereby, authorized to cause examinations to be made of the books, accounts, and money on hand, of the several officers charged by this act with the safe-keeping, transfer, and disbursement of the public moneys; and for that purpose to appoint special agents, as occasion may require, with such reasonable compensation as he may allow, to be fixed and declared at the time of each appointment; which said examinations, in all cases where the sum on hand usually exceeds three-fourths of the amount of the officer's bond, shall not be made less frequently than once in each year, and as much more frequently, in those and all other cases, as the Secretary, in his discretion, shall direct. The agents selected to make these examinations shall be instructed to examine as well the books, accounts, and returns of the officer, as the money on hand, and the manner of its being kept, to the end that uniformity and accuracy in the accounts, as well as safety to the public moneys, may be secured thereby.

SEC. 6. *And be it further enacted*, That, in addition to the examinations provided for in the last preceding section, as a further guard over the public moneys, it shall be the duty of each naval officer and surveyor, as a check upon the collector of the customs of their respective districts; of each register of a land office, as a check upon the receiver of his land office; and of the director and superintendent of each mint and branch mint, as a check upon the treasurers, respectively, of the said mints, at the close of each quarter of the year, and as much more frequently as they shall be directed to do so by the Secretary of the Treasury, to examine the books, accounts, returns, and money on hand, of the collectors, receivers, and treasurers, and to make a full, accurate, and faithful return to the Treasury Department of their condition.

SEC. 7. *And be it further enacted*, That the Sec-

retary of the Treasury shall, with as much expedition as the convenience of the public business and the safety of the public funds will permit, withdraw the balances remaining with the late and present depositories of the public moneys, and confine the safe-keeping, transfer, and disbursement of those moneys to the depositories established by this act.

SEC. 8. *And be it further enacted*, That, for the payment of the expenses authorized by this act, a sufficient sum be, and the same is hereby, appropriated, to be paid out of any money in the Treasury not otherwise appropriated.

SEC. 9. *And be it further enacted*, That all officers charged by this act with the safe-keeping, transfer, and disbursement of the public money, are hereby required to keep an accurate entry of each sum received, and of the kind of money in which it is received, and of each payment or transfer, and of the kind of currency in which they are made; and that if any one of the said officers shall convert to his own use, in any way whatsoever, or shall use by way of investment in any kind of property or merchandise, or shall loan with or without interest, any portion of the public moneys entrusted to him for safe-keeping, disbursement, transfer, or for any other purpose, every such act shall be deemed and adjudged to be an embezzlement of so much of the said moneys as shall be thus taken, converted, invested, used, or loaned, which is hereby declared to be a high misdemeanor; and any officer or person convicted thereof before any court of the United States of competent jurisdiction, shall be sentenced to imprisonment for a term of not less than two, nor more than five, years, and to a fine equal to the amount of the money embezzled.

A BILL to revoke the charters of such banks, in the District of Columbia, as shall not resume specie payments within a limited time, and to suppress the circulation of small notes therein.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That all penalties imposed on the banks in the District of Columbia, by their charters, or otherwise, for a suspension of specie payments, be remitted: *Provided*, They resume specie payments for all their bills under ten dollars within sixty days, and of all others within six months from the passing of this act: *And provided, also*, That the said banks, within thirty days from the passing of this act, shall cease to pay out the notes, bills, or obligations of any corporation, company, or individual, which shall not redeem the same, on demand, in specie: *And provided, further*, That the said banks shall forthwith cease to receive in payment, or on deposit, or to pay out, any note, bill, or obligation, issued by any other bank, or by any corporation, company, or individual, of a less denomination than five dollars.

SEC. 2. *And be it further enacted*, That if any of said banks shall fail to comply with the conditions specified in the foregoing section of this act, the charters thereof shall be revoked; and it shall be the duty of the Secretary of the Treasury to appoint three commissioners for liquidating and settling the accounts and affairs thereof, and such prosecutions shall be instituted by the District-Attorney of this District, for any violation of their obligations to the Government and the community, as the facts and the law applicable to the case may render proper, beyond what is contained in the provisions of their charters and in this act: *Provided, nevertheless*, That the remedies against said banks, for their liabilities and debts, given in their charters, shall remain in full force and effect against the property, money, credits, and effects thereof, in the hands of the commissioners appointed to liquidate their affairs.

SEC. 3. *And be it further enacted*, That after the expiration of thirty days from the passage of this act, it shall be unlawful for any individual, company, or corporation, to issue, pass, or to offer to pass, within the District of Columbia, any note, check, draft, bank bill, or any other paper currency, of a less denomination than five dollars; and if any person or corporation shall violate the provisions of this section, the person so offending, or, in case of any corporation so offending, the officers of any such corporation for the time being, shall be liable to indictment by the grand jury of the county within the District where the



offence shall have been committed; and the person so offending, or the officers of the corporation so offending, shall, on conviction thereof, be fined in a sum not exceeding fifty dollars, at the discretion of the court, for every offence: one-half of said fine shall be paid to the prosecutor, the other half shall be for the use of the county where the offence shall have been committed; and the person so offending, and the officers of any corporation, shall also be liable to pay the amount of any note, bill, check, draft, or other paper, constituting part of such currency, to any holder thereof, with all costs incident to the protest and legal collection thereof, with fifty per cent. damages for non-payment on demand, to be recovered by action summarily and without delay, and with a right of immediate discovery on oath, in all cases where the defendant shall deny the issuing, or passing, or attempting to pass, the note, bill, check, draft, or other paper in question; and in case of judgment for the plaintiff, execution thereon shall be had forthwith; and it shall be the duty of the District Attorney of the District of Columbia to commence prosecutions against all persons and every corporation offending against this section, of which he shall have knowledge or probable information; and, in case of corporations, the prosecution shall be against the president, or any director or cashier thereof, for the time being; and it shall be the duty of the grand jurors to present all such offences of which they shall have knowledge or probable information; and that no member of a grand jury shall be ignorant of his duty in this particular, it shall be the duty of the court having cognizance of all offences against this section to give the same in charge to the grand juries, at the commencement of the first term after the passage of this act.

Mr. HUBBARD offered a resolution that the time of meeting hereafter shall be 10 o'clock, until otherwise ordered; which lies on the table.

#### STATE DEPOSITES.

The Senate proceeded to the consideration of the special order, the bill to postpone the payment of the fourth instalment of the deposits with the States.

Mr. RIVES said he understood that this day the Committee on Finance expected to make a full report on the subjects which had been referred to them. But there was one subject most interesting to the country, on which they had not reported at all; they had reported no bill to designate the kinds of funds in which the public dues are to be received. As Mr. R. had understood it to be the general sense of the Senate, that no action should be had on any measure till all should be reported, he would now move that the Senate adjourn.

Mr. WRIGHT said the Committee on Finance had taken up the Message of the President, and the Report of the Secretary of the Treasury, had given them a full consideration, and had now reported all the measures which they proposed to report, or which they deemed it their duty to report. They had considered the subject mentioned by the Senator from Virginia, and had concluded to let the law on that subject remain as it is.

Mr. RIVES said, that not having an opportunity to know the views of the committee, he had taken it for granted that they would report on every subject embraced in the Message and Treasury report, both of which, he believed, had suggested that it ought to be determined in what kind of funds the revenue should be collected. It was now announced by the chairman that no communication from the committee would be made on the subject. Mr. R. would, therefore, proceed on the assumption that the committee intended to leave the laws on that subject as they now are; and, that being the case, and Mr. R. believing that all the measures proposed and to be proposed, would have a mutual bearing and dependence on each other; and believing it to be infinitely more important to the country that what Congress should do should be well done, rather than done quickly, Mr. R. moved that when the Senate adjourned it should adjourn to meet on Monday next, that all the bills reported on the subject might be examined, compared, and carefully considered by members before the Senate came to act on them. Mr. R. said it was as inconvenient for him to remain here as it would be for any one;

but whatever the inconvenience, he preferred that all measures should be duly and amply considered.

Mr. NILES adverted to the fact that they were now on the second week of the session, which was expected to continue but a few weeks in all, and they had yet made no progress. He commended highly the diligence and expedition of the Committee on Finance, and he had heard with much surprise a proposition of delay in the Senate. He thought it would serve still more to unsettle the public mind; and he could not answer it to his constituents to agree to any delay.

Mr. WRIGHT said it was but justice to himself and the committee to say, that it was not their purpose to press any measure unkindly, unnecessarily, or prematurely upon the Senate. And even if such had been their disposition, it was not in their power. But Mr. W. had been requested by the members of the committee to say that the committee had already reported all that they expected to report on the subject. The committee had had free and full consultations with the Secretary of the Treasury on the subjects referred to in the Message and the report, and had now submitted to the Senate all the measures which it appeared to them proper to propose. The facts before them showed a high necessity of speedy action, on the two first bills at least, with which the latter bills had no intimate connection. Mr. W. would, therefore, ask that the first (the postponement of the deposits) bill might be considered this morning, and to this effect several Senators had expressed to him their wishes. Under these evidences of such a disposition in the body, no one could suppose that he (Mr. W.) had any desire unkindly to press the action of the Senate on any subject.

Mr. RIVES said he did not attribute any unkindness to the Senator. He knew too well his accustomed parliamentary courtesy to suspect him of such a disposition. But that honorable member, as well as the honorable member from Connecticut, must perceive, that there were other members whose situation was materially different from theirs. They from the first had free access to all the documents on the subject, and the advantage of free communication with the head of the Treasury Department. But such was not the case with all the members, and it was not so with himself. He and others had not been aware of the character of the President's Message, till it was communicated; and they had not prepared themselves to act on an assumption of what it might be. Mr. R. therefore now asked the privilege of time to consider the subject for himself; and not for the purpose, as had been intimated by the Senator from Connecticut, of private consultation. Mr. R. was determined to act on his own responsibility, without private consultation, and if there had been, or was to be, any such consultation, it was not by him. The expectations of the constituents of the Senator from Connecticut were different from those of Mr. R.'s constituents, that they should merely set the machine of Government in operation, and then go home. Mr. R. was not sent here for the relief of the Government merely, but for the relief of the people first; and especially Mr. R. did not wish to cast the slightest reproach on the Committee on Finance, but they would permit him to say, that he did not perceive in the measures which the committee had proposed, any thing to relieve the sufferings of the community. They were merely convenient for the Government, and were so far important. But Mr. R. felt bound to his constituents to provide some remedy, if any could be found, for their distresses, and those of the community at large; and there was one which Mr. R. thought very obvious. Restore but confidence through the country, and it would again at once be erect and prosperous. But where was any thing from the committee that could have any such tendency?

Such a measure Mr. R. was desirous to see; and if it should appear from no other quarter, he would take it upon himself, humble as he was, to offer some measure having a tendency to produce that result, and relieve the distresses of his bleeding country. Gentlemen had compared the economy of a short session with the great interests of the country. But Mr. R. thought if economy alone were to be con-

sidered, it would be more economical and save the mileage of a double session, to hold but one session instead of two, and to go at once upon the general business of the nation.

Mr. R. had no disposition to remain here; his private interests demanded that he should be at home. But he would sacrifice every such interest, and every personal convenience, on the altar of his country. Now, if ever, was the time to restore confidence; and now, while the elements of national relief and prosperity were lying dormant before them, and only requiring the breath of Congress to put them in action, he called upon gentlemen not merely to think of providing facility for the operations of Government, but to look to the great interests of the people.

Mr. R. believed that something might be done for the good of the community. If the Government could do harm, it could also do good. He meant no reproaches—all Governments were capable of doing harm, as well as good; and it was peculiarly incumbent on ours, at the present crisis, to do what it could for the good of the country, and to the full extent of its power. But they ought not to act on trust. However others might act, Mr. R. could not act, to his satisfaction, without examination by himself. He repeated, that he deemed it infinitely more important for them to act well than hastily. He might not be so happy as to comprehend these subjects as readily as others; but he deeply felt their importance, both to the present welfare, and to all the future destinies of the country.

Whether the session should be long or short, whether continued to the next or not, depended on the wisdom and responsibility of Congress. But if these great and important subjects could not be well and deliberately disposed of before the first of December, Mr. R. would, by all means, remain; and he felt now ready to take the oath of the members of the French convention, not to disperse till the country should be relieved. As yet, Mr. R. had not seen one measure proposed for this purpose.

Mr. CALHOUN was understood to say that no one was more deeply impressed than he, with the difficulty and danger of the present emergency. Of the many difficult scenes through which the country had passed in the last twenty-five years, this was by far the most difficult. Seeing and believing this, Mr. C. was here to do his duty, regardless of all other considerations. He made a few more remarks as to the remedies proposed and those which it is best to adopt; the most significant and important parts of which were uttered too low to be distinctly heard by the reporter. He urged with much earnestness the importance of acting with promptitude and boldness.

Mr. WEBSTER said he felt himself bound, in pursuance of his pledge, to give as early an opportunity of considering the measures proposed by the Committee on Finance as was consistent with considerable legislative deliberation. That which governed him in this case, to a great degree, was the apprehension which he felt, (perhaps it might be erroneous and unfounded,) that no measures were likely to be offered to Congress, under the recommendation of the Message or Treasury report, which would meet with his approbation.

In the mean time, Mr. WEBSTER was as ready as the Senator from Virginia (Mr. RIVES) to stay here till May next, if necessary; but whatever procrastination was indulged in here, was a protraction of the evil oppressing the country. He hoped, therefore, the Senator from Virginia would agree to consent that the measure first proposed by the committee be now brought before the Senate, and be now examined, because there are other measures dependent upon it. The first step, as it seemed to him (Mr. W.) the most proper to be decided upon was, whether the payment of the fourth instalment should be postponed, because the period was now near at hand when that instalment was to have been paid. This question ought to be settled one way or the other. They were bound, in consideration of the great suffering and distress now oppressing the country, to make trial of some measures.

Mr. RIVES said, that as it appeared to him there was a disposition in the Senate to take up this bill,

and as he understood the Senator from Massachusetts (Mr. Webster) felt a personal interest in its immediate consideration—intending to deliver his sentiments on it to-day—he (Mr. R.) would withdraw his motion. It was, however, his decided opinion, that the action demanded of them on all these measures was not simply and merely to put the Government in motion again, but to provide effectual and immediate relief for the people in preference to affording aid, in the first place, to Government. This object he (Mr. R.) thought not very likely to be promoted by taking up this bill; but, in compliance with the general opinion of the Senate, he should withdraw his motion.

Mr. WEBSTER then arose, and delivered his sentiments at large against the Postponement bill.

Mr. WRIGHT said it might become him to say a few words in relation to the bill before the Senate. His position in reference to this and other bills, perhaps, required him to do so. He would, however, confine himself strictly to the present subject, and to the most brief justification of his own course, and that of a majority of the Committee on Finance, who had concurred with him in reporting the bill.

Immediately upon the appointment of the committee, and the reference to it of the important subjects treated of in the Message of the President, and the Report of the Secretary of the Treasury, the committee found that the Treasury of the United States was, very soon, to be in want of means to meet the current demands upon it, without regard to any further transfer to the States. They also found that this fourth instalment of the deposits with the States was to become payable on the first day of October, and amounted to about nine and one-third millions of dollars.

The state of the Treasury, as developed by the Report of the Secretary of the Treasury, was, as he now recollected, and he thought he could not be materially mistaken, that, at the time when the statement appended to that report was made up, about the first day of the present month, (he believed the exact date was the 28th of August,) there was in the Treasury, subject to draft, available and unavailable, but eight millions one hundred and some odd thousand dollars. The report was printed, and upon the table of every Senator, and would verify his correctness in this particular. This amount was exclusive of the sums already deposited with the States, being some twenty-eight millions.

To arrive at what would be the condition of the Treasury on the first of October, the expenses of the present month, which, from drafts already made and anticipated, were estimated at about two and a half millions, must be deducted from the eight millions, one hundred and odd thousands; thus leaving in the Treasury, subject to draft, on the first day of October, less than six millions, without the transfer of a dollar to the States towards the October instalment. This, too, included all the funds in the Treasury subject to draft for payments, or transfers to the States, whether available or not, upon the drafts of the Treasurer; the funds on deposit with the States not being taken into the computation.

If, then, the October instalment was to be transferred to the States, all the means in the Treasury of all descriptions, on the day when that instalment was, by the deposit law, made transferrable, would not be equal to two-thirds of the amount, and money must be borrowed upon the credit of the United States, to supply the deficiency.

Another and stronger view, however, was presented to the committee by the head of the Treasury Department. The largest portion of the funds in the Treasury at present, and which would remain there on the first of October, were wholly unavailable upon the drafts of the Treasurer. They were in the western and southwestern banks; and experience had already shown that the drafts of the Treasurer upon these banks would not be received in payment by the public creditors. It was equally proved that the States, other than those in which the banks were located, would not take those drafts and give their obligations for a repayment of the amount in money, in pursuance of the provisions of the deposit law.

The transfer to the States, therefore, could not be made even to the amount of the funds in the Treasury subject to draft, by reason of the character of the funds to be drawn upon; and, if to be made, a loan, to a much greater amount than the deficiency of those funds upon paper, would be rendered indispensable, from the unavailable condition of these funds.

Still, it would be seen by the Senate, that this disposition of the funds in the Treasury, and of the public credit, would leave the Treasury without a dollar to answer the current demands upon it. The appropriations for the year were large, almost beyond example, and the current calls upon the public Treasury must be measured by them. Hence it had been an object of primary interest with the Secretary to devise the means for carrying on the Government, and fulfilling its obligations to the public creditors, and in reaching that object he had, as he Mr. W. considered, wisely and properly, suspended his efforts to make this last transfer to the States. In pursuance of this necessity, he had told Congress, in his printed report, that he should make no movements towards the accomplishment of that object, until the action of Congress should signify its will that that transfer should still be made, and should provide the means for making it. These facts and conclusions were fully before the committee.

It then became necessary for them to see what would be the state of the public Treasury, upon the supposition that the October instalment of the deposit with the States should be withheld. In prosecuting that inquiry, they found that the funds in the Treasury, subject to draft, were, to so great an extent, unavailable, that it would be indispensably necessary to resort to the use of the credit of the Government, in some form, to anticipate the practical use of the unavailable portions of those funds for the purpose of current payments.

At this stage of the inquiry, two other important interests, both public and private in their character, pressed themselves upon the attention of the committee. In any settlement with the late deposit banks, which should have proper regard to the present deranged and depressed state of the business of the country, and to the security of the public moneys yet remaining in their possession, the committee were forced to the conclusion that indulgence to these institutions, beyond their legal liabilities, was indispensable. The conclusions of the committee upon this point had been embodied in the shape of a bill, and was now before the Senate in a printed form. The other great interest to which he referred was a similar indulgence upon the revenue bonds. There, also, the committee had reported a bill which was before the body. In both cases, the least indulgence had been proposed, which the committee believed to be consistent with the great private interests of the community, or the security of the public property involved. They had been induced to believe, that the time granted to the banks was the least which would enable them to meet the payments in the manner required by law, and that any dependence upon a more speedy collection of the merchants' bonds would result in disappointment to the public Treasury, and a consequent failure to pay the public creditors.

It being assumed that Congress would agree with the committee in these conclusions, and that these bills would meet with approbation, what then would be the state of the Treasury with reference to a transfer of the October instalment to the States?

Mr. W. said he understood the estimates of the Department to be, that without these indulgences to the banks and the merchants, and with the postponement of the October instalment of the transfer to the States, the whole means in the Treasury might be adequate to its wants, in case Congress should be willing to grant the use of the public credit temporarily, that that portion of the funds which were at present unavailable might be brought into practical use, until time should render them available for the redemption of that credit. If those indulgences should be granted, then the use of the public credit would be required beyond the current year, because material portions of the existing means, and of the otherwise accruing revenue,

would be placed without the reach or control of Treasury for more than that period.

Upon these calculations and hypotheses, the bills of the committee had been framed, and it was now his duty to give these facts and conclusions practical application to the measure under discussion.

This was a bill to postpone the October instalment of the transfer to the States. If he had been correct in his statements, and had made himself intelligible to the Senate, it would be seen that nothing existed in the Treasury out of which this transfer could be made, and that nothing within its power could enable it to make it without the aid of Congress. It would also be seen that the whole means of the Treasury were inadequate to meet the current calls upon it without the temporary aid of the credit of the nation; and that, if a reasonable indulgence were granted to public debtors, (such as the condition of the country and the security of eventual collections seemed to demand,) the use of that credit must extend beyond the current year, and could, at best, be only eventually met and redeemed by the means of the Treasury, existing, or in prospect, without a further transfer to the States.

In view of these facts, Mr. W. said his own mind had been brought to this simple and plain conclusion: that the United States had no longer any moneys to be safely kept by the States; that if the October instalment of the transfer provided for by the deposit law of 1836 was made, the means to make it must be borrowed upon the credit of the United States; and that Congress must place itself in the singular position of using the public credit to borrow money, merely that it might be safely kept by the States when it was obtained. He understood these provisions of the deposit law, upon their face, to be mere provisions for the safe-keeping of the public money. He understood this to be the object of those who advocated and supported that law at the time of its passage. In that sense he was disposed to regard it now; and he did not, therefore, view it as creating any claim in favor of the States, or as imposing any debt upon the United States. If, therefore, we were called upon to borrow money to fulfil the provisions of that law, he could only view it in the light of a call upon us to borrow money, merely that it might be safely kept when so borrowed. He had not felt, and could not feel, himself authorized to recommend a loan upon the credit of the nation for such a purpose. He believed he spoke the sentiments of those of his colleagues upon the committee, when he said that these were the views which had actuated him and them in consenting to report this bill.

Mr. W. said he owed it to himself to say that he had felt most sensibly the remarks of the honorable Senator from Massachusetts (Mr. Webster) as to the inconveniences and disappointments which must grow out of withholding the transfer of this instalment to the States. With a much less knowledge of the varied business and pecuniary affairs of our extended country than that distinguished Senator, he had not been insensible to these considerations. The course pursued by his own State, in the disposition of this money, had compelled him to be awake to them. The law of his State for the investment of its portion of this money had placed the matter even beyond its control, and had compelled its chief fiscal officer, long since, to announce to its citizens that this instalment would be paid from the treasury of the State, whatever might be the action of Congress upon the subject. This would, beyond doubt, be done, and those who sent him here, and whom it was his duty and desire faithfully to represent, should this bill pass, would be compelled to indemnify, from their own public funds, the individuals interested as borrowers, or these moneys, against disappointment, damage, or loss, from the action of Congress. Yet, under these delicate and difficult circumstances, he had not been able to convince himself that he could properly do otherwise than to support the bill. He owed a high duty to those constituents, but he owed, in his estimation, a higher to the nation and to the Constitution of his country. He could not think that the power granted to Congress to borrow money upon the credit of the United States could

be properly exercised, for the mere purpose of raising money to be safely kept; and this he must consider the simple question presented. He might be mistaken in this view of the matter, but such was the deliberate conclusion of his mind, upon the most mature reflection, and that conclusion must govern his action upon the bill, as it had done his action as a member of the committee which reported it.

Having said thus much, Mr. W. said, he would only correct two or three errors of fact into which the honorable Senator who had just resumed his seat (Mr. Webster) seemed to him to have fallen, and he would detain the Senate no longer.

The honorable Senator seemed to suppose that the means to make this transfer to the States were in the Treasury, and that the only difficulty, separate from the other demands upon it, grew out of the present unavailable character of those means. The statements he had already made, had shown the error of this hypothesis. He had already shown that the whole means in the Treasury, even when the Secretary of the Treasury made his report, at the commencement of our present session, of whatever character, whether available or not, were less, by more than a million of dollars, than the instalment required to be transferred to the States under the deposit law. He had further shown that those means, such as they were, were, before the first of October, when that transfer was required to be made, to be still further diminished by the whole expenses of the Government for the present month, ascertained and estimated to amount to two and a half millions of dollars. Hence it would follow, that the whole means in the Treasury on the first day of October next, must be from three and a half to four millions less than the transfer required. It was in vain, therefore, Mr. W. said, to escape from the conclusion, that if Congress should insist upon this transfer, it must authorize a loan of money upon the public credit, to enable the Treasury to make it; in other words, that it must authorize a loan of money upon the credit of the United States, that that money, when loaned, may be deposited with the States for safe keeping.

Another error of the honorable senator (Mr. Webster) which he felt bound to correct, was in his strictures upon the recommendations of the Secretary of the Treasury, as to the manner of issuing treasury notes. The honorable senator had criticised this part of the report of the Secretary of the Treasury with some severity, and had held him up to the Senate and the country as striking out a new path for the supply of the Treasury; as recommending the issue of paper money; of a description of paper similar to that which we know by the denomination of "continental money;" and of doing this for the first time since the organization of the Government under the Constitution. The fault complained of consisted in a recommendation, merely discretionary and alternative, to issue Treasury notes bearing no interest, and payable to the bearer, in case the public creditors should be found willing to receive such notes in payment of their demands against the Government, at par; otherwise, to give the notes such an interest as would bring them to par.

Mr. W. said as the committee, in the bill they had reported, had not followed this recommendation of the Secretary, it would be seen that no question was depending before the Senate, either in the bill now under discussion, or in any other, which rendered this point material; but he was sure his object would be fully understood and appreciated in making this correction. It was simply to defend this public officer against a mistaken accusation. It was not necessary for him to defend, at this time, the soundness of the recommendation, but to protect the Secretary against the charge of being the author of a principle now supposed to be so new and so dangerous. To do this, it was only necessary for him to read the third section of the act of the 24th of February, 1815, authorizing an emission of Treasury notes, in which all these dangers would be found to be embraced, adopted, and made imperative, as a part of the laws of the land.

[Mr. W. here read the section of the act, as follows:

"Sec. 3. And be it further enacted, That the said

Treasury notes shall be prepared of such denominations as the Secretary of the Treasury, with the approbation of the President of the United States, shall, from time to time, direct; and such of the said notes as shall be of a denomination less than one hundred dollars shall be payable to bearer, and be transferrable by delivery alone, and shall bear no interest; and such of the said notes as shall be of the denomination of one hundred dollars, or upwards, may be made payable to order, and transferrable by delivery and assignment, endorsed on the same, and bearing an interest from the day on which they shall be issued, at the rate of five and two-fifths per centum per annum; or they may be made payable to bearer, and transferrable by delivery alone, and bearing no interest, as the Secretary of the Treasury, with the approbation of the President of the United States, shall direct."

What now, Mr. W. asked, was the condition and the fault of the Secretary? He had found the public treasury in want of means to pay the public creditors. The exigency had grown out of a reverse in trade and business, sudden and universal, and the use of the credit of the Government, in some form, seemed to him indispensable. It became his duty to suggest to Congress the means and the mode of supplying the Treasury. He examined the legislative history of the Government in former cases of embarrassment at the Treasury, and found, among other expedients, that emissions of Treasury notes paying no interest, payable to bearer, transferrable by delivery alone, and without any restriction as to the denomination of the notes to be so issued, had been authorized. Among a variety of plans to meet the present wants, he suggested this, recommending that no note should be issued for a less amount than \$20. Had he attempted to introduce any new principle? Certainly not. Was his conduct, in making this suggestion in conformity with the previous practice of Congress itself, deserving of the high censure which had been bestowed upon it? He, Mr. W. thought not.

A single other reply to the honorable Senator. That gentleman had supposed the President most inconsistent and contradictory with himself, in remarking, generally, in his message, that he did not recommend to Congress measures for the regulation of the general currency of the country, or of the foreign and domestic exchanges, because he could not find in the Constitution any power conferred upon Congress to regulate these matters; and then, in the same message, recommending a bankrupt law, as applicable to banks and bankers. Where was the inconsistency, or contradiction? The President had said he omitted to make further recommendations upon these subjects than those found in the Message, because he could not find, and did not believe, that Congress possessed further power over them; but he did recommend a bankrupt law, because the power to pass bankrupt laws is conferred upon Congress by the Constitution, in express terms. He did, therefore recommend a bankrupt law, which the Constitution authorizes, and he did not recommend anything else, upon these points, because the Constitution authorizes Congress to do nothing else. Is this inconsistent?

The debate was further continued by Messrs. BUCHANAN, WEBSTER, and CALHOUN.

Mr. BUCHANAN then offered the following amendment, to be inserted at the end of the bill:

"Provided, that the three first instalments under the said act shall remain on deposit with the States until otherwise directed by Congress."

Mr. NILES asked for the yeas and nays, and they were ordered; and the amendment was adopted by the following vote:

YEAS—Messrs. Allen, Bayard, Black, Brown, Buchanan, Calhoun, Clayton, Crittenden, Fulton, Grundy, Kent, King of Alabama, King of Georgia, Knight, Linn, Lyon, Morris, Nicholas, Norvell, Preston, Robbins, Robinson, Sevier, Smith of Indiana, Southard, Strane, Swift, Tallmadge, Wall, Webster, White, Williams, and Young—33.

NAYS—Messrs. Benton, Clay of Alabama, Hubbard, Niles, Pierce, Rives, Roane, Ruggles, Smith of Connecticut, Tipton, Walker, and Wright—12.

Mr. TALLMADGE moved to strike out all after the enacting clause, and insert the following:

"That the money deposited and to be deposited with the States under the 13th section of the act of June, 1836, shall remain on deposit with the States until otherwise directed by Congress."

Mr. NILES asked for the yeas and nays, which were ordered, and the amendment was rejected—aye 18, nays 27, as follows:

YEAS—Messrs. Bayard, Clayton, Crittenden, Fulton, Kent, Knight, Lyon, Nicholas, Norvell, Preston, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Tipton, Webster, and White—18.

NAYS—Messrs. Allen, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, Morris, Niles, Pierce, Rives, Roane, Robinson, Ruggles, Sevier, Smith of Connecticut, Strane, Walker, Wall, Williams, Wright, and Young—27.

The question was then taken on the engrossment of the bill.

Mr. WALKER asked for the yeas and nays, and they were ordered, and were as follows:

YEAS—Messrs. Allen, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Geo., Linn, McKean, Morris, Niles, Pierce, Rives, Roane, Robinson, Ruggles, Sevier, Smith of Conn., Strane, Walker, Wall, Williams, and Wright—27.

NAYS—Messrs. Bayard, Clay, of Ken., Clayton, Kent, Knight, Nicholas, Norvell, Preston, Crittenden, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Webster, White, and Young—17.

The bill was then ordered to be engrossed for a third reading.

The Senate then adjourned.

## HOUSE OF REPRESENTATIVES.

THURSDAY, September 14, 1837.

Petitions and memorials were presented by

Mr. ADAMS of Massachusetts.

Mr. SIBLEY of New York.

Messrs. BIDDLE, PAYNTER, and SHEFFER of Pennsylvania.

Mr. JENIFER of Maryland.

Messrs. HUNTER, ALLEN, and GOODE of Ohio.

Mr. MAY of Illinois.

[Mr. MAY presented the petition of sundry inhabitants of Lasalle county, praying the establishment of a post route from Peru, in Lasalle county, to Princeton, in Putnam county, via Bureau, in Bureau county.]

Mr. LEWIS of Alabama.

Messrs. HARRISON and MILLER of Missouri.

[Mr. HARRISON presented a memorial of the Chamber of Commerce, city of St. Louis, on the subject of the currency, &c.; referred to Committee of Ways and Means, and ordered to be printed.]

Mr. CAMBRELENG, from the Committee of Ways and Means, reported the following bill; which was read twice, and referred to a Committee of the Whole on the state of the Union.

A BILL authorizing a further postponement of the payment of duty bonds and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he hereby is, authorized to grant such further extension of credit upon all bonds for duties now outstanding, as shall make the whole extension of credit upon each bond six months from the time when the original bond became due and payable, making the extension in each case to depend upon the same conditions as to additional security, the payment of interest, and other terms, which have been prescribed by the Treasury Department to the extension of revenue bonds since May last: *Provided*, That nothing herein contained shall be construed to include any existing bonds where the parties to the same have not, since the bonds became payable, given additional security, or made part payment, and are, by the proper officers of the Government, considered insolvent, or unsafe securities for the payment of their bonds.



Sec. 2. *And be it further enacted*, That the additional credit of six months, granted by the first section of this act upon outstanding duty bonds, shall be upon the same terms and conditions granted upon all bonds for duties which may be given during the period of one year from and after the 1st day of October, in the year one thousand eight hundred and thirty-seven.

Sec. 3. *And be it further enacted*, That where the security in any bond which has been, or may hereafter be postponed, is entirely satisfactory, the principal or sureties in the same shall not be disabled from being, in the mean time, till the period of postponement provided for by this act expires, received as principal or sureties in other bonds for duties, notwithstanding the bond first given may not have been actually paid, discharged, or extended, before, or on the day it fell due: *Provided*, That such principal and sureties shall be found, in all other respects, safe and satisfactory security for the bonds to which they may be proposed as parties.

Sec. 4. *And be it further enacted*, That a credit of one, two, and three months shall be allowed on the duty on all merchandise now remaining in the custody of the customs upon which the duties are payable in cash, and that the bonds received for such duties shall be in equal instalments bearing interest at the rate of six per cent. per annum, and in the form and upon the conditions prescribed by existing laws, and by this act: *Provided*, That the said merchandise shall be entered on or before the fifteenth day of October next.

Sec. 5. *And be it further enacted*, That the operation of all prior laws, and parts of laws, so far as inconsistent with this act, be suspended in those particulars in which they may conflict with, or differ from, its provisions, until this act shall cease by its own limitation.

Mr. CAMBRELENG presented to the House an abstract which had been prepared at the Treasury Department, giving certain information in relation to the collection of the revenues in Great Britain and France; which was laid on the table, and ordered to be printed.

Mr. CUSHMAN submitted the following resolution:

*Resolved*, That the operation of the 16th rule of the House, in relation to the call of the States for the presentation of petitions, be suspended during the present session of Congress.

After a few remarks from Mr. CUSHMAN, in support of the resolution, and by Messrs. ADAMS, TILLINGHAST and MERCER, in opposition thereto, Mr. C. withdrew the resolution.

Mr. GARLAND, of Virginia, submitted, on leave, the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of the Treasury communicate to this House, all the orders issued, and correspondence with the several deposite banks, in reference to the transfers and payments of the several instalments due to the State Governments under the deposite act of the day of July, 1836.

*Resolved*, That he communicate to this House the monthly statements of the condition of the deposite banks, from the 1st day of January last to the present time.

*Resolved*, That he communicate a statement of each draft, and in whose favor drawn, upon which specie was demanded and protested for non-payment by any deposite bank; also, each State Government which has made a demand of specie and not paid, and the time when.

#### RULES AND ORDERS OF THE HOUSE.

The House then took up the report of the Select Committee on the Rules, and the report being read, the following amendments were severally considered and adopted:

1st. Strike out of the 17th rule all after the word "Speaker," in the last clause, and insert—

"Shall dispose of the business on his table in the following order, viz:

"First. Messages and other Executive communications.

"Second. Messages from the Senate, and amendments proposed by the Senate to bills of the House.

"Third. Bills and resolutions from the Senate on their first and second reading, that they be referred to committees and put under way; but if, on being

read a second time, no motion be made to commit, they are to be ordered to their third reading, unless objection be made; in which case, if not otherwise ordered by a majority of the House, they are to be laid on the table in the general file of bills on the Speaker's table, to be taken up in their turn.

"Fourth. Engrossed bills, and bills from the Senate on their third reading.

"Fifth. Bills of the House and from the Senate, on the Speaker's table, on their engrossment, or on being ordered to a third reading, to be taken up and considered in the order of time in which they passed to a second reading.

"The messages, communications, and bills on his table having been disposed of, the Speaker shall then proceed to call the orders of the day."

Amend the 90th rule, by inserting after the words "on what day," "if no motion be made to commit, the question shall be stated on its engrossment; and if it be not ordered to be engrossed on the day of its being reported, it shall be placed in the general file on the Speaker's table, to be taken up in its turn."

2d. Insert in the 21st rule, after the word "proceed," in the ninth and tenth lines, the words "in case any member object."

3d. To insert a new rule after the 21st, to read as follows: "If a member be called to order for words spoken in debate, the person calling him to order shall repeat the words excepted to, and they shall be taken down in writing at the Clerk's table; and no member shall be held to answer, or be subject to the censure of the House, for words spoken in debate, if any other member has spoken, or other business has intervened, after the words spoken; and before exception to them shall have been taken."

4th. Add to the 25th rule the following clauses: "Every member shall remain uncovered during the sessions of the House;" and "No member or other person shall visit or remain by the Clerk's table while the ayes and noes are calling, or ballots are counting."

5th. From the 26th rule, strike out from the fourth line the word "present," and insert in lieu thereof the following words: "within the bar of the House;" and,

6th. Add to the rule the following clause: "And when any member shall ask leave to vote, the Speaker shall propound to him the question—'Were you within the bar when your name was called?'"

7th. Add to the 28th rule the following clause: "All motions to excuse a member from voting, shall be made before the House divides, or before the call of the yeas and nays is commenced; and any member requesting to be excused from voting may make a brief verbal statement of the reasons for making such request, and the question shall then be taken without further debate."

8th. In lieu of the 45th rule insert the following:

"Petitions, memorials, and other papers addressed to the House, shall be presented by the Speaker, or by a member in his place; a brief statement of the contents thereof shall be made verbally, by the introducer; they shall not be debated on the day of their being presented, nor on any day assigned by the House for the receipt of petitions after the first thirty days of the session, unless where the House shall direct otherwise, but shall lie on the table, to be taken up in the order in which they were presented."

9th. To insert after the 57th rule the following rules as the 58th and 59th rules:

"RULE 58. At every session of Congress, commencing on the first Monday of December, it shall be the duty of the Committee of Ways and Means, within thirty days after their appointment, to report the general appropriation bills—for the civil and diplomatic expenses of Government; for the army, the navy, and for the Indian department and Indian annuities; or in failure thereof, the reasons of such failure; and general appropriation bills shall be in order in preference to any other bills of a public nature, unless otherwise ordered by a majority of the House.

"RULE 59. No appropriation shall be reported in such general appropriation bills, or be in order as an amendment thereto, for any expenditure not previously authorized by law."

The following amendment was then taken up for consideration:

10th. Add to the thirty-fifth rule the following clause:

"On a motion for the previous question, and prior to the seconding of the same, a call of the House shall be in order; but after a majority shall have seconded such motion, no call shall be in order prior to a decision of the main question."

Mr. ADAMS moved to amend the amendment, by adding thereto the following:

"And the previous question shall be in this form: 'Shall the main question be now put?' It shall only be admitted when demanded by a majority of the members present; and until it is decided, shall preclude all amendment and further debate of the main question, as well as of the pending amendments; and the question shall be taken on the amendments, in order, if amendments be pending, and then on the main question."

After some remarks from Messrs. RICE GARLAND, BRIGGS, MERCER, ADAMS, UNDERWOOD, SMITH, and BELL, when—

Mr. ADAMS modified his amendment so as in substance to embrace, as its first clause, his former amendment; (which was the amendment reported by Mr. MANN of New York, from the Select Committee on the same, January 5, 1836,) and then bring in, as a second clause, the amendment of the present committee. [The object of the proposition, as it will be seen, was to take a vote on all pending amendments notwithstanding the call for the previous question.]

The subject was further discussed by Messrs. MERCER, MASON, REED, ADAMS, and UNDERWOOD, in favor of the amendment, and by Messrs. HAMER and SMITH in opposition, when

Mr. UNDERWOOD called for the yeas and nays, which were ordered, and were—yeas 102, nays 106, as follows:

YEAS—Messrs. Adams, Ayckrigg, Alexander, Heman Allen, John W. Allen, Bell, Biddle, Bond, Borden, Briggs, William B. Calhoun, William B. Campbell, John Campbell, William B. Carter, Chambers, Cheatham, Childs, Corwin, Craig, Cranston, Crockett, Curtis, Cushing, Darlington, Davies, Deberry, Dugan, Evans, Everett, Ewing, Richard Fletcher, Filmore, Rice Garland, Goode, James Graham, William Graham, Graves, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Robert T. H. Hunter, Jenifer, William Cost Johnson, Lewis, Lincoln, Andrew Loomis, Mallory, Marvin, Samson Mason, Maury, Maxwell, McKay, McKennan, Menifee, Mercer, Milligan, Matthias Morris, Naylor, Noyes, Ogil Patterson, Peck, Phillips, Pickens, Pope, Putis, Rariden, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Charles Shepard, Sibley, Slade, Soulegrave, Stanley, Stratton, Taliaferro, Thompson, Tillinghast, Toland, Underwood, Webster, Albert S. White, John White, Elisha White, Lewis Williams, Christopher H. Williams, Wise, and Yoak—102.

NAYS—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Brodhead, Bronson, Bruyn, Buchanan, Cambreleng, Timothy Carter, Casey, Chaney, Chipman, Cliley, Clalborne, Clark, Cleveland, Coles, Connor, Cray, Cushman, Dawson, Davee, DeGraff, Drongone, Duncan, Edwards, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, James Garland, Glascock, Grandland, Grant, Gray, Haley, Hammond, Hamer, Harrison, Haynes, Holsey, Hopkins, Howard, Hubley, W. H. Hunter, Ingham, T. B. Jackson, J. Jackson, J. Johnson, N. Jones, J. W. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Logan, Arphaxed Loomis, James M. Mason, Martin, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmenter, Patten, Pennybacker, Perkins, Phelps, Plumer, Pratt, Prentiss, Rely, Rives, Sheller, Shipley, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Turney, Vail, Vanderveer, Wagoner, Weeks, Jared W. Williams, Worthington, and Yell—106.

So the amendment to the amendment was disagreed to, and the original amendment of the committee was agreed to—yeas 111, noes not counted.

The following amendment was then taken up:

11th. Add to the 36th rule the following clause:

"All incidental questions of order arising after a motion is made for the previous question, and pending such motion, shall be decided, whether on appeal or otherwise, without debate."

Mr. MERCER said he could not give his assent to this amendment, on the ground that there was no reason why the previous question, moved on a particular subject, should preclude debate on a question of order growing out of it, for it would compel members to vote in the dark.

Mr. PATTON took the same side, and insisted that a question of order growing out of the previous question was entirely independent of it, besides it would be giving the Chair too despotic a power. Moreover, by the rules already in force, the pre-

vious question might be moved on the question of order itself, which was sufficient to arrest unreasonable debate.

Mr. GARLAND of Louisiana asked for the yeas and nays, which were ordered.

Mr. CALHOUN of Massachusetts wished some member of the select committee to give some reasons for the introduction of such a rule.

Mr. HAMER was one of those who voted in the committee in favor of the amendment, though he did not feel very solicitous about it one way or the other. He was inclined in favor of it for this reason principally, that after the demand for the previous question, it sometimes occurred that questions of order incidentally arose, and were debated at great length, which debate might go on, take up the whole day, and thus the intention of the House, in ordering the main question to be put "now," might be defeated.

Mr. THOMAS adverted to a decision of the present Speaker, made during the last Congress, that after the previous question had been ordered, debate could not be allowed. The negating this amendment would be a virtual repeal of that rule.

Mr. PATTON said that that decision was in utter contradiction to, and a notorious violation of, the practice of the House, from the origin of the Government down to that day, and was understood to be made under a misapprehension of the question of order then raised. He did not believe questions of order would ever be raised for the purpose of interrupting the business of the House, after the main question had been ordered, though, if a minority were disposed to do so, they could do it, unless some of the most valuable rules of the House were entirely obliterated.

Mr. CRAIG pointed out the necessity of the rule, and drew the attention of his colleague to instances that had occurred where questions of order had been raised, which produced a wide and extended range of debate having little connection with the question itself, by which the will of the majority, in progressing the business of the House, had been for a length of time frustrated. The previous question was necessary, nay, at times indispensable, to insure action upon the public business of the nation, by arresting unnecessary discussion, and there was but one standard in regard to its application, viz: the judgment of the majority. If, then, the previous question be a rule properly applicable, and all had agreed that it was, unless abused, equally necessary was the rule now proposed by the select committee; for otherwise, a small minority might set aside the will of the House, or a very large majority of it.

Without taking the question,  
On motion of Mr. FILLMORE,  
The House adjourned.

#### IN SENATE,

FRIDAY, September 15, 1837.

Mr. McKEAN presented a remonstrance from the county and city of Philadelphia, remonstrating against the annexation of Texas; which was laid on the table.

Mr. YOUNG presented a petition from Illinois, praying the establishment of a national bank; which was laid on the table.

The resolution offered by Mr. HUBBARD yesterday, proposing that the daily hour of the meeting of the Senate shall be 10 o'clock, was taken up for consideration, and modified by Mr. H. so as to provide that after this week the daily hour of meeting shall be at 11 o'clock. The resolution as modified was adopted.

The bill to postpone the payment of the fourth instalment of the deposits to the States being taken up—

Mr. PRESTON rose and addressed the Senate at some length, and was followed by Messrs. CALHOUN, CRITTENDEN, and BROWN.

Mr. WALKER said, without discussing at this time the great question debated by the Senator from Massachusetts, (Mr. Webster,) in regard to the paper currency of the country, and the supreme control which he claims on this subject, and all that relates to it, for the Government of the United

States, he would proceed at once to the inquiry now before us, whether it would be proper to postpone paying over to the States the last instalment under the deposit act. This instalment amounted to a sum exceeding nine millions of dollars. The report of the Secretary of the Treasury informs us that the money is not in the Treasury to pay the instalment. Even in the event of the postponement of this deposit with the States, there is still a deficiency in the revenue, which the Secretary asks to be supplied by the emission of Treasury notes. It is, then, obvious, that if this instalment is to be paid to the States on the first of October next, it can only be effected by an emission of an additional amount of Treasury notes, bearing interest, or in other words, by the creation of a new national debt, arising from a new loan, in order to deposit the amount for safe keeping with the States of this Union. Disguise it then as we may, the refusal to pass this bill is a determination on our part to borrow more than nine millions of dollars on the credit of the United States, to be deposited for safe keeping with the States of this Union. The Constitution authorized us to borrow money on the credit of the United States—but for what object? Clearly for no other than to carry into effect the powers delegated by the Constitution. But that this Government could borrow millions, without limitation as to the amount, for the purpose of depositing it with, or distributing it among the States, was to clothe this Government with the most alarming and despotic powers. If this Government can make such a loan for such a purpose, the taxing power is unlimited, for by taxes only can it raise the money to refund what it has borrowed. Mr. W. said he was one of a small minority of six in the Senate who had voted against this deposit bill. He had then predicted the disastrous consequences that he thought would follow from the passage of this bill, and his worst fears would be realized, if now, when there was a deficit in the Treasury, when many of the public creditors had to be paid in protested drafts on broken banks, a surplus was created by loans for the purpose of depositing among the States of the Union.

Mr. W. said he well knew the voracious character of the surplus spirit; that it was ready to keep up the tariff, to keep up the price of the public lands, and to refuse all relief to the settlers of the West, for the purpose of creating a surplus for distribution; but he could scarcely have believed that now, when we must in any event replenish, by loans, an exhausted Treasury, that new loans are asked for to the amount of nine millions for distribution,—loans to be refunded, if not from the lands of the West, from the tariff, by which Mississippi, now nearly the greatest exporting State of this Union, will receive but about one fourth as much as she will be compelled to refund by the operation of the tariff—reducing the price of her great staple to enrich the incorporated monopolists of other sections of the Union. Mr. W. said he must be blind indeed, who did not perceive, that to raise, by loans, nine millions for deposit with the States, is, to the extent of nine millions, to render it necessary to augment the tariff. It is true, we talk of getting back this money from the States, whilst a majority of the Senate, as he (Mr. W.) thought, most unwisely, have just taken from the Secretary of the Treasury the authority which he possessed, under the deposit act, to call upon the States to refund any portion of the money already deposited. And now, (Mr. W. predicted,) that Congress never would make any requisition upon the States for this money, but that when it was wanted, the South would be compelled to raise it through the operation of the tariff. Could any man doubt this result, when so bold an effort was now made to induce the Government to borrow money to pay the last instalment to the States.

But the Senator from South Carolina (Mr. Preston) tells us that we can obtain this money for deposit among the States by repealing some of the appropriation bills. Sir, the Senator from South Carolina (Mr. Calhoun) has most clearly shown the impossibility of obtaining a repeal of laws partly executed, passed by large majorities in both houses of Congress. But if the appropriation bills

were repealed to-morrow to the extent proposed, it would not put one dollar in the Treasury, now exhausted, nor enable the Government on the first of October next, now at hand, to deposit these nine millions with the States of the Union; for, in the calculation of the Secretary of the Treasury, the expenditure of fifteen millions of these appropriations is postponed till next year. But we have been told by the Senator from Massachusetts, (Mr. Webster,) that this amount may be paid to the States by the money in the deposit banks, whose paper would be gladly received by the States in which they are located. It has been already shown by the Senator from New York, (Mr. Wright,) that the entire money now in the deposit banks subject to new drafts, is not enough, by more than a million, to meet the required amount of the last deposit instalment; but if it were enough, let us examine the effect of this proposition. It is to pay the States in the paper of the deposit banks, by new issues of paper by those banks to an amount exceeding nine millions of dollars—to put out, in other words, more than nine millions of depreciated bank paper, issued by banks that have suspended specie payments. And is this the relief the Senator from Massachusetts would extend to the community? Sir, (said Mr. W.) nearly all the embarrassments of the community have been occasioned by the vast over-issues of paper by the banks, paper which they cannot now redeem in specie, and which has depreciated from ten to thirty per cent. in various sections of the Union. Is it not clearly perceived that this would greatly increase the embarrassments of the community? that it would add greatly to the present enormous mass of depreciated paper? that it would still further depreciate all the paper of all the banks making the new emissions; postpone for a long time, if not indefinitely, the resumption of specie payments by the banks, by augmenting nearly one-third the amount of their depreciated paper, and thus, also, disable them from extending the least indulgence to their debtors by this vast increase of their circulation, imposing the correspondent obligation of calling in their debts as rapidly as possible to the same amount? If (said Mr. W.) this proposition of the Senator from Massachusetts be a part and portion of the plan of the opposition for relieving the embarrassments of the country, he had no curiosity to hear the remainder of their proposition.

The question recurring on the passage of the bill  
Mr. WEBSTER asked for the yeas and nays, and they were ordered on the passage of the bill.

YEAS—Messrs. Allen, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, McKean, Morris, Niles, Pierce, Rives, Roane, Robinson, Ruggles, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, and Wright—28.

NAYS—Messrs. Bayard, Clay of Kentucky, Clayton, Crittenden, Kent, Knight, Nicholas, Norvell, Preston, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Webster, White, and Young—17.

#### ISSUE OF TREASURY NOTES.

The bill to authorize the Secretary of the Treasury to issue Treasury notes, being on its second reading, a debate ensued, in which Messrs. WRIGHT, CLAY, and KING of Georgia took part; when,

On motion of Mr. WRIGHT, the bill was amended by the insertion of the word "ten" in the first line.

Mr. W. said that it had not been possible for the committee to know the amount of the notes necessary until action had been had on the bill to postpone the fourth instalment to the States, which bill having now passed the Senate, he was able to fill up the blank. He had had an interview on the subject with the Secretary of the Treasury, and he had learnt from that officer that, on the supposition no more extension would be granted than was proposed by the bill for extending the duty bonds, he had thought that the sum of eight millions would be sufficient. This was, however, on the supposition that the Bank of the United States



# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

MONDAY, SEPTEMBER 25, 1837.

VOLUME 5.....No. 3.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

[Continued from No. 2.]

would pay in October the instalment then due to the Government by that institution. But it was not understood by the Secretary and the committee that this would not be done, that bank having bought up Treasury drafts issued in July for the payment of the third instalment to the States, and intending to give in those drafts in payment of the instalment then due from the bank. This being the case, the Secretary would require that the blank be filled up with nine millions five hundred thousand dollars; and therefore, on this calculation, the committee had instructed him (Mr. W.) to move for ten millions.

Mr. WRIGHT moved to strike out the word "of" in the first line, and insert the words "not exceeding \$20,000, to defray the expenses under the act;" which amendment was agreed to.

Mr. CLAY, of Alabama, moved to amend the 7th section, by inserting the words "price not exceeding," so as to prohibit the Secretary of the Treasury from purchasing Treasury notes below their par value, which was agreed to.

Mr. CLAY, of Kentucky, was very desirous of obtaining more full information relating to one point, and that was, that as a bill had now passed the Senate for arresting the payment of the fourth instalment to the States, and since the fund intended for the use of the States was now to be applied to the use of Government, if it was intended to employ the funds in the banks before being reduced in some way or other to a specie basis, whether Government intended by laws passed, or to be passed—such, for example, as a bankrupt law—to force the conversion of the funds now in the banks into metal, and then throw the sum thus obtained from the banks into the Treasury, there to lie without being used? His inquiry was not, he thought, useless, since it must be evident that the amount of the blank must depend upon the availability of the funds in the banks.

Mr. WRIGHT said it had been ascertained, and so stated in the Secretary's report, that all the money in the banks subject to draft on the 28th of August last amounted only to eight million one hundred and sixty-six thousand dollars. Out of that sum the expenses for the month of September were to be taken, which would leave the sum reduced to about two millions and a half by the 1st of October. But, if the outstanding drafts should come in on the Treasury, (many of them being protested,) in that case the available amount would still be diminished, and the Treasury would be in want of means. There were therefore no ready means without the assistance of Congress. In all the Atlantic coast, the money in the banks had for the most part been withdrawn, only a small sum subject to draft being with them, say less than a million, and creditors were not willing to receive drafts upon the southwestern banks, where now almost all the funds in deposit with banks were placed.

Such being the case, and such the amount of unavailable money, the object of issuing Treasury notes was to anticipate the funds in deposit with the banks until Congress should say how those funds were to be made available. The Committee on Finance had reported a bill giving to those banks intervals of two, five, and eight months in which to pay the sums due, dividing the balance in their hands into three instalments. Again, the extension granted already, and proposed still to be granted, on bonds, would diminish the means of the Treasury; from all which considerations, the issue of these notes was rendered necessary to meet the current expenses.

Mr. CLAY of Kentucky professed himself greatly obliged by the valuable information communicated by the honorable Senator, (Mr. Wright,) but he still felt that the inquiry which he had wished to make was not yet answered. He meant to inquire if the money in the banks was to be used as bank

notes, or if the banks were to be compelled to pay them in specie, and then if these funds were to be left idle?

Mr. WRIGHT, in reply, said they would not be used as bank notes unless the law should authorize them so to be used.

Mr. CLAY. Then it comes to this: we have passed a bill to take funds out of the hands of those who would have been glad to use them, to put them into the hands of others who refuse to acknowledge and make use of them. The States would have been glad to receive this money in the shape of bank notes, and we have taken it from them. Again: Government refuses to call them funds in that shape, and to Government we have now made them over by the bill just passed! And as Government, though it receives those funds, and prevents their being paid to the States, will not acknowledge them as funds, there is a deficiency existing, and this deficiency is to be supplied by issuing Treasury notes, in order that Government may be able to get along. That is to say: Government will not receive the paper of the country, and is about to create a paper of its own which the country is expected to receive! And thus, all the promises which have been made to us of the flowing of gold and silver all over the country—these promises of a better currency—result in the issue of ten millions of paper money!

Mr. KING of Georgia, read to the Senate a statement and estimate of some length, which was inaudible in the reporter's gallery.

On motion of Mr. KING, of Alabama,  
The Senate adjourned.

## HOUSE OF REPRESENTATIVES,

FRIDAY, September 15, 1837.

Mr. LINCOLN stated that he held in his hand a number of memorials signed by upwards of 3,000 citizens of Massachusetts, remonstrating against the annexation of Texas to the United States. In pursuance of the rule adopted the other day in relation to petitions and memorials, he should feel himself constrained to move to lay the memorials on the table; but he would now give notice that he should move to take them up, and have them referred to appropriate committees at the earliest period possible. Mr. L. then presented sundry petitions, remonstrating against the annexation of Texas to the United States, which were laid on the table.

Mr. ADAMS presented a petition of Eleazer Smith, and one hundred and sixty-three other citizens of the State of Vermont, praying for *retrenchment and reform*, [laughter.] Mr. A. said, that when he presented the petition, he was aware that the words *retrenchment and reform* would produce nothing but a universal shout of laughter; but he presented it, because among the *retrenchment and reforms* asked for, was a prayer that the members of Congress may reduce their own salaries fifty per cent.; that is to say from eight to four dollars per day. This being the case, he could not bear to keep it in his possession any longer. The memorial was laid on the table.

Petitions and memorials were further presented by

Messrs. BRIGGS and PARMENTER of Massachusetts.

Mr. EVERETT of Vermont.

Mr. DAVIES of Pennsylvania.

Messrs. BOND, ALLEN, and LOOMIS of Ohio.

Mr. HEROD of Indiana.

Mr. CASEY of Illinois.

Mr. LEWIS of Alabama.

The SPEAKER presented a memorial, accompanied by a printed argument, from John H. Sergeant, of Charleston, South Carolina, praying for the establishment of a general bankrupt law; which, on motion of Mr. THOMAS, was referred to the Committee on the Judiciary.

Mr. CAMBRELENG, from the Committee of Ways and Means, reported a bill imposing additional duties, as depositories in certain cases, upon

public officers, and for other purposes; read twice, and referred to a Committee of the Whole on the state of the Union.

[The contents of this bill were the same as that reported under the same title, in the Senate, yesterday, (to be found in yesterday's Senate proceedings,) with the exception of the following additional clause:

"And be it further enacted, That no law or joint resolution now in force, shall be so construed as to authorize any officer of the United States, before mentioned in the first section of this act, to receive any thing but gold or silver, Treasury warrants, Treasury drafts, or Treasury notes, in payment of public dues;" and the addition of the following proviso at line 5, page 4, after the word "moneys:" "except such deposits as may have been made in the Treasuries of the respective States."]

Mr. CAMBRELENG, from the same committee, reported a bill for adjusting the remaining claims upon the late deposit banks; read twice, and committed to a Committee of the Whole on the state of the Union.

[This bill is also identical with that now before the Senate, and already in print in the Globe.]

Mr. CAMBRELENG said, with permission, he would state, for the information of the House, that the Committee of Ways and Means had now only two bills remaining for consideration. They could not, however, get through with them that morning, but they would certainly be reported on Monday; after which he hoped the attention of the House would thenceforward be directed entirely to the important business which had called them together. He presumed it would be the desire of the House to proceed with and conclude the unfinished business of yesterday, (the subject of the Rules and Orders;) and he then gave notice, that on Monday he should make a motion to take up the other business.

Mr. GARLAND of Virginia wished to suggest to the gentleman from New York to vary his motion, so as to make these two bills the special order of the day for some day next week; and Mr. G. then gave notice of his design to submit a counter project.

Mr. BELL inquired if it was the intention of the gentleman from New York to take up the bills reported by the committee of that House, or the bills from the Senate, as rapidly as they might be transmitted therefrom. He put the question to the gentleman, supposing the business of the House to be pretty much under his control; and there was, in the one case, no necessity for delay.

Mr. CAMBRELENG replied that there was no bill from the Senate then in the House, and, therefore, they could not be ready at present to proceed with the business.

Mr. BELL. They will be sent soon.

Mr. CAMBRELENG. Those bills would probably not be sent there till Monday, and it would be for the House to determine, whether they should be committed to the Committee of Ways and Means, or, at once, to a Committee of the Whole on the state of the Union. There were variations between the bills of the House and the Senate, and it would be for the Committee of the Whole, to which they would all be referred, to determine which should be taken up. It was a matter not within the determination of the Committee of Ways and Means.

Mr. BELL had only wished to call the attention of the House to the subject, for if it was designed to take up the House bills, there was no good reason for waiting; but if it was intended to act upon the Senate's bills, those of the House might as well be over.

The conversation here dropped.

The SPEAKER laid before the House a communication from the Secretary of the Treasury, in compliance with a resolution of the House of the 11th inst. calling upon him to report the amount of appropriations of the past and present years remaining unexpended; the amount required to fulfil existing engagements, contracted prior to the first

day of June last; the existing engagements since that time; the amount of money drawn from the Treasury, and placed in the hands of disbursing officers on the first day of May last; and what objects of public expenditure can, with the least injury to the public service, be dispensed with.

The communication was as follows:

TREASURY DEPARTMENT,  
14th September, 1837.

SIR: This report is submitted in compliance with the following resolution, passed on the 11th instant:

*Resolved*, That the Secretary of the Treasury be directed, with as little delay as possible, to communicate to this House the amount of the appropriations of the past and present years remaining unexpended; the amount required to fulfil all existing engagements contracted prior to the first day of June last, and all existing engagements contracted since that time; also, the amount of money drawn from the Treasury and placed in the hands of disbursing officers or agents on the first day of May last and at the present time; and that he also report what objects of public expenditure can with the least injury to the public service be either wholly dispensed with during the present year, or bear any material reduction."

The tabular statement annexed shows, as desired, "the amount of the appropriations of the past and present years remaining unexpended" to be \$24,075,239 37. (A)

In reply to the inquiry as to "the amount of money drawn from the Treasury, and placed in the hands of disbursing officers, or agents, on the first day of May last, and at the present time," I would state, that at the former period it appears to have been \$5,264,052 95, and at the latter \$5,049,540 76. It may be useful to add that both sums are much larger than they would otherwise be, in consequence of the unusual amount of deposits by officers of the mint.

In relation to "what objects of public expenditure can, with the least injury to the public service, be either wholly dispensed with during the present year, or bear any material reduction," I would observe, that a minute and critical examination on this point, was instituted in May last by this Department.

The result of it was, that enough of it could and would be postponed till next year, to amount to about \$15,000,000.

Consequently, the expenditures during the present year were estimated in my recent report upon that basis. After every delay of them which the public interest may permit, it is therefore expected, that, of the outstanding appropriations now exceeding \$24,000,000, not much over nine millions will necessarily be required to be expended during the residue of the year.

Since the resolution passed, further inquiries on this point were instituted in connection with the other departments of the Government; but the result has not been essentially varied, from that to which the department arrived last spring. The particular heads of appropriations, that it is supposed need not, and will not, be expended in full during the year, and the amounts under each are very numerous and difficult to be prepared, but if desired will be submitted hereafter with as little delay as practicable.

The only remaining inquiry is "the amount required to fulfil all existing engagements contracted prior to the first day of June last, and all existing engagements contracted since that time."

Each department has been requested to furnish a statement on this subject as early as it can be completed. But some delay being unavoidable, it has in the mean time, been deemed advisable to submit immediately the answer to the other portions of the resolution.

Those statements will be made as comprehensive as possible, but can, of course, relate to only a small part of the whole appropriations of Congress, which it has been, and will be, necessary to expend during the year. All salaries of Judicial, Executive, or other officers; the expenses of foreign intercourse; the pay and subsistence in both the army and navy; all pensions; all Indian annuities; all private bills which have passed; many miscellaneous appropriations, with several other items, stand independent

of any special engagements or contracts made by any public officer, and cannot, therefore, enter into this computation.

Respectfully, yours,

LEVI WOODBURY,  
Secretary of the Treasury.

Hon. J. K. POLK,  
Speaker of the House of Representatives.

A.

Statement of the amount of appropriations of the past and present years, remaining unexpended on the 11th September, 1837, inclusive, agreeably to a resolution of the House of Representatives of the 11th inst. viz:

Balance of appropriations on the 31st Dec. 1836	\$16,752,283 09
Appropriations made at the second session of the 24th Congress, exclusive of the Post Office Department	\$28,575,837 10
Specific and indefinite appropriations made by former acts of Congress	2,824,250 10
	31,400,087 50
	48,152,370 59

Expenditures of the United States from the 1st January to the 11th September, 1837	24,077,031 22
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Leaves balances of appropriations 11th September, 1837	24,075,239 37
T. L. SMITH, Register.	

TREASURY DEPARTMENT,  
Register's Office, Sept. 12, 1837.

Mr. BELL moved that the communication be laid on the table and printed.

Mr. HAYNES moved its reference to the Committee of Ways and Means.

The former motion was first put and prevailed. RULES AND ORDERS OF THE HOUSE.

Mr. MERCER, on leave, from the select committee on the rules, made an additional report on the subject; which was laid aside, to be taken up when the consideration of the first part of the report was resumed.

The CHAIR then announced the unfinished business of yesterday (the subject of the rules.)

Mr. BELL inquired if it was a special order?

The CHAIR replied that it came up as the unfinished business of the morning hour, at the expiration of which the House might, if it pleased, proceed to the orders of the day, or continue the subject under consideration.

The House then resumed the consideration of the report of the Select Committee on the subject of the rules.

The question pending at the adjournment of the House yesterday was the following amendment of the committee to the original rules:

"11th. Add to the 36th rule the following clause: "All incidental questions of order arising after a motion is made for the previous question, and pending such motion, shall be decided, whether on appeal or otherwise, without debate."

Mr. WILLIAMS of North Carolina made a few remarks in opposition to the amendment, on the ground that incidental questions of order ought to be debated as well as any thing else.

Mr. MERCER also briefly opposed the amendment, when the question was taken by yeas and nays, and decided in the affirmative—yeas 100, nays 96, as follows:

YEAS—Messrs. Atherton, Beatty, Beirne, Bicknell, Birdeall, Borden, Brodhead, Bronson, Bruyn, Buchanan, Brum, Cambreleng, T. J. Carter, Casey, Chaney, Chapman, Claiborne, Clark, Coles, Edwards, Craig, Cushman, DeGraff, Dennis, Dromgoole, Duncan, Edmonds, Farrington, Fletcher, Foster, Fry, Gallup, Gholson, Glascock, Grandland, Haley, Hammond, Hamer, Harrison, Micajah T. Hawkins, Charles E. Haynes, Orin Holt, Benjamin C. Howard, Hubley, Wm. H. Hunter, Samuel Ingham, Thos. B. Jackson, J. Jackson, J. Johnson, N. Jones, J. W. Jones, Kemble, Kilgore, Klingensmith, Jr., D. P. Leadbetter, Logan, Arphaxed Loomis, James M. Mason, Martin, May, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Paynter, Pennybacker, Petriken, Phelps, Plumer, Pratt, Prentiss, Reilly, Sheffer, Shipley, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Yall, Vanerveer, Wagener, Web-

ster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—100.

NAYS—Messrs. Adams, Alexander, John W. Allen, Aycrigg, John Bell, Bond, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, John Campbell, Wm. B. Carter, Chambers, Cheatham, Childs, Cranston, Curtis, Cushing, Darlington, Dawson, Deberry, Dunn, Everett, Ewing, Filmore, Jas. Garland, Rice Garland, Goode, James Graham, Wm. Graham, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Henry, Herod, Hoffman, R. M. T. Hunter, Jennifer, Wm. C. Johnson, Lewis, Lincoln, A. W. Loomis, Marvin, S. Mason, Maury, Maxwell, McKennan, Menefee, Mercer, Milligan, Calvary Morris, Naylor, Noyes, Ogle, Parmenter, Patterson, Patton, Peck, Phillips, Pickens, Pope, Potts, Jr. Bariden, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Southgate, Stanley, Stratton, Taliaferro, Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Lewis Williams, Sherrod Williams, Christopher H. Williams, Wise, and Yorke—96.

So this amendment was agreed to, and the following was then taken up:

12th. Add to the 40th rule the following clause:

"No bill or resolution shall, at any time, be amended by annexing thereto, or incorporating therewith, any other bill or resolution pending before the House, nor by any proposition containing the substance, in whole or in part, of any other bill or resolution pending before the House."

Mr. BELL briefly opposed this amendment on the ground that, though it might correct an occasional abuse, yet its adoption would too much cripple the House, for it would be unable to engraft a bill of the Senate, which all might deem expedient.

Mr. MERCER then moved to strike out all after the word "house" in the third line; agreed to; and the original amendment, as amended, was agreed to.

The following amendments were agreed to without a division:

13th. Amend the 55th rule by adding two standing committees, each to consist of five members, to precede, in the enumeration of committees, that of Revisal and Unfinished Business—a Committee on Patents, and a Committee on Public Buildings and Grounds.

Insert after 74th rule the following rules:

"It shall be the duty of the Committee on Patents to consider all subjects relating to patents which may be referred to them, and report their opinion thereon, together with such propositions relative thereto as may seem to them expedient."

"It shall be the duty of the Committee on Public Buildings and Grounds to consider all subjects relating to the public edifices and grounds within the city of Washington which may be referred to them, and report their opinion thereon, together with such propositions relating thereto as may seem to them expedient."

Amend the 55th rule, by striking out "two," and inserting the word six, after the word twenty.

14th. Amend the 38th rule, by substituting for the first clause thereof the following words, to precede the words "a motion to strike out and insert."

"Any member may call for the division of a question, which shall be divided if it comprehend propositions in substance so distinct, that one being taken away, a substantive proposition shall remain for the decision of the House."

15th. In lieu of the 83th rule insert the following:

"Every bill shall be introduced on the report of a committee, or by motion for leave. In the latter case, at least one day's notice shall be given of the motion; and the motion shall be made, and the bill introduced, if leave is given, when resolutions are called for; such motion, or the bill when introduced, may be committed."

Amend the 91st rule, by inserting after the words "on what day," "if no motion be made to commit, the question shall be stated on its engrossment; and if it be not ordered to be engrossed on the day of its being reported, it shall be placed in the general file on the Speaker's table, to be taken up in its order."

The following amendment was then taken up:

17th. From the 107th rule strike out the words "at least two-thirds," wherever they occur, and insert the words "a majority."

[The effect of this rule is well known: that of requiring a majority of two-thirds of the members present to take up any business out of its order, to make special orders, to suspend the rules, &c.]

Considerable discussion arose on the propriety of this amendment, in which it was opposed by

Messrs. MERCER, LEWIS WILLIAMS, EVERETT, BELL, DRIGGS, CUSHING, FILLMORE, WISE, CALHOUN of Massachusetts, and REED, and sustained by Messrs. HAMER, CRAIG, and SMITH; when

Mr. EVERETT asked for the yeas and nays, which were ordered.

The discussion was further continued by Mr. POPE, against the resolution, and in a few words by Mr. HAMER, in favor of it; when the question was taken, and decided in the negative—yeas 90, nays 121, as follows:

**YEAS**—Messrs. Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Brodhead, Bronson, Buchanan, Cambreleng, T. Carter, Chace, Chapman, Cilley, Claiborne, Clark, Connor, Craig, Cushman, Day, De Graff, Edwards, Farrington, Fairfield, F. Fletcher, Fry, Gallup, Gray, Haley, Hammond, Hamer, Harrison, Hawkins, Hayes, Holsey, Holt, Hopkins, Howard, Hubley, Ingham, J. B. Jackson, J. Jackson, J. Johnson, N. Jones, John W. Jones, Klingensmith, Leadbetter, Logan, Arhaxed Loomis, James M. Mason, Martin, Robt. McClellan, A. McClellan, McClure, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Noble, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petriken, Phelps, Plumer, Pratt, Prentiss, Reilly, Sheffer, Shipley, Smith, Spencer, Taylor, Toucy, Towns, Turrey, Vail, Wagener, Webster, Weeks, Thomas T. Whittlesby, Jared W. Williams, and Worthington—90.

**NAYS**—Messrs. Adams, Alexander, John W. Allen, Ayer, Bell, Biddle, Bond, Borden, Briggs, Bynum, William B. Calhoun, John Calhoun, W. B. Campbell, John Campbell, W. B. Carter, Casey, Chambers, Cheatham, Childs, Cleveland, Col. S. Corwin, Cranston, Crocker, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dunn, Dromgoole, Dunn, Elmore, Everett, Ewing, Richard Fletcher, Filmore, James Garland, Rice Garland, Glascock, Good, James Graham, W. Graham, Gruntland, Graves, Grinnell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Henry, William Herod, Hoffman, William H. Hunter, R. M. T. Hunter, Jenifer, W. C. Johnson, Kemble, Legare, Lewis, Lincoln, Andrew W. Loomis, Marvin, Samsen Mason, Matur, May, Maxwell, McKay, McKenna, McNeef, Mercer, Milligan, Matthias Morris, Alvary Morris, Murray, Naylor, Noves, Ogle, Patterson, Patton, Peck, Phillips, Pickens, Pope, Fortis Rariden, Keel, Rencher, Richardson, Ridgway, Rives, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, S. S. Snyder, Southgate, Stanley, Stewart, Stratton, Tallafiero, Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Lewis Williams, Sherrod Williams, Christopher H. Williams, Wise, Yell, and Yorke—121.

So the amendment was disagreed to.

The following additional rule, reported by the select committee this morning, was agreed to:

"The rules of parliamentary practice comprise Jefferson's Manual, and shall govern the proceedings of the House in all cases in which they are not inconsistent with the rules of the House, and the joint rules of the Senate and House of Representatives."

The following joint rule was also agreed to on the part of the House, and a message ordered to be sent to the Senate to acquaint that body therewith:

"No spirituous liquors shall be offered for sale or exhibited within the Capitol, or in the public grounds adjacent thereto."

Mr. UNDERWOOD submitted an amendment to change the proceedings under a call of the House, by depriving the absent members of the day's compensation, etc. unless they excused themselves. **Lost.**

Mr. BELL moved an additional rule, that no division or count of the House should be taken by tellers, but upon a motion seconded by at least one-fifth of a quorum. Agreed to.

Mr. UNDERWOOD submitted an amendment to the 17th rule, providing that the Chair should call for reports from standing committees in the order they are named in the 55th and 74th rules, which, after a few remarks from Messrs. RENCHER and HAMER in opposition to it, and by Messrs. UNDERWOOD, WISE, LEWIS WILLIAMS and HOWARD in its support, was agreed to.

Mr. PATTON proposed a substitute for the ninth rule of the House, viz: that in all cases the Speaker should vote, and when the vote was equal the question should be lost.

Mr. ROBERTSON moved an amendment that the Speaker be required to vote last.

Mr. PATTON preferred that his name should be called in the order of names; but he was indifferent about it. In some of the State Legislatures he was called first, in others—as in Virginia—last; but he preferred the plan he first intimated best. Mr. P. considered the rule, as it at present stood, as unconstitutional, and violative of the rights of the Speaker as a Representative, and of his constituents also, both of whom were, in his opinion, improperly deprived of his vote by the old rule.

Mr. THOMAS replied that, by the standing

rules already in force, the Speaker could vote in two cases. First, when his vote being given would make the division of the House equal, when the question would be lost. Second, when it was equal, he had the casting vote. The Speaker, therefore, would not receive any new right under the proposed alteration of the rule than he now had. Mr. T. was not disposed to make any change; for, in times of high party excitement, the annunciation of his vote, especially if first given, might have a too powerful influence.

Mr. ADAMS remarked, that if they gave the Speaker the right to vote, they could not deprive him of the right to speak, of giving reasons for his vote, as in Committee of the Whole, where the Speaker could both vote and speak. Hence Mr. A. was opposed to the adoption of this new rule.

Mr. PATTON was not aware that there was any rule of the House prohibiting the Speaker from participating in the discussions of the House; certainly not in terms. He would, however, offer an amendment expressly giving him that right, in the following words: "And that the Speaker, whenever he desires to debate any question under consideration, shall be at liberty to call any member to the Chair."

Mr. HAMER thought they were proceeding in a not very commendable haste, by adopting a number of important amendments without their being first printed, or laid before them, or even any time given for reflection; so that their effect, if adopted, might be ascertained.

In regard to the proposition under consideration, he would ask, why should it be adopted? The gentleman from Virginia informed them that he thought the rule exempting the Speaker from voting, or prohibiting him from voting, was against the provisions of the Constitution. Why, what provision of the Constitution prohibited a member from voting on a question in which he was interested? None. Yet that was one of the rules of the House of which no one complained. Could any one doubt their power to go further? Who had complained of the operation of this rule? When they made new laws, they should be to remedy some existing defect, or some existing evil, which had been complained of. Was there any evil resulting from the operation of this rule. Not one; and so far as he knew, even the House had suffered no inconvenience from it, whatever. Had the constituents of any gentleman heretofore elected as the presiding officer of the House complained that their privileges were violated from his not giving his vote there? Mr. H. had heard no such complaint. Had the people of the country at large? None. None that had reached his ear at least. Then if no complaints came, if no evil was felt or complained of, why change a rule that had prevailed from the organization of the Government to the present time?

Mr. LEWIS WILLIAMS moved to lay the amendment on the table.

The CHAIR remarked that the whole subject, if the motion should prevail, would cohere to the amendment, and thereby the whole subject would be laid upon the table; whereupon

Mr. WILLIAMS withdrew his motion, and the amendment of Mr. PATTON was rejected.

Mr. PETRIKEN submitted an amendment proposing that all elections of appointments by the House should be *viva voce*, instead of by ballot, and asked for the yeas and nays; but they were not ordered, and the amendment was lost.

Mr. LINCOLN submitted an amendment, providing that in cases of balloting by the House, blanks should be ejected, and not taken in the count in the enumeration of votes. Agreed to.

Mr. DAWSON submitted an additional rule, that there be a standing committee on the mileage of members; which was agreed to—67 to 82.

Mr. THOMAS submitted an amendment to the 19th rule, "that a precedence shall be given to those bills which shall not cause debate."

After some remarks by Messrs. THOMAS, UNDERWOOD, and WILLIAMS of North Carolina, the amendment was disagreed to.

Mr. HARRISON moved to amend the rule in relation to calling the States in order for petitions, by

commencing at Maine and Wisconsin alternately; agreed to.

On motion of Mr. MERCER, The rules, as amended, were then adopted, and ordered to be printed.

On motion of Mr. HARLAN, it was ordered that when this House adjourn, it adjourn to meet on Monday next.

The SPEAKER laid before the House a communication from the Secretary of the Treasury, in answer to a resolution of the House of the 11th instant, upon the subject of the pay of members of the House; which was laid on the table, and ordered to be printed.

On motion of Mr. CAMBRELENG, the bill from the Senate to postpone the fourth instalment of the deposits with the States, was read a first and second time, and committed to the Committee of Ways and Means.

On motion of Mr. BRIGGS, The House then adjourned to Monday next.

## IN SENATE,

SATURDAY, September 16, 1837.

A message was received from the House of Representatives, stating that it had passed a joint resolution prohibiting the sale of spirituous liquors in the Capitol and the public grounds—laid on the table.

Mr. CLAY of Alabama presented a petition from William Jackson, a soldier of the Revolution; which was laid on the table.

Mr. PRESTON presented a petition from John Gardner, praying the examination of a life preserver.

Mr. LINN presented a petition from sundry citizens of St. Louis, praying the establishment of a national bank; which was laid on the table.

## ISSUE OF TREASURY NOTES.

The Senate then took up the bill authorizing the Secretary of the Treasury to issue Treasury notes, when

Mr. CALHOUN said, that with regard to one point in the bill—the payment of interest on the Treasury notes—which the Senator from Massachusetts so much approved, was to his (Mr. C's) mind just as objectionable. Nor was he satisfied with the bill, for he really could not make up his mind as to any one scheme for raising the necessary means, until it should be perfectly understood as to what was to be done in reference to the great point of separating the Government from the banks. It appeared to him that all the measures to be passed upon ought to converge to that point, if there was any intention to make it, and this among the rest. As the law now stood, the Secretary of the Treasury would be compelled to receive the notes of all specie-paying banks; and if there should be a resumption of specie payments, all the notes of all the banks would be received. If Congress should adjourn without coming to the conclusion of separating the Government from the banks, the result of passing this and the other measures would be to collect the money in Sub-Treasury bills and bank notes. If it was intended to restore the connection with the banks, or even if it was not the intention, this bill ought to be different from what it was. In fact, in neither alternative could he well agree with the provisions of the bill. Being in this dilemma, he should feel himself compelled to move an amendment to it, for the sooner a decision was had on that important point the better. To prove whether it was the design of the Senate to make a separation or not, would depend upon the course adopted here. If a separation was to be made, now was the acceptable time. And, if the opportunity was not now embraced, perhaps it never would be. Under this impression, it was his wish, (for this was a subject which required some little reflection,) that the further consideration of the bill should be postponed till Monday, by which time he would be enabled to prepare his proposition. Upon the great point of separation between the banks and the Government, his opinion had long been made up. He firmly believed that the real alternative was a separation, or a Bank of the United States. He had so declared himself in 1834. He had never seen any reason to change that opinion. On the contrary, the realizing of all the ad-



terceptions he had then mentioned, had happened. The catastrophe had come upon the Union, and now was the time to act. In his own view of the subject, this project of separation was one of the greatest measures that ever was or ever could be presented to the country. It was due to the country, due to ourselves, due to posterity, that gentlemen on all sides should meet this crisis openly, boldly, directly—state their plans, and come out with their views. He thought there appeared to be a backwardness on this subject. Although painful as the task was, he would himself be prepared to go into the subject on Monday, and would then ask some questions in regard to it. He then moved to postpone the further consideration of the bill till Monday.

Mr. WRIGHT said that he was not disposed to deny to the honorable Senator any opportunity of presenting his propositions, nor was he at all unwilling to act upon any proposition consistent with the business before the Senate. His (Mr. W's) own opinion, however, was—for it was a matter of deep deliberation in the committee—that that proposition ought not certainly to be connected with this bill. Whatever should be determined, whatever should govern the action of Congress on that subject, the Treasury must have the means to go on. He knew that the question proposed by the Senator from South Carolina was one upon which a great diversity of opinion existed in this body and the ether; and it was the purpose of the Committee on Finance so to disconnect the measures that one should not retard the other. He (Mr. W.) knew that there existed the most pressing necessity for this bill, because the Treasury found it almost impossible to meet the demands of the public creditors. He therefore hoped that Congress would come to a speedy determination as to the measures before them. With every disposition to receive the propositions of the honorable Senator, he felt himself bound to hope that the Senate would not consent to postpone the bill, or to connect it with any other measure.

Mr. CALHOUN said it was impossible to say how the Treasury could be relieved until he knew what were the means to be adopted. If the measure were now forced upon him, he would be compelled to vote against it. He felt a due and proper sensibility for the Treasury, but at the same time there was something due to the sympathy of the people, when the country was in so much distress. Mr. C. then asked for the yeas and nays.

Mr. BENTON said that as one connected as he had been with the deposit bill, he could not agree to vote for any postponement of the bill which might have the effect of connecting any other proposition with it.

Mr. WALKER hoped the motion for postponement would prevail; it was but reasonable he thought to allow the gentleman from South Carolina that short period of time to prepare his amendment, and give his views on the provision of the bill. He confessed, he, for one, was anxious to hear these views, and he believed the country generally partook of that feeling.

Mr. KING of Alabama said that no gentleman could be more willing to extend to the Senator an opportunity of presenting his views, than he was; but the importance of immediate action on this bill was apparent from what had fallen from the Senator of New York. If the gentleman conceived it was necessary so to amend the bill as to change its present features, he hoped he would see the necessity of doing so at once. He regretted that he was reluctantly compelled to vote against the postponement.

Mr. CALHOUN said, that if it were the intention of the Senate, or rather of the administration, to restore gradually the connection between the Government and the banks, then, in his opinion, instead of issuing Treasury notes, Congress ought to make a provisional loan. We had ample means, but not available at once, for they were locked up, and could not be had. Instead of issuing Treasury notes, and creating a new debt, and funding these notes, you ought to make notes payable on the State banks, and, as the means come in, pay off these notes. And if it were intended to carry out the views contained in the message, there

never could be a more favorable time than the present. Let him tell gentlemen who sustain the administration, that they must come out boldly, fearlessly, and show their hands at once; though he had not proposed this measure with that view, but merely to put the bill in such a shape as would carry out his proposition; and he therefore hoped he might be indulged in his reasonable request of postponement until Monday—the pressing demands on the Treasury were trifling, compared to this great and momentous subject.

Mr. NILES remarked that as the gentleman from South Carolina wished to bring before the Senate his proposition, and as it must come before us and before the country sooner or later, the sooner it came the better; and he would vote in accordance with the wishes of the gentleman.

After two or three words from Mr. WRIGHT in explanation,

The question was taken on postponing the further consideration of the bill, and it was decided in the affirmative—yeas 28, nays 18, as follows:

YEAS—Messrs. Bayard, Black, Brown, Calhoun, Clay of Kentucky, Clayton, Crittenden, Grundy, Kent, King of Georgia, Knight, Linn, McKean, Nicholas, Niles, Preston, Roane, Robbins, Robinson, Ruggles, Sevier, Smith of Connecticut, Southard, Strange, Walker, Wall, White, and Young—28.

NAYS—Messrs. Allen, Benton, Buchanan, Clay of Alabama, Fulton, Hubbard, King of Alabama, Lyon, Morris, Norvell, Pierce, Smith of Indiana, Swift, Tallmadge, Tipton, Webster, Williams, and Wright—18.

#### IN SENATE,

MONDAY, September 18, 1837.

Mr. RIVES gave notice of his intention to bring in a bill to designate the funds in which the public revenue should be received.

Mr. WRIGHT presented a petition from sundry merchants of New York, praying an extension of the time in payment of the custom-house bonds; which was laid on the table.

Mr. WRIGHT also presented a memorial from certain merchants of New York, praying remission of duties on such goods as had been burned at the late fire in that city. This memorial was referred to the Committee on Finance, and ordered to be printed.

Mr. MCKEAN presented a memorial remonstrating against the annexation of Texas; which was laid on the table.

Mr. TALLMADGE presented a memorial praying the establishment of a national bank; which was laid on the table.

Mr. RUGGLES presented a memorial remonstrating against the admission of Texas; which was laid on the table.

Mr. WALKER introduced the following resolution:

*Resolved*, That the Committee on Commerce be instructed to inquire into the expediency of establishing ports of entry at Vicksburg and Grand Gulf, in the State of Mississippi.

The joint resolution from the House of Representatives, excluding the sale of spirituous liquors within the Capitol and the sale of the public grounds, was then taken up, and unanimously adopted.

#### ISSUE OF TREASURY NOTES.

The bill to authorize the Secretary of the Treasury to issue Treasury notes being taken up for a third reading—

Mr. CALHOUN rose and addressed the Senate at considerable length. He commenced by observing that the question which they had to decide was what relation the Government and the banks shall bear to each other hereafter? Shall the Government again use the banks as fiscal agents? Shall they make them the depositories of the public funds? and, above all, shall they receive their notes as specie, and treat them as such in their disbursements? This was the great, the leading question; one of the first magnitude—one full of consequences. He had given it his most deliberate and anxious investigation. He had come to this conclusion—that the interests, both of the banks and the Government, forbid a reunion. He would now offer his views in support of the

measure. He would present them in that manner which became the occasion—which became the country, and which was due to himself. All that he asked was, that credit for sincerity might be given him for the opinions he would give, and that he might be judged with that candor which he would give others credit for.

Those who were in favor of a reunion would find a preliminary difficulty. The banks and the Government were already separated by the operation of laws; and so long as those laws remained in force, they could not be reunited. There were none in this body in favor of their union; none who would be willing to use the banks as the fiscal agents of the Government, as long as the present state of things remain which had produced the separation; none would be willing to make them the depositories of the public funds; none would be willing to receive their notes. This difficulty must be overcome. He did not believe that either the friends of the administration, or those of the opposition party would be found the advocates of a reunion. He thought that reason and experience were most decidedly in favor of disconnecting the banks from the Government. If the Government was to be connected with the banking system, a United States Bank was indispensable. He would go further, and say that if we had a right to receive and treat bank notes cash in the receipts and expenditures of the Government, we not only had a right to create a national bank, but were bound to create one. Whatever the Government treated as money, they had a right to receive as money; and under the provision of the Constitution which requires all taxes to be uniform throughout the United States, we were bound to make the money as uniform as possible. These were no recent opinions of his, for he had so expressed himself on the deposit question in 1834. He then said: "Gentlemen, you have not gone far enough. If you intend to war against the bank, you must go a step further—you must separate *in toto* from all banks, or have a Bank of the United States. However, not having separated from the banks, we now felt ourselves involved in the present distress. Now the alternative had arisen between a disconnection with the banks, or a Bank of the United States. This was the issue. One of two courses must be pursued. Then, again, the question recurred: how were we to get a bank? for we had reason to believe that the public voice was opposed to such an institution; at least one great, old, consistent, uniform party, so numerous and so respectable that their opinion on this question ought to be respected, until there should be an amendment of the Constitution. Again: one branch of the Government stood openly pledged before the world, upon constitutional grounds, not to give its sanction to the re-establishment of a bank. He contended that there must be a political revolution first, and we should have to wait four years before the struggle took place. And what, he would ask, was to be the condition of the Treasury in the mean time? Were we to remain disconnected, or are we to unite ourselves with the State banks?"

He would say, that if the disconnection remained so long, the fate of a Bank of the United States would be sealed for ever. He would tell gentlemen on the other side, that if they succeeded in reuniting the Government with the State banks, there would not be a chance of getting a Bank of the United States on God's earth, until another catastrophe like the present should have again occurred. He knew little of the human heart who believed there was any possibility of getting a bank while eight hundred banks were in successful operation, for they would never permit the introduction of a great and overshadowing institution, which would have the effect of destroying them. Yes, they would have to wait until another catastrophe comes.

He entertained the opinion, that if a Bank of the United States should be established, the pressure which would follow that event, would be even greater than the present. A bank competent to its purposes, calculated to meet the great increase in the trade and commerce of the country, should have a capital of one hundred millions, with a specie basis of fifteen or twenty millions. But

where, he asked, was it to come from? The consequence of the creation of a new bank, and the accompanying resumption of specie payments, would be destructive to the State banks. But where was the money to be had? from abroad—from England? We had heavy debts to pay that country, and if we attempted in the midst of the present state of things to draw back the specie, the revolution would be at least equal to the one we have just witnessed. Gentlemen were inclined to think that the present crisis is like that of 1816. Now he was certain that there was no analogy between the two cases. On the contrary, it was directly opposite. The crisis of 1816 was a small affair compared with this. Mr. C. explained the difference between the circumstances of that day and those of the present. Among the measures proposed then, as now, was a bankrupt law. He was opposed to a bankrupt law, because he considered it too harsh a measure. Besides, it was utterly unconstitutional. He maintained that should we try a Bank of the United States, under the existing circumstances, the recoil would be overwhelming. He, for one, would not be willing to make the attempt. He knew it would compel specie payments, not as a reformer, but as a destroyer. The greater portion of the State banks would be swept from the board. And, even if there were no other objections to the measure, this was a sufficient one for himself.

Mr. C. went into a brief history of facts connected with the passage of the bill of 1816, rechartering the Bank of the United States, and the part which he took on that occasion.

There was but one mode in which the Government could re-unite itself with the bank without producing distress; but that mode was infinitely objectionable to the South. He meant, by the Government adopting the United States Bank of Pennsylvania as a fiscal agent. The adoption of that course would compel a resumption of specie payments, with much less force than a new Bank of the United States would. But he never could bring his mind to give such a preference to one State over another. Nor could he consent to make an institution the fiscal agent of the Government which owes its existence to a law of a State. In the attack made upon the bank by the late President of the United States, over which Mr. Biddle presided, he (Mr. C.) had sustained it as far as he could upon constitutional and legal grounds. The bank, however, owing to the great talents of Mr. Biddle survived the shock. To adopt that bank, under all the circumstances of the case, would be a triumph to it over the country. It would go far to make the bank the Government itself. He repeated that he never could give his consent to make that bank the fiscal agent of the Government. He could not agree to a re-union of the bank with the Government, because he regarded a union as the great cause which incapacitates bank notes from performing the office of a sound currency. It was one of the greatest causes of contraction and expansion by the bank, and which could produce such a catastrophe as now had happened. Bank notes, under the best circumstances, were ill suited to perform the functions of a currency for the country. Contractions and expansions of the currency, as had been evidenced, could be resorted to, and the practice of which converted the whole country into gamblers and speculators. The great source of their expansions resulted from a union between the banks and the Government. One great and powerful reason which contributed to the circulation of a bank note was, that it not only represented the credit of the bank, but the credit of the Government itself.

The consequence of a connection between the Government and the bank was, that just as the fiscal action of the Government increased from time to time, the banking transactions must also increase, or contract in the same proportion. The great and leading cause of the present overthrow of the banks was the connection between them and the Government.

Mr. C. next adverted to the passage of the different tariff acts from the year 1824, and proceeded to state that the consequence of the last act that

was passed was to turn the exchanges of the United States in favor of England, and that the bank had, just prior to General Jackson's attack on it, expanded its issues in a remarkable degree, which was made, in his (Mr. C's) opinion, the pretext for a war against that institution. In his estimation, General Jackson did wrong in pursuing that course. The charter was about to expire, and an admirable opportunity would have offered for renewing the charter for a limited time, so as to outlive the charter of the Bank of England.

With regard to the removal of the deposits, he had, at the period of that event, but one opinion, and that was that the catastrophe which had occurred would come; and it had come at last. The tariff acts of 1824, '28, combined with the measures adopted in the British Parliament after that period, had produced a change in respect to the currency of the country. The two acts in question, particularly, gave a westward course to the metallic currency, and which was increased by the movements of the General Government. It was a remarkable fact, that the three great suspensions which had taken place in England and the United States, the present one, one in 1813, and the one in Great Britain in 1797, (he believed) all resulted from the connection of the banks with the Government; and, to this cause, in his opinion, the fluctuating of the bank currency was attributable.

He went on to argue that the granting of a charter for a national bank in Pennsylvania, or to any other State, would have the effect of concentrating the commerce and business of the country there, to the prejudice of other portions of the Union. He, in fact, regarded the giving of a charter as making a preference in favor of one State over another, which was contrary to the spirit and genius of our Government. He maintained that, prior to 1834, there was little or no connection between the Government and the bank. It stood upon a solid basis, and there was little or no accommodation on either side. The blow against the bank had commingled the Government and the bank, and that blow would remain until the Government became the bank, or the bank the Government. There was, then, no other alternative, in his opinion, but a separation. He proceeded to observe that he entertained no hostility whatever to the bank, and he had dear friends who would be affected by the decision of the present question. He blamed not the banks, nor the stockholders and directors, for the many evils which had arisen. They had grown up without any man seeing the cause. Nothing but time and experience could develop it.

What remained to be done was to re-organize the Treasury—to reform the agents of the Government. Nothing but their adoption of this course would suit the new condition of things. How that was to be brought about he could not at present say. It must not be a Treasury bank. No bill should have his vote which was in any way connected with the patronage of the Government. He declared that he entertained the most implacable and deadly hatred to any extension of Government patronage.

[Here Mr. C. stated the objects of the amendment he intended to offer, which would be found below.]

He remarked that he desired the aid of the supporters of the administration to carry his measure, for without it nothing could be carried. If he could see his way as clear as the light of Heaven, he would not trust the execution of a measure to unwilling hands.

With respect to relief for the country: We owed money, and it must be paid, and relief only would come in time, and by frugality and industry. He regarded the growing crops of cotton in Alabama, Louisiana, and Mississippi, and the rice and tobacco crops, as principally calculated to bring about relief to the country.

After a few other remarks, Mr. C. offered the following proposition:

SEC. And be it further enacted, That from and after the first day of January, eighteen hundred and thirty-eight, three-fourths of the amount due to the Government, for duties, taxes, sales of public lands, or other debts, may be paid in the notes of specie-paying banks; and that from and after the

first day of January, eighteen hundred and thirty-nine, one half may be so paid; and from and after the first day of January, eighteen hundred and forty, one-fourth; and from and after the first day of January, eighteen hundred and forty-one, all sums due, for duties, sales of public lands, or other debts to the Government, shall be paid only in the legal currency of the United States, or in such notes, bills, or paper issued under the authority of the same, as may be directed to be received by law.

Mr. BENTON said he fully concurred in the object of the amendment. He then offered the following amendment, and moved that it be printed, together with the proposition offered by Mr. CALHOUN, and laid on the table; which was agreed to:

SEC. And be it further enacted, That the collection and disbursement of the revenues shall continue to be made in the kinds of money directed by existing laws, until the day of next; from and after which time all the revenues of the United States, and of the General Post Office, and all payments to them, shall be received in gold and silver coin only, except in cases in which Treasury notes, or land scrip, may be receivable by law; and on all payments so made in gold coin, a discount of one per cent. shall be allowed in favor of the payer. And, from and after the same day, every officer or agent engaged in making disbursements on account of the United States, or of the General Post Office, shall make all payments in gold and silver coin only, or in Treasury notes when authorized by law; and any receiving or disbursing officer, or agent, who shall neglect, evade, or violate, the provisions of this section, shall be dismissed the service, and shall forfeit all compensation which may then be due him.

SEC. And be it further enacted, That it shall be the duty of the Secretary of the Treasury to prescribe regulations to enforce the speedy presentation of all Government drafts for payment at the place where payable; and, in case of unreasonable delay in such presentation, payment of the draft so delayed may be made at any other place within the limits of the United States.

Mr. BENTON also offered the following bill, which was laid on the table and ordered to be printed:

A BILL to re-establish the currency of the Constitution for the Federal Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That bank notes and paper currency of every description shall cease to be received, or offered in payment, on account of the United States, or of the Post Office, or in fees in the courts of the United States, as follows: of less denomination than twenty dollars, none after the third day of March, eighteen hundred and thirty-seven; of less denomination than fifty dollars, none after the third day of March, eighteen hundred and thirty-eight; of less denomination than one hundred dollars, none after the third day of March, eighteen hundred and thirty-nine; of less denomination than five hundred dollars, none after the third day of March, eighteen hundred and forty; of less denomination than one thousand dollars, none after the third day of March, eighteen hundred and forty-one; and none of any denomination from and after the third day of March, eighteen hundred and forty-two.

SEC. 2. And be it further enacted, That any person holding an appointment under the laws of the United States, and any bank employed to keep public moneys, which person or bank shall neglect, evade, violate, contravene, or in any way elude, or attempt to elude, the provisions of this act, shall be guilty of an offence against the laws; and the person so offending shall be liable to be dismissed from the service, and the bank so offending shall, on satisfactory information, be discontinued as a depository of public moneys.

Mr. BENTON then spoke at length in favor of the bill authorizing the issue of Treasury notes.

Mr. WALKER moved to strike out the words in the eleventh line of the second section, giving six per cent. interest on the Treasury notes. Mr. W. was averse to these notes bearing interest, because they would at once find their way to Great Britain, where they would be held by capitalists, and thus

create a debt to foreigners, which he was unwilling to do. What, he asked, was the cause of the rise of cotton in the South at the present time? Why, that that great staple was used as the means of making remittances to Europe; and if those Treasury notes, bearing an interest of six per cent. were issued, the notes would usurp the place of the cotton, and be retained by foreign capitalists, while the great staple would be depreciated in price. His own State (Mississippi) and Alabama, he would affirm, grew one-fourth of the cotton crop raised in the southwest, and he could not think of lessening the value of these crops, which would be the inevitable tendency, if this rate of interest on these bills were to be established.

Mr. WRIGHT went into an explanation of the causes why the Committee on Finance had fixed the rate of interest. It was in order, he said, to make the notes equal in all respects to gold and silver, which the public creditors might otherwise refuse. It should be observed, however, that these notes were made redeemable in one year, for which period they bear that rate of interest, and for that only. Mr. W. expressed his sincere desire that the bill might be permitted to pass in its present shape.

Mr. KING of Georgia stated that the high respect he entertained for the opinions of his friends from Carolina and Mississippi, induced him to make a remark or two against the amendment they proposed. In answer to the Senator from Carolina, he stated it to be a law of currency, admitting few or no exceptions, that where two mediums of circulation were in circulation, the one answering all the purposes of the other, and one valuable purpose besides, the currency answering an additional purpose would bear a premium over the other. This principle was practically illustrated in the transactions of the Government. Treasury drafts, he said, answered now the purposes of internal exchange, and also were equal to specie in the receipt of Government dues. Yet specie answered this purpose, and one purpose beyond; that is, it is in great demand to pay a heavy foreign debt. The drafts were transfers less valuable than specie. If, then, we proposed to pay our creditors at par, and to offer them Treasury notes, or specie, at their option, we should be able to get but a small amount in circulation, unless they bore an interest sufficient to make them equal to specie. The Secretary would, of course, only use the discretion of adding interest so far as to make them acceptable at par by the creditors of Government. Without this, until exchanges were more favorable to us, we might not be able to get any of them into circulation. A few might be accepted from convenience, but he feared, to no great extent.

In answer to his friend from Mississippi, he thought his position extraordinary. The argument went in favor of a permanent depreciation of our foreign exchanges. The causes mentioned by the Senator might give at the present moment an activity to the demand for cotton; but did not his friend see that the operation of these causes were merely temporary, and actually grew out of the distresses of the country. A depreciated paper money would be given for cotton for the purposes of remittance, because nothing else could be procured, without heavy sacrifices, that would answer that purpose; but until the foreign exchanges be favorably changed by reducing our foreign debt, what would the cotton be worth after it gets to Europe? The value of the raw material there depends much on our consumption of the manufactured article here; and what would we or could we consume of European manufactures with this heavy foreign debt, and an exchange of twenty per cent. bearing against us? He would venture to say until we could produce some favorable alteration in the exchanges, that the consumption of the United States of European manufactures would not produce a revenue of eight millions of dollars. If, then, these notes should go abroad in reduction of our foreign debt, they would perform a very valuable purpose. But he said he had no apprehension of this to any or much extent. There was too much of our paper credits in Europe already, and gold was much more valuable there than here; and he referred to the price of the bonds of the

United States Bank in Europe, to prove that specie was still a much better remittance. There was little danger, then, that those notes which were payable here, and in so short a period as one year, would take the flight which his friend anticipated. So limited an amount, and payable in the United States, and not in Europe, would be more valuable for our own purposes here than for remittance. He therefore hoped the discretion would be retained. If the anticipations of the Senator from Carolina were correct, that they would circulate without interest at par, the interest would be made merely nominal; but without the discretion, the bill might fail to answer any valuable purpose to the Government.

Mr. WALKER said his views remained unchanged. If the present system continued, it might be disastrous; but he must look to things as they are at present, and be governed accordingly. He maintained, from his own knowledge of what was going on, that these "paper kites," as the gentleman termed them, would take their flight to Europe, and that, in so doing, they would materially injure the prices of the present crop. He would agree, however, to modify his motion so as to meet the objections of gentlemen, and would, therefore, move to strike out the word "six," and insert "three;" for which motion he would ask the yeas and nays.

Mr. WEBSTER made some remark, not distinctly heard, but believed to the effect that, as the interest was for one year only, the period at which the notes were redeemable, it could not be a matter of any great consequence.

The question having been taken on Mr. WALKER's amendment by yeas and nays, there appeared for the amendment six, against it forty.

The question was then taken on the engrossment of the bill by yeas and nays, and decided as follows:

YEAS—Messrs. Allen, Bayard, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Clayton, Fulton, Grundy, Hubbard, Kent, King of Alabama, King of Georgia, Knight, Lyon, McKean, Morris, Nicholas, Niles, Norvell, Pierce, Rives, Roane, Robbins, Robinson, Ruggles, Sevier, Smith of Connecticut, Smith of Indiana, Strange, Swift, Tallmadge, Tipton, Walker, Wall, Webster, White, Williams, Wright, and Young—43.

NAYS—Messrs. Clay of Kentucky, Crittenden, Preston, Southard, and Spence—5.

#### EXTENSION OF REVENUE BONDS.

The bill to postpone the payment of the duties on revenue bonds having been read a second time,

Mr. WEBSTER moved a further extension of time than that contemplated in the bill, which was for six months. Mr. W. entered into some reasons to show why this extension should be granted as a matter of indulgence.

Mr. WRIGHT said that a memorial had been received from the merchants of New York, praying an extension of twelve months, showing the causes why this additional extension was asked; the committee, Mr. W. believed, were generally favorable to some additional indulgence, and he would adopt the nine months, as proposed by the gentleman from Massachusetts. The blank was accordingly filled with *nine*, and the bill ordered to be engrossed for a third reading.

On the question for engrossing, Mr. SEVIER asked for the yeas and nays.

The bill for adjusting the claims on the deposit banks having been read a second time,

Mr. WALKER moved to insert in the room of "two, five and eight," the words "*four, six, and nine months*," which was adopted, and the bill ordered to be engrossed for a third reading.

The bill authorizing merchandise to be deposited in the public stores having had its second reading,

Mr. CALHOUN moved to postpone the bill until the regular session, not deeming its passage of material import at the present juncture.

Mr. BUCHANAN opposed the postponement, and said that when the question was taken on the passage of this bill, he should move it be taken by yeas and nays, as he wished to record his *unhappy* support.

Mr. KING of Alabama would oppose the postponement of the bill for so long a period as the

next session. He was willing, however, to give the Senator from South Carolina time to look into its provisions, and would therefore move that it be postponed until Monday next; which was agreed to.

And on motion of Mr. WRIGHT, the Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

Monday, September 18, 1837.

The Hon. Mr. LYON from Alabama appeared and was qualified.

Mr. J. Q. ADAMS, on leave, submitted a motion to print two thousand extra copies of the amended rules and orders of the House, together with Jefferson's Manual; modified, at the suggestion of Mr. BRIGGS, that the same be suitably bound; which was agreed to.

Petitions and memorials were presented by Mr. EVANS of Maine.

Messrs. BRIGGS, LINCOLN, FLETCHER, ADAMS, HASTINGS, CUSHING, and PARMENTER, of Massachusetts.

[Mr. Adams asked leave to submit a resolution, as it was understood, in relation to Texas; but the Chair ruled it out of order, under the order adopted by the House some days since, not to take up any business not embraced in the President's Message.]

Mr. WHITTLESEY of Connecticut.

Messrs. KEMBLE and BRONSON of New York.

Messrs. POTTS, HENRY, M'KENNAN, and POTTER, of Pennsylvania.

Messrs. CRAIG, STEWART, and MERCER, of Virginia.

Mr. DAWSON presented memorials from Columbus and Milledgeville, Georgia, praying for the establishment of a national bank; which were severally referred to the Committee of Ways and Means.

Messrs. HARPER, LOOMIS, ALEXANDER, MORRIS, MASON, HUNTER, and WHITTLESEY, of Ohio.

Mr. LYON of Alabama.

Mr. JONES of Wisconsin.

Mr. CAMBRELENG, from the Committee of Ways and Means, reported Senate bill, without amendment, to postpone the fourth instalment of the deposit with the States; committed to a Committee of the Whole on the state of the Union.

Mr. CAMBRELENG, from the same committee, also reported a bill to authorize merchandise to be deposited in the public stores, and for other purposes; read twice, and committed to the same Committee of the Whole as the foregoing.

Mr. CAMBRELENG, from the same committee, also reported a bill to revoke the charters of such banks within the District of Columbia as shall not resume specie payments within a limited time, and to suppress the circulation of small notes therein; read twice, and committed to the same Committee of the Whole as the foregoing.

Mr. CAMBRELENG said the Committee of Ways and Means had received information from the War Department, that the former appropriations for the war in Florida were nearly exhausted, and he therefore asked for a suspension of the order of business, so that he might report a bill in pursuance of that information.

Leave being granted, Mr. C. thereupon reported a bill making an additional appropriation for the suppression of Indian hostilities for the year 1837; which was read twice, and committed as above.

Mr. CAMBRELENG also reported, from the same committee, a resolution to change the daily hour of meeting to 10 o'clock, a. m.

Mr. HARLAN moved to insert 11 o'clock, which was agreed to, and so amended the resolution was adopted.

The following resolution heretofore submitted by Mr. SNYDER, was considered and adopted:

*Resolved*, That the Secretary of the Treasury inform this House at what time the Bank of the State of Missouri was made a deposit bank, and what amount of its own notes said bank had in circulation, and what amount of specie it had in its vaults, when it was selected. Also, what amount of money is now in the hands of the receivers of public moneys in Illinois, and where the same is now ordered to be deposited.



The following resolution submitted on a former day by Mr. LOOMIS, of New York, was taken up:

*Resolved*, That the Secretary of the Treasury prepare and report to this House as soon as may be convenient, a statement showing what methods have been adopted for the safe keeping of the public funds, since the first organization of the Government under the Constitution; the length of time that each method has been in use; designating the several changes, and when made, and what losses under each method have been sustained by the Treasury, in consequence of defalcation of agents or officers so entrusted with the funds for safe keeping.

Mr. GARLAND moved to add to the resolution the following amendment:

"And that the Secretary of the Treasury be directed to communicate to this House all the correspondence between the Department and Collectors and Receivers of the public money relating to any neglect or omission on the part of any of those officers to furnish returns or accounts, or to pay over moneys in their hands, according to the prescribed regulations and the laws of the United States."

Mr. MERCER said that it would occupy ten folio volumes to submit the correspondence called for by his colleague.

Mr. GARLAND stated that his object was to ascertain the amount of defalcation on the part of the collectors and receivers; and if it occupied twenty folio volumes, he wished to have it laid before the House; and the people of the country desired it to be made public; but he apprehended that it would not occupy two quires of paper to submit the correspondence he desired to have.

Mr. LOOMIS of New York said that the information called for in his resolution could be prepared in a few days, and submitted to the House; but if the amendment of the gentleman from Virginia should prevail, he took it that it would take a much longer time to prepare the statement, and would occasion a delay which he desired to avoid. Therefore, he hoped the amendment would not prevail.

Mr. McKAY said that the public money had been generally kept in banks, and the principal part of the information required could be obtained from the report of the Secretary of the Treasury on this subject, in 1835. He however desired to know the amount of losses sustained by the Government, by receiving and disbursing agents. He therefore moved that the Secretary also report the amount of losses sustained through receiving and disbursing officers.

Mr. LOOMIS of New York said that the amount losses sustained through these officers during the last war was very considerable, and it would require a long time to prepare the information called for by the gentleman from North Carolina. He understood that the revenue had been kept in different ways—sometimes in the United States Bank, sometimes in State banks, and sometimes in the hands of individuals, and his sole and only object was to ascertain the amount of losses sustained by the different agents employed. He wished to go this far and no farther; therefore he hoped the amendments might not prevail.

Mr. MERCER remarked that his colleague had stated that all the information he had called for could be furnished on two quires of paper. Now, a few years ago, a report had been made giving the names of the different defaulters to the Government, and it appeared that they then amounted to about nine thousand, and the document made about three hundred pages.

Mr. GARLAND then modified his amendment by merely calling for the information in the years 1834, '35, and '36.

Mr. REED suggested that the better course would be to submit the different propositions separately.

Mr. McKAY said he did not wish to embarrass the resolution of the gentleman from New York, but he felt desirous of having the information called for in his amendment, and he hoped the gentleman would accept it as a modification of his proposition. If, however, the gentleman could not accept it he would withdraw his amendment.

Mr. LOOMIS remarked that the information desired by his resolution was of vast importance to the House, and interest to the country. We were now considering the subject, and this information was of the utmost importance in our deliberations, and he hoped gentlemen would not embarrass his proposition with amendments in relation to matters which would require much time to answer. He had no objection to calling for the information desired by the gentleman from North Carolina; but he hoped the proposition would be introduced separately.

Mr. WHITTLESEY of Ohio was of opinion, that the information called for by the two gentlemen in their amendments, would require months to answer, as the reports on the subject were very voluminous. He should, however, not object to the inquiries, provided that the propositions were submitted separately; but he hoped gentlemen would not now press them as amendments to the proposition before the House.

Mr. McKAY then withdrew his amendment.

Mr. GARLAND then remarked that, as he was not desirous of embarrassing the proposition of the gentleman from New York, he would withdraw his amendment, and submit it when resolutions were called for, as a separate proposition.

Mr. CAMPBELL, of South Carolina, then moved to strike out all after the word resolved, and insert the following:

"That the Secretary of the Treasury be requested to communicate to this House the aggregate amount of public money received by, and loss sustained through, the fiscal agents of the Government, from the adoption of the Constitution to the present time, discriminating between banks, Treasury officers, collectors of internal taxes, or other personal agents of the Treasury; and excepting from his statement the collectors of duties upon importations, and the receivers of the sales of the public lands."

Mr. C. explained the object of his proposition, and after some remarks by Messrs. LOOMIS and PATTON, Mr. CAMPBELL withdrew his amendment.

The original resolution was then adopted.

Mr. EVERETT, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of War be directed to lay before this House a statement of the number of Indians employed in the military service of the United States since the commencement of the present Seminole war; and copies of all orders and instructions under which Indians have been employed, or have been directed to be employed, in the military service of the United States, since the commencement of said war.

Mr. GHOLSON, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Committee of Elections be instructed to report upon the certificate of election of Messrs. Claiborne and Gholson, the members elect from Mississippi, whether they are members of the Twenty-fifth Congress or not; and that said committee take into their consideration the proclamation of his Excellency, Charles Lynch, Governor of said State, and the writ of election issued in accordance with said proclamation on the 13th day of June, 1837; and also the act of the Legislature of the State of Mississippi, entitled an act to regulate elections, approved March 2d, 1833.

Mr. GARLAND of Virginia, on leave, submitted the following as a counter project to the one submitted by the Committee of Ways and Means, which was laid on the table and ordered to be printed:

*Be it enacted*, &c. That the Secretary of the Treasury be, and hereby is, required to adopt such measures as he may deem necessary, to effect the collection of the public revenue of the United States, whether arising from duties, taxes, debts, or sales of land, in the manner and on the principles herein provided; that is, that no such duties, taxes, debts, or sums of money payable for lands, shall be collected or received otherwise than in the legal currency of the United States, or in notes of banks which are payable and paid on demand in the said legal currency of the United States, under the following restrictions and conditions in regard to such

notes, to wit: from and after the passage of this act, the notes of no bank which shall issue or circulate bills or notes of a less denomination than five dollars shall be received on account of the public dues; and from and after the — day of — the notes of no bank which shall issue or circulate bills or notes of a less denomination than ten dollars, shall be so receivable; and from and after the — day of — the like prohibition shall be extended to the notes of all banks issuing or circulating bills or notes of a less denomination than twenty dollars.

SEC. 2. *And be it further enacted*, That no notes shall be received by the collectors or receivers of the public money, which the banks in which they are to be deposited, under the supervision and control of the Treasury Department, shall not agree to pass to the credit of the United States as cash: *Provided*, That if any deposit bank shall refuse to receive and pass to the credit of the United States, as cash, any notes receivable under the provisions of this act, which said bank in the ordinary course of business receives on general deposit, the Secretary of the Treasury is hereby authorized to withdraw the public deposits from said bank; nor shall the notes of any bank be received, which shall not be received by the State Governments in which it is issued in payment of its revenue.

SEC. 3. *And be it further enacted*, That it shall be the duty of the Secretary of the Treasury to select such State banks, as depositories of the public money, as, from their location, shall be most convenient for the fiscal operations of the Government, and the commercial intercourse of the country, not exceeding — in number.

SEC. 4. *And be it further enacted*, That it shall be the duty of the Secretary of the Treasury, in all cases, to require of the banks to be retained, or hereafter selected as depositories of the public money, ample and approved collateral security, for the safe-keeping and faithful repayment of all such sums of the public money as are or shall be deposited with them, which security shall be annually renewed.

SEC. 5. *And be it further enacted*, That the Secretary may in his discretion, whenever the circulation of any deposit bank shall exceed three times the amount of its actual specie capital, discontinue such bank as a depository of the public money, and the receipt of its notes in payment of the public revenue.

SEC. 6. *And be it further enacted*, That if any of the banks which have suspended specie payments, the notes of which, previous to said suspension, were received in payment of the public revenue, shall *bona fide* resume specie payments one month previous to the — day of —, then and in that case it shall be the duty of the collectors and receivers of the public money to receive the notes of such bank or banks in payment of the public revenue, under the restrictions and limitations herein before prescribed. But the bills or notes of any bank failing to redeem its notes in specie as aforesaid, within the time limited, shall not be thereafter received in payment of the public dues as aforesaid.

SEC. 7. *And be it further enacted*, That it shall be lawful for the Secretary of the Treasury, if he shall deem it expedient, to continue as depositories of the public money any bank which has suspended specie payments as aforesaid, under such limitations and conditions as he may prescribe.

On motion of Mr. CAMBRELENG the House proceeded to the orders of the day, and, on motion of the same gentleman, resolved itself into a Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and took up the following bill from the Senate:

A BILL to postpone the fourth instalment of deposits with the States.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the transfer of the fourth instalment of deposits directed to be made with the States, under the thirteenth section of the act of June twenty-third, eighteen hundred and thirty-six, be, and the same is hereby, postponed till further provision by law.

Mr. DAWSON proposed the following substitute, which was read:

[This substitute will be given at length in tomorrow's Globe. It proposed to withhold a certain amount of the unexpended balance of the appropriations, and by that means carrying out the provisions of the deposite law.]

The substitute having been read,

Mr. D. then moved that the committee rise, report progress, and ask leave to sit again, assigning his reasons for the motion, being grounded on the report of the Secretary of the Treasury, and that the House wanted further information, and was not prepared to go into it at that time.

At the request of Mr. CAMBRELENG, Mr. DAWSON, withdrew his motion.

Mr. CAMBRELENG thought, when the committee came to examine the proposition of the gentleman, they would not consent to postpone the bill under consideration. The gentleman had been led into error, the common error, that this twenty-four millions of unexpended appropriations were in actual money, when the fact was there was not a dollar of them in money. If the gentleman's bill were passed, Mr. C. knew no other effect it would have than this: that it would cut off all the money appropriated for carrying on the war in Florida, all the money to carry into effect the stipulations of Indian treaties, and all the funds set apart to remove the Indians west of the Mississippi. It was these very appropriations that had lately swelled the amount of our unexpended balances from seven or eight millions to fourteen or fifteen millions. Last year a single Indian treaty alone involved an appropriation of no less than six millions of dollars. Now, let him ask, would the gentleman from Georgia cut off all these appropriations? And even if he did, what would then be the condition of the Treasury? Why, it would not be advanced one single step. Their army, navy, and those expenditures now under contract, would all still have to be supplied, and must be supplied.

Mr. C. said he had desired, before the gentleman made his motion, and he had risen for that purpose, to submit a very brief statement, for he should not, at this short session, detain the House one moment more than necessary. With the gentleman's permission, he would go into a very brief statement of the reasons which had induced the committee to report this bill. He premised that he was aware that there were a number of gentlemen anxious that the bill should not pass; yet he could not persuade himself to believe but that, when they saw the reasons for it, it would pass by a very large majority. Mr. C. then recited the following statement:

*Estimated state of the Treasury on the first of October, 1837.*

Specie fund in land offices and banks	-	\$700,000
Specie in the Mint	-	800,000
		<u>\$1,500,000</u>
Balances due from banks, which will remain undrawn on the first of October	-	5,000,000
Instalment due from the United States Bank on the first of October, deducting the amount paid through an arrangement with the Navy Department, about	-	1,500,000

Available and unavailable funds	-	8,000,000
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Deduct the sums which will not be available, either for deposite or for current expenses of Government, for some time to come, viz:

Employed in the Mint for the purchase of bullion, which cannot be applied to any immediate use	-	\$500,000
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Of the five millions due from banks, only \$750,000 are due from banks east and north of Virginia; and but \$250,000 from other banks, which can be considered available, leaving wholly unavailable in remote banks	4,000,000
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It is understood that the Bank

of the United States has become the purchaser of Treasury transfer drafts to the States, (presuming that they were, like other drafts, receivable in payment of public dues,) to meet the instalment due on the 1st of October. Whether they are received or not, the fund will be unavailable—in the one case the claim continues on the United States Bank, and in the other the balance due from the State banks is increased to the amount of

	1,500,000
	<u>6,000,000</u>
Leaving in the Treasury to meet current expenses	- 2,000,000

Of which there is in specie	- 1,000,000
Balance due from non-specie paying banks	- 1,000,000

Such then, continued Mr. C. will be the actual condition of the finances of this country on the first of October next, when they were called upon, by the deposite act, to deposite \$9,400,000 with the States. But that was not the only view to be taken. It was not alone the condition of the Treasury on the first of October which demonstrated the impracticability of making the above deposite. The law itself provided that \$5,000,000 should remain in the Treasury, viz: one for the mint, and four for a surplus, and they had only two millions in all, viz: one million in the Treasury, in specie, and one million of available funds in banks. They had only two millions any where to meet the current expenses of the Government, a demand which that House ought surely to provide for before they provided for dividing a surplus. But he had made another statement, which he would read to the House, for such statements were much more easily understood than long speeches. Mr. C. then recited the following:

Probable state of the Treasury in the last quarter of the year, excluding unavailable funds, or all funds which cannot be applied to the current expenses of the Government:

Balance in the Treasury on the 1st of October:	
In specie	\$1,000,000
In bonds	1,000,000
	<u>\$2,000,000</u>

Receivable from banks, probably less, but may be	1,000,000
Current receipts from customs, bonds, cash duties, &c. if the payment of the bonds be postponed, and not including suspended bonds	1,000,000
Suspended bonds, payable from the middle of November to the 1st of January	1,900,000
Receipts from miscellaneous sources	100,000
	<u>4,000,000</u>
	<u>\$6,000,000</u>

The expenditures during the last quarter, estimated at the monthly rates for the first eight months in the year, will be

Extraordinary appropriations which will be immediately required for the Florida war	1,600,000
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Allowance for drafts on bonds (44 millions outstanding) which have been issued, and which may be returned in the last quarter in payment of public dues, instead of money, besides the million and a half purchased by the United States Bank	500,000
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Balance required to be in the Treasury to meet contingent demands, (particularly necessary when the outstanding appropriations amount to 24 millions,) and excluding the additional

half million allowed by law for the use of the Mint	-	4,000,000
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\$15,100,000

Deduct the available means in the 4th quarter	-	6,000,000
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Amount to be provided	-	\$9,100,000
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Mr. C. added, that it would, from the above, be seen, not only that they had no money in the Treasury to deposite, in accordance with the provisions of the deposite act, but that they must actually issue on their credits, or rather anticipate their receipts.

Mr. DAWSON would reply to the gentleman, by asking him a single question. The gentleman said that Mr. D. had fallen into a very common error, by saying that there was so much money in the Treasury; now he would ask the gentleman what the Secretary of the Treasury meant by saying that there were \$24,075,239 balances of unexpended appropriations remaining in the Treasury on the 11th of this month?

Mr. CAMBRELENG replied that the Secretary meant by \$24,000,000 of unexpended balances, all the appropriations for the army, for the navy, for fortifications, for Indian treaties, for Indian hostilities, and for the whole class of public expenditures, the amount of which had not yet gone out of the Treasury, but the contracts and treaty stipulations for which had been made.

Mr. DAWSON again referred to the report of the Secretary of the Treasury, setting forth that there were \$24,000,000, and odd of unexpended balances, and said it was money, money that existed, and belonged to the Government. It was not a mere ideal nothing, but something tangible, and so considered, it seemed at one time at least, by the Secretary himself. Now the Chairman of the Committee of Ways and Means admitted, the Secretary's statement, and Mr. D. begged leave to state one additional fact to the House, that on the first of October there would be \$8,000,000 more to be added to the other amount, which would make rising of \$32,000,000 or, with the \$5,000,000, over \$37,000,000 in the Treasury, and the question to be asked was, why it should remain there? Why should all that money be permitted to remain in the Treasury?

Mr. D. again adverted to the Secretary's report, which put forth or demonstrated that there were upwards of thirty-seven millions of surplus in the Treasury on the 1st of January, 1837. Again: in a report of the same officer, sent to the House a day or two ago, he says:

"The tabular statement annexed, shows, as desired, 'the amount of the appropriations of the past and present years, remaining unexpended,' to be \$24,075,239 37."

This statement was in the following words:

Statement of the amount of appropriations of the past and present years remaining unexpended on the 11th September, 1837, inclusive, agreeably to a resolution of the House of Representatives of the 11th instant, viz:

Balances of appropriations on the 31st December, 1836	-	\$16,752,283 09
Appropriations made at the second session of the Twenty-fourth Congress, exclusive of the Post Office Dep't	-	\$28,575,837 10
Specific and indefinite appropriations made by former acts of Congress	-	2,824,250 10
		<u>31,400,087 50</u>

Expenditures of the United States from the 1st January to the 11th September, 1837	-	24,077,031 22
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Leaving balances of appropriations 11th September, 1837	-	\$24,075,239 37
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In the call made on the Secretary, he was desired to state "what objects of public expenditure can, with least injury to the public service, be either wholly dispensed with during the present year, or

bear any material reduction." He replied that a minute and critical examination on this point had been instituted in May last, the result of which was that "enough could and would be postponed till next year, to amount to about \$15,000,000." Therefore, Mr. D. contended it would be better to dispense with this expenditure, and make the distribution of the fourth instalment, for all the States would willingly receive the notes of the deposit banks within their limits. He knew the fact to be so in his own State, and he believed it so of others also. Mr. D. further contended, at some length, in favor of his proposed plan.

Mr. CAMBRELENG said however opposed he was originally to the distribution, or rather the deposit act, as it was called, and he did every thing in his power to prevent its passage, yet he should be the last man there to take any measure to prevent its execution, if it could be avoided; nay, if it were possible, he would adopt any and every measure to carry it into execution, short of one, and of one only, which the gentleman himself could possibly devise; that was, the creating a public debt, for the purpose of making an artificial surplus for deposit for safe-keeping with the States. If the gentleman could devise any proposition that Mr. C. could at all sustain, besides the one to which he had adverted, he would go with him. Mr. C. however, could himself think of no other mode, and that he should ever oppose.

He would repeat that there were no funds, either available or unavailable, within the reach of the Treasury, for distribution, and only \$2,000,000 of the amount (five millions) required by the deposit act to remain in the Treasury. Now, if gentlemen could, by one sweep, sweep away utterly this twenty-four millions of dollars, they would not add one dollar to the Treasury.

Mr. BELL hoped his friend from Georgia would not press his proposition at the present time, for they were not prepared for it, and it was hardly safe to press so important an amendment upon what might or might not be the future recommendations of the Secretary.

Mr. B. would propound a question to the chairman of the Committee of Ways and Means, and it was this: whether his minute statements, just read to the House were founded upon any material error in the estimates of the Secretary of the Treasury? For, if not, Mr. B. would perhaps be able to go on with the discussion; or, at least, attempt to elucidate what the real state of the finances at this time was; and he felt assured that he should be able to demonstrate to all, except those obstinately and determinedly hostile to the policy of that measure, and had done every thing in their power to thwart its operations. He repeated that he should be able to convince every candid and reflecting mind that the Government could pay this fourth instalment, and that with perfect convenience; and he would give one reason. He understood that the debt actually due to the Government from the deposit banks exceeded in amount, at this moment, that due to the States under the deposit act by upwards of \$9,500,000.

Mr. CAMBRELENG, in answer to Mr. BELL's inquiry, stated that there was, in detail, a difference only in the mode by which the Secretary of the Treasury and himself arrived at the same, or nearly the same result. There was a slight difference in the amount, arising from some subsequent estimates from the War Department, but there was no substantial variation in the result of the two.

Mr. C. adverted to his statement again, to show that the gentleman from Tennessee was in error, as to the surplus of nine millions and a half remaining in the banks over and above what the fourth instalment would call for, since four and a half of that amount had actually been drawn out in payment of the third instalment of deposit; and he showed, from a paper he read, what had become of the balance.

Mr. BELL was glad to hear there was no difference between the two statements; but believing the House would be better prepared to go on with the subject to-morrow, though he, for one, was perfectly prepared, he suggested whether it would not be best for the committee to rise.

Mr. CALHOON of Kentucky hoped the gentleman from New York would not object to the printing of the statements he had read.

Mr. CAMBRELENG had intended to hand them to the reporters, by which they would probably appear in the morning papers.

The CHAIR remarked that that was a matter for the House alone to consider.

Mr. BELL did not make the motion for the committee to rise so much on his own account, for he was prepared to go on, but he thought it seemed to be the general sense of the committee. He again appealed to the gentleman from Georgia to withdraw his amendment at that time.

Mr. DAWSON preferred that the committee rise.

Mr. RHETT confessed that, from the reports of the Secretary of the Treasury and the statements of the chairman of the Committee of Ways and Means, he was in a mist, and wanted more light. At present, he was disposed to vote for the bill. Mr. R. then entered into a review of the report of the Secretary of the Treasury, and pointed out what he regarded as a number of obscurities and variations in that document.

Mr. SERGEANT felt the question to be somewhat embarrassed by the proposition of the gentleman from Georgia, the second part of which was entirely unnecessary, since it was a requirement upon the Secretary of the Treasury to do what he was already enjoined to do by law. Mr. S. was satisfied there would be a deficit to pay all the claims upon the Treasury, whatever its amount might be, but it devolved upon those who proposed to withhold the fourth instalment of deposit from the States, to show that that was the very appropriation that should be dispensed with or withheld.

This was a fair and independent question, being one of deposit rather than of payment, that it might be treated by itself; and he would submit it to the gentleman from Georgia, whether he had not better withdraw his amendment. At present, unless some better reasons were offered than he had been furnished with, he was opposed to the bill, and should give his reasons hereafter.

Mr. BELL thought there would be no deficiency, that is, if all the funds in the banks should be available; but he asked the gentleman from Pennsylvania on what his impression of a deficit was founded?

Mr. SERGEANT founded his impression of a deficit on the statements of the Secretary of the Treasury, and the summary of the chairman of the Committee of Ways and Means.

Mr. THOMPSON said all he had heard only served the more to convince him of the necessity of the information called for by the gentlemen from Georgia, and he had heard nothing yet to convince him of the necessity, for nothing but the most urgent necessity would justify it, for the passage of this bill. He would just as soon vote for a high tariff at once as for an indirect loan, as proposed by the measures before the country. Mr. T. was understood to say that he would, however, vote for this bill if the funds in the State banks were found altogether unavailable, but against it if they were found available either to the States or to the General Government.

Mr. HAMER supported the bill at some length, and took the ground, that by the provisions of the deposit law, and the conditions on which the deposit was received, viz: subject to be recalled at a future time, the States had no vested right in the fourth instalment.

Mr. CAMBRELENG said, in reply to the gentleman from South Carolina, (Mr. Rhett,) that he had confined his observations to the actual condition of the Treasury on the first of October and the following quarter, in order to show that committee what its present resources were. He did not certainly go into the question of the whole resources of the country, though it was due to that honorable gentleman to say that he (Mr. C.) was perfectly prepared to give him all he wanted thereon, and had prepared a statement to present to the House when they reached the other bills. The question as to our unavailable resources, and their sufficiency to meet the present expenditures, would properly come up when the Treasury bill was before the House.

They were now on a distinct subject—on the subject of depositing, and not of paying money, as was well argued by the gentleman from Pennsylvania. When the other bill came up, Mr. C. would be prepared for the last question. He himself believed there would be a deficiency, and one to such an extent, that the amount of Treasury notes authorized to be issued would be required to serve for the next year, or even two years to come.

Mr. WISE inquired if the statements referred to and read by the gentleman from New York, had been furnished by the Secretary of the Treasury to the Committee of Ways and Means, and not to the House.

Mr. CAMBRELENG replied that they were statements that had been made out by himself at the Department, according to his own mode of making out accounts. They were not submitted by the Secretary to the committee; nor had the Secretary submitted any documents to the committee, who had before them only what passed through the House.

On motion of Mr. BELL, the committee then rose, reported, and had leave to sit again.

At the request of several members,

Mr. CAMBRELENG submitted a motion print the foregoing statements on the condition of the Treasury, which was agreed to, and then,

On motion of Mr. CUSHING,  
The House adjourned.

IN SENATE,  
TUESDAY, September 19, 1837.

Mr. CLAY of Alabama introduced the following resolution:

*Resolved*, That the Secretary of the Treasury be directed to report to the Senate, on or before the first Monday in December next—

1st. The average quantity of public land offered at public sale per annum, since the commencement of the cash system, and the average price per annum in each year.

2d. The quantity of public lands which have remained subject to private entry, and not sold, for a period of twenty years, or upwards.

3d. The quantity subject to private entry, and unsold, for fifteen years and under twenty.

4th. The quantity subject to private entry, and unsold, for ten years and under fifteen.

5th. The quantity subject to private entry five years, and under ten, designating the State or Territory in which the lands of each class are situated; and

6th. The aggregate quantity of public lands in each State and Territory; what portion has been surveyed, and what portion has been sold; and the aggregate received therefor in each.

#### ISSUE OF TREASURY NOTES.

The bill authorizing the issuing of Treasury notes was taken up; and after having been read a third time, was finally passed.

A message was received from the President of the United States, through his private secretary, Mr. Van Buren.

#### EXTENSION OF REVENUE BONDS.

The bill postponing the payment of the public bonds was taken up; and after having been read a third time, was finally passed.

#### SETTLEMENT OF CLAIMS ON THE DEPOSIT BANKS.

The bill for the settlement of claims by the Government on the deposit banks, was taken up, read a third time, and passed.

Mr. RIVES, pursuant to notice, rose to ask leave to introduce a bill to designate the funds receivable in payment of the revenues of the Government.

The bill was then introduced, read a first time, and ordered to a second reading.

Mr. RIVES rose and addressed the Senate for upwards of two hours.

Mr. BENTON presented two statements which he had received from the Treasury Department, of the amount of specie imported and exported during the present year, and of some other Treasury matters, (not heard.) Laid on the table, and ordered to be printed.

The CHAIR presented a communication from



the War Department, with a report of the Board of officers appointed at the last session, on the subject of experiments to test certain new inventions in firearms.

Also, a report from the Colonel of the Ordnance Department, in obedience to a resolution of the Senate in February, 1837. Both these documents were laid on the table, and ordered to be printed.

On motion of Mr. HUBBARD, the Senate went into the consideration of Executive business; and after some time spent thereon, the doors were opened, and

The Senate adjourned.

## HOUSE OF REPRESENTATIVES,

TUESDAY, September 19, 1837.

The Hon. EBENEZER J. SHIELDS, a member elect from the State of Tennessee, appeared, was qualified, and took his seat.

Petitions and memorials were presented by

Mr. MARTIN of Alabama.

Messrs. WHITTLESEY, GOODE, and MORRIS, of Ohio.

Mr. OWENS of Georgia.

Mr. OWENS presented the memorial of James King, keeper of the light-house on Tybee island, State of Georgia, praying additional compensation, and moved that the usual disposition be made of it under the rule of the House.]

Messrs. POTTS, SERGEANT, HENRY, POTTER, HUBLEY, and MUHLBERG, of Pennsylvania.

Mr. RANDOLPH of New Jersey.

Messrs. RUSSELL, PRENTISS, GRANT, and CHILDS of New York.

[Mr. RUSSELL presented the remonstrance of James Richardson and others, inhabitants of the town of Cambridge, in the county of Washington, in the State of New York, against the annexation of Texas to the United States. Also, a like remonstrance of William Stevenson and others, of the said county of Washington. Also, a like remonstrance of Leonard Church and others, of the said county of Washington. Also, a like remonstrance of Thomas Stevens and others, of said county of Washington. Also, a like remonstrance of Archibald Kenyon and others, inhabitants of the town of Salem, in said county of Washington.]

Mr. ALLEN of Vermont.

[Mr. ALLEN of Vermont presented memorials of 154 inhabitants of Johnson, county of Lamoille, Vermont. 90 inhabitants of Coventry, county of Orleans, Vermont. 101 inhabitants of Cambridge, county of Lamoille, Vermont. 226 inhabitants of Milton, county of Chittenden, Vermont. 64 inhabitants of Hydepark, county of Lamoille, Vermont. 53 inhabitants of Huntington, county of Chittenden, Vermont. 34 inhabitants and legal voters of Waterville, Vermont. 154 inhabitants of Morris-town, Lamoille county, Vermont. 136 inhabitants of Wayne county, State of Michigan. And 119 inhabitants of Florence, Oneida county, State of New York, remonstrating against the admission of Texas into the Union.]

Mr. HOLT, of Connecticut.

Messrs. CRANSTON and TILLINGHAST, of Rhode Island.

Messrs. ADAMS, BORDEN, LINCOLN, PHILIPS, and GRENNELL, of Massachusetts.

Mr. JONES, of Wisconsin.

[Mr. JONES presented a petition from the city of New York, praying for the construction of a harbor at Racine, Wisconsin Territory.]

[Mr. Adams asked the leave of the House to offer the following resolution:

"Resolved, That the power of annexing the People of any independent foreign State to this Union is a power not delegated by the Constitution of the United States to their Congress, or to any Department of their Government, but reserved to the People."

Mr. HAYNE objecting,

Mr. ADAMS moved a suspension of the rules, for the purpose of permitting him to offer the resolution, and called for the yeas and nays, but the House refused to order them, and the motion to suspend was negatived without a division.]

Messrs. EVANS, NOYES, and FAIRFIELD, of Maine.

The States having been called for resolutions,

Mr. ADAMS submitted the following resolution, which, on his motion, was laid on the table and ordered to be printed.

Resolved, That the power of annexing the people of any independent foreign State to this Union, is a power not delegated by the Constitution of the United States to their Congress, or to any department of their Government, but reserved to the people.

Mr. MARTIN submitted the following resolution, which was read, and the rule which requires the same to lie over one day being dispensed with, it was considered and agreed to:

Resolved, That the Secretary of the Treasury be directed to report to this House on or before the first Monday in December next—

1st. The average quantity of public land offered at public sale per annum, since the 1st of January, 1823.

2d. The quantity of public lands which have remained subject to private entry, and not sold, for a period of 20 years and more.

3d. The quantity of public lands which have been subject to private entry for fifteen years, and under twenty.

4th. The quantity of public lands which have been subject to private entry for ten years, and under fifteen, designating the State or Territory in which the lands of each class are situated.

5. The aggregate quantity of public land in each State and Territory, what portion has been sold, and the amount received therefor.

6. The quantity of public land which has been subject to private entry for five years, and under ten.

Mr. JENIFER submitted the following resolution, which was considered and agreed to by the House:

Resolved, That the President of the United States be requested to communicate to this House what measures have been adopted since the adjournment of the last Congress in relation to the tobacco trade between the United States and foreign countries; also, such information as he may have received from our Ministers or other foreign agents abroad, in relation to the same, provided, in his opinion, such communication may not be detrimental to the interests of the United States.

Mr. PATTON submitted the following resolution; which was read, and laid on the table one day, under the rule, viz:

Resolved, That the President of the United States be requested to transmit to this House.

1st. A copy of all the documents and correspondence in his department, relative to the call of Major Gen. Scott from the command against the Seminole and Creek Indians.

2d. A copy of the record of the proceedings of the Court of Inquiry convened at Fredericktown, in relation to the operations against the Seminole and Creek Indians, together with the decisions thereon of the late and present Executive.

3d. A copy of the orders to Major Gen. Scott, relative to the conduct of his command, and the terms he might offer to the enemy.

4th. A copy of the orders of Major Gen. Jesup on assigning to him the same command; and all other orders and correspondence with Gen. Jesup subsequent thereto, which he may deem not injurious to the public service to communicate.

Mr. TALIAFERRO offered the following resolution, viz:

Resolved, That the Secretary of the Treasury be required as far as is now practicable, to furnish this House with a statement, to show how many bushels of corn, wheat, rye, barley, oats, and other bread stuffs, have been, during the last ten years, imported from foreign countries into the ports of the United States, distinguishing the several ports.

The above resolution was submitted in a somewhat different form, and modified several times by the mover at the suggestion of different gentlemen; after which,

Mr. HAYNES moved to strike out the words "during the last ten years, and insert since January, 1825;" lost.

Mr. EWING of Ohio, moved to insert a clause, calling on the Secretary for his views in relation

to the causes which had increased the importations of bread stuffs; which amendment was disagreed to.

Mr. HAYNES then moved to strike out the words "during the last ten years," and insert the last twelve years; which was agreed to.

The resolution was then agreed to.

Mr. WISE submitted the following resolution:

Resolved, That a select committee be appointed by ballot to inquire into the causes of the Florida war, and into the causes of the extraordinary delays and failures, and the enormous expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers; and that it have power to sit in the recess; and that it make report to the next session of Congress.

Mr. CAMBRELENG moved to strike out the words, "that they have power to sit during the recess." He made this motion because he believed there never had been a committee of the House which had sat during the recess of Congress. He hoped his motion to strike out might prevail, unless the gentlemen from Virginia could give some good reason why it should sit during the recess.

Mr. WISE presumed the reason must suggest itself to the mind of every gentleman, why he asked that the committee should sit during the recess. The committee could scarcely commence its labors during the session of the present Congress; and there would be no use in proposing the resolution if the committee could not sit longer than the continuance of the present extra session. He considered it as something extraordinary that two Major Generals of the standing army of the United States, who had taken part in that campaign, had been recalled by the Executive, and tried by a court martial of the country; and that the only successful commander in the Florida campaign, General Clinch, had testified to the country that no officer, general or subordinate, was to be blamed for the failure of the Florida campaign, but that the blame lay at the door of the War Department. In reply to that testimony, we have seen a labored defence published by the then Secretary of War, Lewis Cass, and the country were left to judge between these two officers. We see that this war is still raging; and but yesterday, in the midst of the general commercial distress and the bankruptcy of the Treasury, we were called upon by the Chairman of the Committee of Ways and Means for an appropriation of \$1,600,000 to carry on this war, and this, too, without an effort being made by any to inquire into the manner in which former appropriations had been expended. He never would hesitate, when a war was raging, to make the necessary appropriations to carry it on, no matter how we had got into it; but he did consider it his duty to call for this information at the present time, inasmuch as a call had been made for an appropriation of upward of a million and a half of dollars without any statements or estimates in relation thereto being laid before the House, and he considered it a duty to inquire how the public money had been expended or wasted. It had been admitted on all hands, that there had been mismanagement: then he wished to know how much money has been expended, if not wasted, and whether some steps could not be taken to put an end to a war which is ravaging our western frontier, and distressing the whole country. Who could object to this inquiry?

It appeared to him that this resolution ought to be assented to by every gentleman on the floor of the House. It was a universal opinion that the conduct of the Major General now in command in Florida, was as reprehensible as either of the other commanders. A court-martial had sat on the case of one of the Generals who had commanded in that campaign, and had honorably acquitted him of all the charges which had been brought against him; yet by an order of the Executive, their verdict had been expunged. Can this, then, be submitted to further, without this House making any inquiry on the subject? He considered that it was time, and high time, that an investigation of the kind proposed should be had, and had by a committee which would devote itself to the subject, do it justice, and have time to do it justice. He wished to

have this committee appointed by ballot, because it should not be a party committee. The administration have as much interest in the matter as the opposition; and the country was looking to an investigation of this matter with a great deal of anxiety. The division of parties in the House were nearly equal; and he hoped that a committee might be raised from the different parties, of men who will prosecute the inquiry with the greatest industry and fidelity.

Mr. EVERETT regretted extremely that any observations should be made by any gentleman on the floor of the House which would derogate from the character of the Hon. Mr. Cass, at a time when he was not in the country, or in a position to defend himself from the imputations which were cast upon him. Mr. E. stated that he had an early opportunity of examining into the matter in relation to the Florida campaign, and he believed then, as he still believed, if there was any thing wrong in relation to that campaign, that it did not rest with the Secretary of War. This was his opinion then, and it was still his opinion, and he should be sorry to see the reputation of that gentleman brought in question during his absence from his country. He had noticed the expressions made use of in the testimony of General Clinch, which had been alluded to by the gentleman from Virginia, and he thought at the time they were undeserved.

Mr. GLASCOCK could not but admire the motive which induced the gentleman from Virginia to offer this resolution, but as to the manner in which the committee was to be appointed he differed with him entirely, because, in his opinion, the results would be the same, let the committee be appointed either way. He thought the uniform course should be adopted in the appointment of the committee, and that we should not now, after all the committees for years had been appointed in a particular way, change our mode of appointment in a solitary case. He was aware that the war had occupied much more time, and expended much more money, than was anticipated, and that the whole country felt a deep interest in relation thereto; and inasmuch as this was the case, he thought it but right and proper that a committee should be appointed, in order that the country may be placed in possession of all the facts in relation to all the difficulties which now exist or have heretofore existed. It was far from his intention to express an opinion as to who was in fault that this campaign was not brought to a close; but, in reply to the insinuation that the late Secretary of War was in fault in this matter, he should say that he had looked into the case somewhat, and, from the facts in his possession, he was firmly convinced that the Department of War would never have cause to fear the investigation. It was his wish that a resolution of this character should be moved; and it was his firm conviction, whenever the American people had all the facts of the case laid before them, that the character of the late Secretary of War would remain as heretofore, without spot or blemish. His impression was, that, when the charges were fully investigated, all suspicion which might now by any means attach to that gentleman would be removed; and that even the impression which the gentleman from Virginia himself entertained would be removed. He was as anxious as any gentleman that the resolution should be adopted; but he would ask honorable gentlemen whether this committee should not be appointed by the Chair. If the committee was elected by ballot, the result would be the same as if it was appointed by the Chair. There will be members of both parties on the committee in either event; and that being the case, he was unwilling to deviate from the usual course of appointing committees in this House. There will be friends of all the commanding generals on the committee, and ample justice will be done to each; and even if the majority of the committee are on a particular side, the minority will have it in their power to investigate the matter fully, and lay the result of their investigation before the country, so that the people may have the opportunity of judging for themselves. In relation to the committee sitting during the recess, he could see no necessity for it.

It is not expected, to be sure, that this extra session will be of long continuance, but we are all looking forward to the long session, which will be here in the course of a couple of months, when the committee will have ample time to prosecute their investigation, unconnected with any other business of the session, and make a report which will be satisfactory to themselves, to the House, and to the country. He again repeated that he was not prepared to say where the blame of this matter may fall, but so far as he had been able to judge from the facts presented to him, he hesitated not to believe that none would attach to the late Secretary of War.

Mr. CUSHING returned his acknowledgments to the gentleman from Virginia, (Mr. Wise), for the introduction of the resolution now before the House. If there was any transactions of the Government which were rotten, and which was a blot on our national escutcheon, it was the proceeding in relation to the war in Florida; and he hoped the gentleman from Virginia would press the matter, and have it thoroughly investigated.

There was no one proceeding of the Government, which the people of the country were more desirous of seeing laid bare than that. From year to year the people of the country have seen army after army sent to Florida, and general after general recalled, he would not say in disgrace, but recalled to be given up to the tender mercies of a court-martial, and all without the least good resulting from it. We have seen the blood of our citizens moistening the desert sands of Florida, and our army and country brought into disgrace by the war carried on there. We have not been content with a standing army of our own in Florida, but we have enlisted the Indians into our army, and done that which, during the Revolution, had been charged by the Earl of Chatham as a disgrace upon the English arms. Upon whose head the responsibility of this matter might fall, he did not know. It might be, as suggested by the gentleman from Virginia, that it would fall on the shoulders of the late Secretary of War.

Mr. WISE explained. He had made no imputation upon the late Secretary of War. He had merely said that the blame was laid at the door of the Department of War by Gen. Clinch, the only successful commander in Florida. In reply to the gentleman from Vermont, (Mr. Everett,) he would say that he believed with that gentleman, that when the matter was investigated, that the Secretary would not be found to be the author of the evils of which he had complained, but that he had permitted himself to be made the instrument in the hands of others, was contrary to his own judgment; and and yielded to that which an American officer ought never to have yielded to, and he only blamed the Secretary so far as that he was not the man to stand up and resist encroachments of those superior to him.

Mr. CUSHING said that the gentleman from Virginia had brought him to the point at which he was about to arrive in his argument. He had read the testimony of General Clinch, whom he believed to be a brave and good officer, and he had read the reply to it by Secretary Cass; and the conclusion he had arrived at was, that the responsibility of the outbreaking of the Seminole war rested upon the head of General Jackson. He wished the matter probed to the bottom, so that the country might see the whole of the rottenness which was at the bottom of this matter.

Mr. RICE GARLAND, of Louisiana, wished merely to state a couple of facts in relation to this subject, which had come to his notice on his way to this city, to show that corruption existed somewhere. He was told by a respectable individual of an operation by which forty cords of wood cost the Government \$7,000. The other case was that of the owner of a steamboat making enough on a single trip of his boat from some point along the coast, up one of the rivers of Florida, to pay for the whole boat. These things were told him on the public highway, and they showed the manner in which the public money was squandered and thrown away.

Mr. BOND of Ohio made a statement, of which he had been informed, of some abuse in relation

to the expenditure of public money for the suppression of Indian hostilities. The first appropriation which they had made in the House for this object, he believed, was one of \$800,000, and that was made at a time when there was an immense surplus in the Treasury, without attracting any notice. In a short time there was another appropriation called for, of a million of dollars; and so appropriations continued to be made from month to month, as though they were made with a view of getting rid of the large surplus of public money on hand; and whenever an attempt was made to have this surplus distributed, the ghost of this Florida war was brought to our view by the Committee of Ways and Means, in the shape of a bill appropriating some millions of dollars or more for the suppression of Indian hostilities; and these were always brought forward, without any communication being made to the House from the proper Department; and it was always stated that the statements would be submitted at some future time. We have another appropriation for this object, called for by the Committee of Ways and Means of upwards of a million and a half, which has the appearance now of being introduced, for the purpose of hastening the passage of the bill for the postponement of the third instalment of deposits with the States, as the former appropriations had the appearance of being introduced to prevent a distribution of the public moneys.

Mr. CAMBRELENG did not rise to detain the House, but merely to reply to the gentlemen from Ohio, who had thrown out an intimation, if not an imputation, that the bill asking an appropriation for the suppression of Indian hostilities was now introduced for the purpose of facilitating the passage of the bill to postpone the payment of the fourth instalment to the States.

Mr. BOND did not make the imputation. He had only said that the bill was brought forward in the same manner, and it seemed somewhat strange to him that these two measures should be introduced into the House *pari passu*.

Mr. CAMBRELENG said that this appropriation was called for in the same manner that all other appropriations of this character were called for. The letter of the Secretary of War sufficiently explained the necessity of the appropriation; and he was sorry that gentlemen did not apply in the proper quarter to see how former appropriations were expended, as every item could be found which gentlemen might desire to see.

Mr. WISE then slightly modified his resolution, and proceeded to make some strictures in relation to the conduct of the present Commander in Florida towards one of the Indian Chiefs, who was employed as an ally of the United States against the Seminole and Creek Indians, on the express condition that if he captured certain Chiefs of the Creek tribe, he was to remain on the land of his fathers until certain titles thereto could be settled; but after the service was performed, the treaty was held up to him, and he was driven away. He contended that the most condign punishment should be visited upon a Major-General guilty of such conduct as this towards the Indians within our territory.

On motion of Mr. CAMBRELENG, the House then proceeded to the orders of the day.

The following bills from the Senate were taken up, read twice, and, on motion of Mr. CAMBRELENG, referred to the Committee of Ways and Means:

A bill to authorize the issuing of Treasury notes.

A bill authorizing a further postponement of payment upon duty bonds.

A bill for adjusting the remaining claims upon the late deposit banks.

On motion of the same gentleman the House then went into Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the

Bill to postpone the fourth instalment of deposit with the States.

The question pending was on the following substitute submitted yesterday by Mr. DAWSON:

A BILL to be entitled an act to authorize the Secretary of the Treasury to suspend the expendi-

ture of fifteen millions of dollars from unexpended balances of appropriations, and to require the execution of the deposit law of June, 1836.

Inasmuch as the report of the Secretary of the Treasury, made to the House of Representatives on the 14th day of September, 1837, states the fact, that on that day there remained of unexpended balances of appropriations of the past and present years, the sum of *twenty-four millions seventy-five thousand two hundred and thirty-nine dollars thirty-seven cents*, and that *fifteen millions of dollars* would not be required during the present year of said sum for public uses:

1. *Be it therefore enacted*, That the Secretary of the Treasury be, and he is hereby, required to suspend the expenditure of fifteen millions of dollars of the unexpended balances of appropriations of the past and present years, and that said sum be placed in the Treasury for the purpose and use of the Government.

Sec. 2. *And be it further enacted*, That the Secretary of the Treasury be, and he is hereby authorized to suspend the said sum of fifteen millions from such of said unexpended appropriations which in his judgment shall least affect the public interest.

Sec. 3. *And be it further enacted*, That the Secretary of the Treasury be, and he is hereby, required to carry fully into execution the deposit act of June, 1836; and that all laws contravening the provisions of this act be repealed so far, and no farther.

Mr. DAWSON withdrew his amendment.

Mr. BELL, who was entitled to the floor, addressed the committee at length in opposition to the bill under consideration; and, in the course of his remarks, alluded to the Sub-Treasury scheme, which he pronounced to be, disguised as it might be, nothing more nor less than a plan for a Treasury bank. After another year, the plan would assume a more definite and palpable shape; but he refrained from going at length into that subject till the bill proposing to carry out that scheme came up.

Mr. B. then took a review of the different appropriations made at the last session, and from them deduced an argument that there was money enough remaining to pay the fourth instalment, by showing that there might be, without any detriment to the public interest, from five to eight millions suspended from the public expenditures.

Mr. McKIM said he had prepared a statement of the condition of the Treasury from the official report of the Secretary of the Treasury; and though the mode he had adopted was somewhat different from that adopted by the honorable chairman of the Committee of Ways and Means, still they both arrived at the same result; from which statement it would be seen that there would be a deficit of upwards of five millions of dollars.

Whole amount of available money in the Treasury on the 1st January, 1837, applicable to public purposes, was	\$42,468,859 97
Deduct the sum reserved by law	5,000,000 00
	37,468,859 97

Which amount of 37,468,859 97 was under the provision of the act of June 23, 1836, to be placed in deposit with the States, and it is ascertained that \$27,063,430 80 has been paid,	27,063,430 80
	10,405,429 17

The amount of that portion of the three instalments, the payment of which has not been acknowledged, is	1,165,675 18
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Amount of fourth instalment, payable the 10th October	9,239,853 99
The amount reserved in the Treasury on the 1st January past, has been increased from 5,000,000 to	6,670,137 52

The receipts in the first half year are as follows:	
From customs	\$7,234,451
From lands	5,303,731

From miscellaneous sources	512,263
	13,050,445 00
To which add 600,000 in the hands of the receivers, and 50,000 in the hands of collectors, subject to draft	650,000 00
If no further postponement be granted on duty bonds, it is estimated that the whole amount of receipts for the last half of the year will be about	9,500,000 00
	29,870,582 52
Deduct postponement on bonds, 15th November,	2,500,000 00
	27,370,582 52
<i>Expenditures for the first six months of the year 1837.</i>	
Civil, miscellaneous, and foreign intercourse	\$2,812,540 40
Military, including pensions	10,603,361 49
Naval	3,297,149 69
Public debt	20,832 75
	\$16,733,884 33
The expenditures required to meet existing appropriations during the last half year, will, as computed, equal the sum of	16,000,000 00
	\$32,733,884 33
Amount of receipts ascertained and computed for the year 1837, including the balance on hand 1st January	27,370,562 00
	\$5,363,322 33
Leaving no money in the Mint or Treasury to meet contingencies, on the 31st December, 1837.	
Whatever expenditures shall arise within the year, upon new appropriations which Congress may think proper to make, will require a corresponding addition to this amount; but without them, it will constitute an excess of \$5,363,322 33 of expenditures over both the receipts and the balance at the commencement of the year; besides not leaving, at the close of it, any thing in the Mint or the Treasury, for future uses or to meet contingencies.	
<i>Statement showing the balance in the Treasury on the first of October.</i>	
By the Treasurer's Report on the 30th August past, it appears that the balance in the Treasury, including what was in the custody of banks, the Mint, and collecting officers, was then	\$14,596,311
That the amount of this sum, subject to immediate draft, was only	8,928,072
	5,668,239
Amount of all drafts of all kinds outstanding	5,668,239
Viz: Drafts on banks and Mint for debts	\$3,877,468
Drafts on banks for transfers to States	1,165,575
Drafts on receiving collectors, 23th August	625,000
	5,668,043
Leaving subject to draft near September 1st, as above	8,928,072
Expenses in September, besides receipts, about	2,500,000
	6,428,072
Leaving 1st October, in banks, Mint, receivers' and collectors' hands	6,428,072
Of the amount in banks not over one or two millions are available, leaving unavailable	4,000,000
	2,428,072
For the Mint, which cannot be used immediately	500,000
	\$1,928,072
Amount of cash funds in the Treasury 1st October next	\$1,928,072

Mr. PICKENS addressed the House at length in support of the bill, as sent down from the Senate.

After some conversation between Messrs. McKAY, BELL, WISE, ROBERTSON, and CAMBRELENG,

Mr. TIFUS moved that the committee rise, which was agreed to; and

The House adjourned.

#### IN SENATE.

WEDNESDAY, September 20, 1837.

Mr. SWIFT presented several memorials from citizens of sundry counties in Vermont, (one from 141 women,) against the annexation of Texas to the United States; which were laid on the table.

Mr. NILES presented a petition also praying that Texas may not be admitted into the United States; which was laid on the table.

Mr. FULTON presented a petition from citizens of Arkansas in relation to an additional term of the Circuit Court; which was laid on the table.

Mr. WALL presented several memorials against the admission of Texas, and praying that slavery may be abolished in the District of Columbia; which were laid on the table.

The resolution offered by Mr. WALKER, proposing to make Vicksburg and Grand Gulf ports of entry, in the State of Mississippi, was taken up, and, on motion of Mr. HUBBARD, was laid on the table.

The resolution offered yesterday by Mr. CLAY of Alabama, in relation to the public lands, was taken up and adopted.

Mr. WRIGHT, from the Committee on Finance, reported a bill to remit the duties upon certain goods destroyed by the late conflagration in New York; which was read the first time, and ordered to a second reading.

The bill imposing additional duties as depositories in certain cases, was taken up in Committee of the Whole, and read a second time; when

Mr. CALHOUN offered an amendment as an additional section, on which he asked the yeas and nays.

Mr. WRIGHT suggested some modifications of the amendment, which were accepted; so that it now reads as follows:

Sec. *And be it further enacted*, That from and after the first day of January, eighteen hundred and thirty-eight, three-fourths of the amount due to the Government, for duties, taxes, sales of public lands, or other debts, may be received in the notes of specie-paying banks; and that from and after the first day of January, eighteen hundred and thirty-nine, one-half may be so received; and from and after the first day of January, eighteen hundred and forty, one-fourth; and from and after the first day of January, eighteen hundred and forty-one, all sums due for duties, sales of public lands, or other debts to the Government, and all payments to the General Post Office, shall be paid only in gold and silver, or in such notes, bills, or paper, issued under the authority of the same, as may be directed to be received by law; and from and after the said first day of January, in the year eighteen hundred and forty, every officer or agent engaged in making disbursements on account of the United States, or of the General Post Office, shall make all payments in gold and silver coin only, or in such notes, bills, or paper, issued as aforesaid, when authorized by law. And any receiving or disbursing officer or agent who shall neglect, evade, or violate, the provisions of this section, shall be dismissed the service, and shall forfeit all compensation which may then be due.

Mr. NILES rose and spoke at great length; his speech embracing answers to the views of Mr. Rives and others in relation to the causes of distress, the means of relief, &c. One party, he said, and that a very respectable one, were of opinion that a national bank was the only panacea, the "sovereignest thing" on the earth for the wound, while others supposed that by extending confidence to the State institutions, we should derive the like result; but in his humble opinion, neither were to be trusted. Both had been weighed in the balance and found wanting; they had abused their trusts, and proved false to the Government and the people. Mr. N. acknowledged himself a *hard money*



man, and avowed his preference of the sub-agency system over all others. It was a wise, a safe, and politic system, though it had been represented as dangerous and alarming, from the immense patronage that was supposed would flow from it; but this patronage was nominal, and not such as to require the people to be cautioned against. It was always within their control; and whenever it passed its legitimate bounds, the corrective would soon be applied. To his mind, there was not half the danger to be apprehended from this system that there was to be from a national bank. Look to the control that institution had over the actions of men, political and moral; the sway it exercised over all the State banks, and then tell him if it were not more to be feared than any sub-agency system that could be devised? Mr. N. contended that the fiscal affairs of this Government could be better carried on through the agency of federal officers, than by any banking institutions whatever. The Federal Government could exercise no control over those institutions, and hence it was not safe to make them the depositories of the revenue; and the idea of the Government depending on them, was preposterous in the extreme. What were the facts in regard to the banks? When the storm came, did we find them breasting it? No. When the panic first commenced in New York, and after one of these rotten institutions had stopped, a small run was made by people, *loco focos* probably, with no more than a dollar a piece. What do they do? The directors look out—"here is a vast mass of people come against us; can we make a stand?" Oh, no, we will shut our doors! Mr. N. said he lately had occasion to cast his eye toward the bank of France; at a time of great commercial distress, and general prostration of business, that institution throws open its doors wider than it had ever before done, and issued a hundred millions of francs to sustain commercial security.

This was a fearful contrast between that bank and our institutions. He believed if the banks had even paid out one-third of their specie, they might have allayed the panic, would have saved their credit, and made good their engagements to the Government. Under ordinary circumstances, the banks he supposed might be safe depositories of the public money, when we had a clear sky, a smooth sea; but that was not the kind of security required by the National Government; it wanted its funds where they could always be commanded, whether in peace or war—plenty or distress; and unless we adopted the Sub-Treasury, the hard money system, we could never expect that safety.

It had been admitted by the gentleman from South Carolina (Mr. Calhoun) that the Bank of the United States of Pennsylvania might restore specie payments. He did not know how such a measure could be effected now. He recollected in 1816 it was then effected; but then it was done pretty much as a physician saves the life of a patient, by amputating the limb. It was ruinous in its consequences upon thousands, and affected more than half the property of the country. Every thing was languid and prostrate save agriculture. Even there it was merely partial in its operation—the merchants and moneyed men, who had an interest in sustaining these institutions, did not press them for specie.

With regard to the relief of the country, he would ask gentlemen what relief they expected? Did they suppose that we came here to provide some measures by which to pay off the debts of the merchants? What, he would inquire, were the evils under which the community were now suffering? They were two. The first was the existence of debt; and the second, a derangement of the currency. These difficulties, co-operating together, had aggravated each other, and produced the present distress throughout the country. Now, as to the idea of the Government paying off the debts of the merchants, that was entirely out of the question, for the Government could do no such thing. He did not attribute, principally, the paralyzed state of the Union to the evils growing out of an unsound currency. That, he apprehended, was not the essential cause of it, for there was not that want of confidence in the banks, as the gentleman from Virginia (Mr. Rives) had yesterday intimated, for the bank cur-

rency still answered all the purposes it had ever done. He (Mr. N.) would repeat, that the great and essential difficulty existing was debt. The question now was, Can we do any thing for the relief of the community? Ought we to do it? He thought we ought. He, for one, was disposed to do all that could rightfully and properly be done. He thought that, so far as the Government had a direct connection with the business of the country—for we had large demands against the deposit banks and against the merchants—it became us to do something. We were about to effect that object, and the measure under consideration was to be one of the mediums of producing relief. Did any gentleman present deny that these measures were not calculated to carry out our wishes? He thought not. Notwithstanding the resources of the Government, it felt itself compelled to resort to the issue of Treasury notes. That course was absolutely necessary to afford temporary relief. And these notes would be considered as equivalent to specie for all purposes. Some gentlemen were for going further than this, and say that we ought to pass some direct measure of relief. The gentleman from Virginia (Mr. Rives) had argued that we should adopt some measure that would restore confidence to the banks. He (Mr. N.) knew not what we could do to accomplish that object, unless gentlemen would have us receive the notes of the State banks. Was that the measure the gentleman alluded to? He, however, did not say so. There had been no want of confidence in those institutions. Indeed, he was astonished that so much confidence was felt in them now. And, if he might be permitted to say so, it was owing to the existence of too much confidence in the banks that had brought about the present difficulties.

But the gentleman seemed to think that it was the duty of Congress to afford some relief to the banks. Now, how could we do that? He saw no other mode of doing it, except by giving them time; by extending to them every reasonable indulgence. The evils of the banking system were not to be reached by any measure that could come from Congress; and the sooner the public mind was disabused of that impression the better. A false direction had been given to public sentiment; for the impression had been spread abroad that Congress was called together to relieve the people—to pay off their debts, he (Mr. N.) supposed. He repeated that it was high time that the public mind should be set right on the subject of the Government possessing the power to regulate the currency. He entertained no doubt that as one branch, at least, of the Government had done its duty, that the other would also do theirs on the great question pending before Congress. It was time that such a delusion was swept away. The people should be told that the evils of the State humbug banking system must be corrected by themselves, and that Congress possessed no power to act on the subject.

On motion of Mr. SMITH of Indiana,  
The Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

WEDNESDAY, September 20, 1837.

Petitions and memorials were presented by

Messrs. REED, GRENNELL, ADAMS, BORBEN, and CALHOUN of Massachusetts.

Mr. TILLINGHAST of Rhode Island.

Messrs. CAMBRELENG, CHILDS, and LOOMIS of New York.

[Mr. CAMBRELENG presented a memorial of the Chamber of Commerce of the city of New York, praying for an extension of the time of the payment of duty bonds; which was committed to the same Committee of the Whole on the state of the Union having charge of the bill on that subject.]

Messrs. NAYLOR and OGLE of Pennsylvania.  
Mr. CRAIG of Virginia.

Mr. POLK (Speaker) of Tennessee.

[Mr. Speaker POLK laid before the House a letter from the Hon. Henry A. Wise, covering a communication from Richard Randolph, esq. of Virginia, offering to present to the Government, to be placed in the Capitol, a portrait of Peyton Randolph, the first President of the first Congress held at Philadelphia; which communication, on motion

of Mr. PATTON, was referred to the Committee on the Library.]

Messrs. KILGORE, ALLEN, GOODE, HUNTER, and HAMER, of Ohio.

[Mr. KILGORE presented the petition of 551 male inhabitants of Harrison county, Ohio, and also another signed by 493 females of the same State, remonstrating against the annexation of Texas to the United States.]

Mr. OWENS of Georgia.

[Mr. OWENS presented the memorial of citizens of Darien, Georgia, praying that Darien be made a separate district and port of entry, and moved that it take the usual course; which was agreed to.]

Mr. EVERETT, on leave, submitted the following resolution; which, by general consent, was considered and agreed to:

*Resolved*, That the Secretary of the Treasury be directed to lay before this House, statements of the amount of duties unpaid which accrued before the end of the first half of the present year, and when payable; of the amount then due from the Bank of the United States, and when payable; of the data on which the accruing revenues for the last half of the present year were founded.

Mr. CAMBRELENG, from the Committee of Ways and Means, reported the bill from the Senate authorizing the issuing of Treasury notes, with two amendments.

Mr. C. stated that the principles of the bill were not varied. There was a penal clause introduced by the Committee of Ways and Means; and to meet certain expenditures, which would be incurred on the passage of the bill it had been considered proper by the committee to introduce an appropriation of \$500,000. The bill was then referred to a Committee of the Whole on the state of the Union.

Mr. CAMBRELENG, from the same committee, reported the bill from the Senate for the postponement of duty bonds without amendment; which was referred to the Committee of the Whole on the state of the Union.

Mr. CAMBRELENG, from the same committee, also reported without amendment the bill from the Senate, entitled an act for the adjustment of the claims upon the late deposit banks; which was referred to the Committee of the Whole on the state of the Union.

Mr. BIDDLE inquired of the chairman of the Committee of the Judiciary, or any other gentleman on that committee who could give him the information, whether it was the intention of that committee to report on the subject of bankruptcy, which had been referred to them in the Message of the President of the United States. As it was a subject of very deep interest to the whole community, he would further ask whether it was the intention of that committee to report any bill which might come in conflict with the constitutional opinions of the President of the United States, as expressed in the Senate of the United States some years since. It will be recollected that the present President expressed it as his opinion, in his place in the Senate on a former occasion, that a bankrupt law, extending to others than merchants and bankers, would be an unconstitutional act; and he wished to know whether it was the intention of the committee to introduce a proposition of this kind.

Mr. THOMAS (chairman of the Judiciary committee) said he felt that the response which he should make to the gentleman would be unsatisfactory. The Committee on the Judiciary had held two meetings on the subjects which had been generally referred to them. At the first meeting, it appeared to meet the approbation of all the members of the committee that the final decision as to the propriety of reporting a bankrupt law should be postponed until it was distinctly ascertained whether the measures which were expected to come from the Committee of Ways and Means would so long occupy the attention of Congress as to extend the present session to the meeting of the regular session of Congress. In this state of the case, power was given to the chairman of the Judiciary Committee to re-assemble the committee as soon as the proper information could be obtained. A few days since, when he (Mr. Thomas) was absent, a gentleman from Virginia propounded an inquiry to

the committee somewhat similar to the one now propounded; and in consequence of this a member thereof re-assembled the committee for the purpose of considering whether they should report now, or wait until the regular session of Congress. This meeting was held without coming to any conclusion, and an adjourned meeting of the committee was to be held to-morrow morning. The gentleman would therefore perceive that he could not pretend to say what would be the course of the committee on this subject. The House had referred to them the Message of the President and the report of the Secretary of the Treasury on this subject, and he was not prepared to say what would be the decision of the committee; whether they would be disposed to pass a general bankrupt law to affect that class of citizens alluded to by the gentleman from Pennsylvania, (Mr. Biddle,) or not. On to-morrow morning, however, the subject would be taken up, and he presumed he would be instructed by the committee to make a report to the House in some shape or other.

#### INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted yesterday by Mr. WISE:

*Resolved*, That a select committee be appointed by ballot to inquire into the causes of the Florida war, and into the causes of the extraordinary delays and failures, and the enormous expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers; and that it have power to sit in the recess; and that it make report to the next session of Congress.

Mr. HOLSEY of Georgia addressed the House at some length in reply to the remarks of the gentleman from Massachusetts (Mr. Cushing) and the gentleman from Virginia (Mr. Wise.) The gentleman from Virginia, he contended, was mistaken in the statement he had made in relation to the treatment of General Jesup towards the Chief Opothleyohola. The form of the treaty with that chief, as he was authentically informed, was very different from the statement given of it by the gentleman from Virginia on yesterday. The treaty was not that he was to have a fee simple to any land, or to have the privilege of remaining on the land, but that he was to receive a compensation in money for such services as he should perform; and he understood further, that this chief was fully rewarded by the commanding officer of the army in Florida, for all the services he performed. This he understood to be the true state of the case. The gentleman from Massachusetts, (Mr. Cushing,) had said that the war in Florida had been disgraceful to our arms, and disgraceful to the American army. Would the gentleman say that those who were engaged on Dade's battle ground or on the Withlacoochee were disgraced? As well might he say that the heroes of Thermopylae were disgraced. The war in Florida he contended was carried on under peculiarly unfavorable circumstances. The sands of Egypt and the snows of Russia conquered the armies of Napoleon, and the climate of Florida, equally unfavorable to military operations, conquered the forces of the United States. The Indians too secured themselves in their hiding places and fastnesses, and the flashes of their fire-arms could only be seen when those who held them were secure from harm. Ocoila, who was admitted on all hands to be a brave and skilful warrior, well knew the peculiar position and advantages of the country for the prosecution of Indian warfare, when he made the assertion, that the war could be sustained for five years. During the summer season, it is impossible to keep an army in the Indian country in Florida; and when our troops withdraw the Indians plant their corn, and by this means raise a supply of provisions for the next year. This chief well knew the advantages of the country in his favor, and hence his boast, which had almost become a prophecy. They had natural barriers thrown around them, which prevented the war from being brought to a speedy termination; and it was useless for any gentleman to assert that our arms were brought

into disgrace by the war in Florida. The gentleman from Massachusetts (Mr. Cushing) had expressed a great deal of sympathetic feeling for the Indians, in consequence of the violation of the faith of treaties on the part of the United States towards the Indians; but he took it that the gentleman had looked on the wrong side of the picture. It was the Indians of Florida who had violated their treaty stipulations. The very arms were put in their hands by the United States, on the faith of a solemn treaty, which were turned against us. Then why this sympathy towards these savages? He feared not this investigation; for he ventured to say, that whenever it should be had, that no department of the Government would be found in fault in not sooner having suppressed these Indian hostilities. The gentleman from Massachusetts had called the attention of the House to the subject of the introduction of savages into our army to carry on this war, and pronounced it a disgraceful proceeding. This, however, Mr. H. contended, was the course of policy pursued by all Governments, and by all armies. In Europe, allies were enlisted into all their armies; and in this country, the Indians had been introduced into the armies as allies both of England and the United States. This mode of warfare was adopted by all nations and by all armies, and had been sanctioned by all Governments. From the moment that the white men in this country commenced the war against the savages, to the present day, Indian allies had been introduced into the army; therefore he took it that the gentleman had overshot the mark in denouncing this measure. It was perhaps natural enough that those who were far removed from scenes of Indian warfare and cruelty might have a great sympathy for the suffering of those savages, but when they came to bear the same relation to them, which the people of the frontier bore, they would have different feelings. He wished, most sincerely, to prevent the unnecessary slaughter of this unfortunate race of people; but the means must be used to prevent their depredations, which is best calculated to effect that object.

Mr. CUSHING rose to propose an amendment, which he hoped the gentleman from Virginia would accept; but while up, he would take occasion to reply to some of the remarks of the gentleman from Georgia, (Mr. Holsey.) Mr. C. said his position was a peculiar one. He was condemned at home in no unmeasured terms, because he refused in this House and at home to take the part of the Indian tribes against the United States; and here he was charged with entertaining a sympathy for these Seminole Indians adverse to the interest of the United States. He had no sympathy for the Indians as Indians, but he desired to see the unchangeable principles of justice and right observed. He contended that these Indians stood in the relation of wards or pupils to the United States, and that the Florida war was a black and damning blot upon the Government of the United States. He would say nothing of the army as an army, of the officers as officers, or of the soldiers as soldiers. He, with the gentleman from Georgia, sympathized for the brave men who perished in the pestilential swamps of Florida. It was not those who had served in the army, nor those who were commanders in that army, who had been disgraced, but it was the nation; it was the people of the United States; it was the Government of the United States which had been disgraced; and he repeated, that it had been disgraced. We have marched men by the thousands, and the tens of thousands, against a handful of Indians; and are they subdued? Have they attained the object for which we sent them there? We well know that the Indians have remained triumphant on the soil in spite of our soldiery. Our army has been thrown against this rock, this handful of Seminoles, as the ocean against the shore, and been beaten back again and again; and he here in his place repeated, that it was a disgrace to our arms. He agreed, however, with the gentleman from Georgia, that the situation of those Indians was peculiar, and that the campaign might have been more reputable to American arms if they could have found their enemy, and met him face to face. He contended that the gentleman from Georgia had not shown that it was proper to enlist the Indians as our allies, by reference to the allies en-

listed by the armies of Europe. There was no analogy between the two cases, in his opinion; because, in the case of the European nations, their allies were independent; the foreign allies were all independent nations; but our Indians were mere wards or pupils, under the guardianship of the United States, and therefore they should not be enlisted to carry on a war against their brethren. He had no sympathy with these Indians, other than that which he had before alluded to. He knew what must be the feelings of those who resided on the Indian frontier, as his own countrymen in former years had been accustomed to the nightly surprise of the Indians, and his own State was dotted with block-houses, erected in the days of Indian warfare; but it is to be said that because the savages violate treaties, that the Government of the United States is to be faithless, and violate treaties too? Are we to learn whether treaties are to be observed from the Indians? and if they are faithless, is it to be set up as a plea for us to break treaties? Was this a principle for an American legislator to adopt. He repudiated the doctrine, and hoped it one which would never be advanced here. He was ready to give every appropriation which might be necessary. He was willing to give the people of Florida all the relief which could be afforded them, and to go as far in the removal of the Indians as he could do with honor and justice, but he was not willing to go against all honorable warfare, merely because they were a savage, and we a civilized people. He would suggest respectfully to the gentleman from Virginia, whether it would not be judicious and wise to remove the only feature in the resolution, which appeared to be a subject of debate. He referred to that part in relation to the appointment of the committee by ballot; and if the gentleman would not accept it as a modification, he would move to strike out that part of the resolution.

Mr. WISE hoped that the gentleman from Massachusetts would not make the motion which he had suggested, to strike out that part in relation to the election of the committee. He preferred the resolution going to the House in its present form, and he hoped the gentleman would permit the question to be taken in this shape. He would merely remark that, by the rules of the House, it was not considered disrespectful to the Speaker to move to have a committee elected; as this mode of election was provided for by the rules. The seventh rule of the House provided that "all committees shall be appointed by the Speaker, unless otherwise specially directed by the House, in which case they shall be elected by ballot." It was therefore contemplated by your rules that, without disrespect to the Speaker, the House could take this power of appointment into its own hands. He hoped this mode of appointment would be adopted for another reason, and that was, that he did not wish himself to be on this committee; and from the universal custom of the House, if the appointment was made by the Speaker, he would have to be the chairman of the committee. He knew the difficulty and labor attending an investigation of this kind, and therefore he did not wish to be placed upon this committee. But, to be bold and candid, his main reason for wishing this mode of appointment was the fact, that let the disposition of the Speaker of the House be ever so fair and upright, ever so just to truth and the public interests, it was expected and required of him, in these times, to give us a *packed committee*; and God knows he (Mr. W.) had had bitter, bitter experience on these stocked committees of investigation. Sir, said Mr. W. let me tell you a fact that this country is not informed of, which will serve as a specimen of what one of these stocked committees will do. During the last winter a committee was appointed to investigate the Executive Departments. A report was made by the majority of that committee, and will it be believed in Gath, that not one particle of that report was written by a member of that majority of the committee. Some of the majority are here who were on that committee, and let any member of that majority here, rise in his place and say who wrote it. I tell you that it was written by a scavenger—an antimasonic editor from Boston, who was brought here and placed on that committee as a clerk by a member

from Rhode Island, who, thank God, is now out of this House, and ought to be out of the country. This individual feigned sickness, and remained at home, while he was under pay of eight dollars a day, and whilst the facts upon which he reported were transpiring in his absence, for the purpose of writing this report, and was furnished with notes by two members of the committee, Dutée J. Pearce and Abijah Mann; and when this report was brought into the committee, and read, so audacious were the falsehoods that it contained, that the majority were compelled to expunge a considerable portion of it, and adopted what remained as their own. Dutée J. Pearce had stated to his friend, Col. Campbell, the gentleman from Massachusetts (Gov. Lincoln) and himself, by way of apology for himself, that the report was written by the individual before referred to, and that Abijah Mann of New York furnished the offensive notes. This report however was set up as a standard of truth, and as an offset to the report of the minority; and the best of it was that Hallett (the clerk) had the insolence to complain that the majority had spoiled the report he had drawn up for them, by striking out the only passages which gave it point.

At this period of the discussion, on motion of Mr. CAMBRELENG, the House proceeded to the orders of the day.

The SPEAKER laid before the House the following from the Secretary of the Treasury, in answer to a resolution of the House calling for information in relation to the condition of the Bank of Missouri; which was laid on the table, and ordered to be printed.

TREASURY DEPARTMENT, }  
September 20, 1837. }

SIR: This report is made in compliance with the following resolution, passed on the 18th instant:

"Resolved, That the Secretary of the Treasury inform this House at what time the Bank of the State of Missouri was made a deposite bank; and what amount of its own notes said bank had in circulation, and what amount of specie it had in its vaults, when it was selected. Also, what amount of money is now in the hands of the receivers of public moneys in Illinois, and where the same is now ordered to be deposited."

In reply to the first inquiry, I have the honor to state that the agreement and bond executed in behalf of the Bank of the State of Missouri bear date the fifth day of July, 1837. Some time elapsed before these papers reached the Department, and explanations were requested, which occasioned a further delay of several weeks. The selection was decided upon the 16th August, 1837; on which day the notice of it, together with the forms of the returns required, etc. were transmitted to the bank. The selection, as is usual in such cases, is considered to take effect for some purposes from the date of the bond and agreement.

In reply to the second inquiry, it appears by the last returns of the bank received here, that it had in its vaults in specie \$293,308 72, and had issued no bills of its own.

This last circumstance existed with regard to the Louisville Savings Institution at the time of its selection, and since, and was deemed, as it has proved, a great security to the Treasury. Recently the Bank of Missouri has issued a small amount of bills; the precise amount of which has not yet been communicated. None of them are under \$20, according to the representation made on that subject.

In answer to the last inquiry—the gross amount of cash held by the Receivers of Public Money in the State of Illinois, by the last returns received at this office, was \$336,639. From this should be deducted \$127,000, being the amount of the drafts outstanding upon them, and leaving a balance of about \$209,639. Of this balance, about \$190,000 has been directed to be deposited in the Bank of the State of Missouri, being the nearest and most convenient general depository for that purpose.

Respectfully submitted.

LEVI WOODBURY,  
Secretary of the Treasury.

Hon. J. K. POLK, Speaker of the House of Reps.

The letter was ordered to lie on the table.

On motion of Mr. CAMBRELENG, the House then went into Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the bill to postpone the fourth instalment of deposit with the States.

Mr. CAMBRELENG said he would detain the committee only to make a short reply to the gentleman from Tennessee (Mr. Bell.) The gentleman had referred to the project of establishing a Treasury bank of deposit and issue. On that question he would not now detain the committee further than to say that the Treasury bank was already established, not only of deposit, but of circulation. We have always had one to some extent, and have generally had two millions of warrants in circulation. He had also referred to the expenditures of Government—they had increased two or three fold; but that increase had been made almost exclusively for extraordinary purposes. We appropriated in 1836 thirty-eight millions; of which, as may be seen by a report of the Committee of Ways and Means, seventeen millions and a half were appropriated to ordinary purposes, and twenty millions and a half to extraordinary objects. Of the latter, thirteen millions and a half were required for Indian treaties and Indian wars in the neighborhood of the gentleman from Tennessee. The appropriations for the present year amounted to thirty two millions, of which fourteen were for extraordinary purposes. He concurred with the gentleman as to the necessity of reducing the public expenditures. It is obvious they will, as they have done uniformly, increase with an increasing revenue, and be suddenly curtailed when the revenue falls short. Such would be the case now, and our expenditures must be reduced to seventeen or eighteen millions.

The gentleman from Tennessee appeared to complain that the Executive had not, when the crisis came upon the country, in May last, directed the different departments to stop the expenditures. This was singular doctrine, after all we had heard for some years past on the subject of Executive usurpation, to expect the Executive to direct the execution of the laws to be suspended, while there were means in the Treasury. But, sir, the views, of the President and of the departments were, from necessity, similar to those stated by the gentleman. It was evident that the revenue would fail, and that some of the expenditures could not be met—a minute inquiry was instituted in every branch of public expenditure, to ascertain what could be conveniently postponed till next year. It was ascertained that some fifteen or sixteen millions might be suspended till the next year, to wait the future action of Congress.

It would, however, be wholly impracticable to curtail the expenditures in the last quarter of the present year. The very branches of expenditure referred to by the gentleman from Tennessee are not now within our reach. One-half of the amount is already expended, and most of the remainder is under contract. Whatever we may do in curtailing the expenditures for the next year, any attempt to interfere with the expenditures of the last quarter would be wholly unavailable; and, if attempted, must be attended with much loss and embarrassment to Government.

But the principal purpose for which he had isen was to notice the financial statements of the gentleman from Tennessee. He had stated that we might have a surplus of twenty-three millions and a half. He hoped the gentleman would pardon him for saying that his resources for creating this surplus were as unsubstantial as the unexpended appropriations which the gentleman from Georgia (Mr. Dawson) proposed to convert into money. What are they? The first item is five millions, being the amount of money in the hands of the disbursing officers. Why, sir, one half of this amount is already expended, and the remainder is employed in paying the expenses of your army and navy—of the Florida war. Indeed, some are for our naval expenditures in the Mediterranean, the Pacific, and in almost every quarter of the globe. The warrants are issued only as the money is actually required for the public service; and except in some extraordinary case,

as the Florida war, the money is paid over almost as soon as it is received.

The next item to create this surplus is five millions five hundred thousand dollars to be curtailed from the expenditures of the present year. That is wholly impracticable, without stopping the pay of our army and navy, our expenses in the Florida war, and our public works of every character.

The third source of revenue is four millions and a half of drafts, drawn on the banks, and paid out for claims upon Government, but not paid by the banks according to the last returns. Why, sir, to make this a source of revenue, we must draw twice for the same amount. Two millions of this will probably be returned to the Treasury, and not paid by the banks, but the only effect is to diminish the receipts of the Treasury, and to increase the amount due from the suspended banks.

The gentleman also relies upon an increase of the receipts over the estimate submitted of three millions. We have now before us a bill postponing the payment of the custom-house bonds for nine months, which I presume will pass, after all we have heard about granting relief. This will throw into the next year two millions of revenue, which was estimated for the present year, making a difference of five millions in the estimate of the gentleman.

The last resource embraced in the estimate of the gentleman from Tennessee is the balance due from the State banks. Why, sir, we have now in this committee a bill extending indulgence to the banks for four, six, and nine months. If we pass that bill, as we probably shall, we shall place it out of the power of the Treasury to draw for any portion of these balances for any purpose, and these will probably amount to seven millions, when the two millions of drafts are returned to the Treasury.

Thus, sir, we have on one side of the account resources relied upon to make the surplus means, estimated by the gentleman twenty-seven millions, and deducting his estimated surplus of twenty-three and a half millions, we have an actual deficiency, according to the gentleman's own statement, of three millions and a half.

§ Gentlemen might take what view they pleased of the state of our finances, but it is impossible to make any estimate which will not exhibit a deficiency in our means to meet the current expenses of Government. This deposite cannot be made unless we create a public debt for the sole purpose of placing a surplus in the Treasury, to be transferred and deposited in the Treasuries of the several States. Such a measure, he felt persuaded, would never be sanctioned by Congress.

Mr. BELL made a few remarks in rejoinder to Mr. Cambreleng, and insisted that the statement of the gentleman did not contravert Mr. B's of yesterday, that there was a dead fund of five millions of dollars on hand; and that, assuming that fact, which he said was incontrovertible, according to the gentleman's own estimate there would be a deficit of only one million some odd hundred thousand, but, according to Mr. B's estimate, an excess of rising three millions.

Mr. UNDERWOOD addressed the committee at some length, and went into a variety of financial statements, showing that the Government had means enough on hand, including the stock of the Bank of the United States, which might be sold, to answer its present expenditures, without creating a stock or borrowing money. He also went at large into the subject of the Treasury scheme, which he opposed as a delusive one, for its tendency would be directly contrary to what was asserted by its advocates. It would be making a discrimination in favor of the Government officers against the people, increase the patronage of the Executive, by giving him the control of all the constitutional currency of the country, and the appointments to be made in carrying out the scheme, and lead, eventually, to the establishment of a Treasury bank of discount. Mr. U. came to the conclusion that the only remedy for the existing embarrassments, and to prevent their recurrence, was in a national bank, though he should not propose such a measure, and he believed that more than two to one of the people were in favor of it.

Mr. PICKENS said he would submit a proposi-



tion which he thought would meet the views of a large majority of both sides of the House, and that was to postpone the payment of the instalment to the "first day of January, 1839," by which time it would be seen, if the postponement should be made indefinite or not. Mr. P. then moved to strike out the words till "further provision by law," and insert "the first day of January, 1839."

Mr. DUNCAN was opposed to this amendment, and expressed his astonishment at the number of propositions brought forward, the effect of the discussion on which was only to delay the action of Congress upon this bill.

The question resolved itself into this, whether the Government should contract a loan for the purpose of creating a surplus to be distributed in deposit with the States. Mr. D. then cited a statement he had prepared of the actual condition of the finances of the country, and for the information in which he was largely indebted to the highly respected gentleman from Maryland (Mr. Mc Kim) which showed satisfactorily a deficit of somewhere about ten millions, including unavailable funds; which would be, on the first of October, when the fourth instalment was payable, considerably increased. Mr. D. then went on to show that the creation of a loan for the purpose of paying the fourth instalment would be a direct violation of the Constitution. He also defended the Secretary of the Treasury from the strictures of gentlemen who had preceded him, and the views and recommendations of the Executive. In reference to the present bill, Mr. D. denied that it would violate any contract with the States, but he objected to that provision of it which took the responsibility from the Secretary of the Treasury, and put it upon Congress, and hoped a motion would be made to strike it out.

The following are the statements above alluded to by Mr. D.

*Whole amount of money in the Treasury, 1st January, 1837.*

Whole amount of available money in the Treasury 1st January, 1837, applicable to public purposes -	\$42,468,859 97
Deduct the sum reserved by law -	5,000,000 00
	<hr/> 37,468,859 97

Which amount of \$37,468,859 97 was, under the provisions of the act of June 23, 1836, to be placed in deposit with the States, and it is ascertained that there has been deposited -	27,063,430 80
	<hr/> 10,405,429 17

The amount of the third instalment, the deposit of which has not been acknowledged, is -	1,165,575 18
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Amount of fourth instalment, not deposited -	9,239,853 99
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The amount reserved in the Treasury on the 1st January, 1837, has been increased from \$5,000,000 to -	6,670,137 52
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The receipts in the first half year are as follows:

From customs -	\$7,234,451
From lands -	5,307,731
From miscellaneous sources -	512,263
	<hr/> 13,050,445 00

To which add \$600,000 in hand, and \$50,000 in the hands of collectors, subject to draft -	650,000 00
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If no further postponement be granted on duty bonds, it is estimated that the whole amount of receipts of the last half year will be about -	9,500,000 00
	<hr/> 29,870,562 52

Deduct postponement on bonds to the 15th November -	2,500,000 00
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Total amount of moneys estimated to be received in 1837 -	\$27,370,562 52
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#### *Expenditures for the first six months of the year 1837.*

Civil, miscellaneous, and foreign intercourse -	\$2,812,540 40
Military, including pensions -	10,603,361 49
Naval -	3,297,149 69
Public debt -	20,832 75
	<hr/> 16,733,884 33

Expenditures required to meet existing appropriations during the last half year, will, as computed, equal the sum of -	*16,000,000 00
	<hr/> 32,733,884 33

Amount of receipts ascertained and computed for the year 1837 -	27,370,562 00
	<hr/> \$5,363,322 33

This is an actual deficit, notwithstanding there ought to be a sum equal to this always in the Treasury, which really shows a deficit of above \$10,000,000.

Whatever expenditures shall arise within the year upon new appropriations which Congress may think proper to make, will require a corresponding addition to this amount; but without them, it will constitute an excess of \$5,363,322 33 of expenditures over both the receipts and the balance at the end of the year, besides not leaving at the close of the year any thing in the Treasury or mint for future uses or to meet contingencies.

*State of the Treasury up to the 1st of October.*  
By the Treasurer's report on the 30th of August past, it appears that the balance in the Treasury, including what was in the custody of banks, the mint, and collecting officers, was then - \$14,596,311  
That the amount of this sum subject to immediate draft, was only - 8,928,072

This is the amount of all drafts of all kind outstanding, viz: -	5,668,239
Drafts on banks and mint for debts -	3,877,468

Drafts on banks for transfers to States, -	1,165,575
Drafts on receivers and collectors, 28th Aug. -	625,000
	<hr/> 5,668,043

Leaving subject to draft near Sept. 1st as above -	8,928,072
Expenses in Sept. about 2,500,000, with receipts -	2,500,000

Leaving 1st Oct. in banks, mint, and receivers, and collectors, hands -	6,428,072
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Of the amount in banks not over one or two millions are available, leaving four millions unavailable -	4,000,000
	<hr/> 2,428,072

For the mint, which cannot be used immediately -	500,000
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Amount of cash funds in the Treasury, 1st of October next -	1,928,072
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Mr. GARLAND had a very few remarks to make, for he did not intend to reply to the gentleman from Kentucky on the subject of the Treasury scheme, though he held himself prepared to meet that question before the House and the nation, whenever that bill came up, for he had insuperable objections to it. Nor did he intend to follow that gentleman in discussing the principles or merits of a national bank. If he should have the honor of a seat in Congress when that question should come before the country, if it ever did, he was prepared equally to resist it, as both unconstitutional and inexpedient.

In relation to the question before the committee, he made a few remarks. This question had arisen

\* Of this \$16,000,000, \$7,000,000 has been paid.

under the deposit act of June 1836, and before he went into the question, he premised a single remark. That deposit act had been charged as the cause of all the difficulties which had overtaken the country, and the prostration of its prosperity. Upon a proper occasion he should deny the imputation. He had voted for that deposit act; and, under like circumstances, he would vote for it again. It was a wise law; and without intending to reflect upon the author of its execution—without intending to ascribe to the Secretary of the Treasury any other than that error of judgment common to human frailty, Mr. G. would say that if its execution had been as wise as the law, so far from having done an injury to the country, it would have exerted a powerful, if not a salutary and effectual, influence, in preventing the catastrophe that had happened. He believed the law to be wise at the time, and still believed it so, under the circumstances, and his vote for it would be an act of his public life he should never regret.

In relation to the law itself, he would put a single question. What was the act? Many there thought that it was an act for distribution; that is, for a gift to the States. Mr. G. denied that construction of it. If he had believed, when he had voted for it, that it was to be considered as a gift, he should have voted against it; because he did not believe that this Government had the constitutional power to collect revenue from the pockets of the people in large masses of surplus, and then give it out again.

In regard to the bill now under consideration, he asked, was it money belonging to the Federal Government or to the States? If it was the money of the States, it ought not to be withdrawn. If it was the money of the Federal Government, the question which presented itself to every statesman, was this: was the money of the Government to be deposited, and to lie in deposit, while the Government itself was in need of its use? Then arose the further question, had the Government any need of it? Perhaps that question might be somewhat doubtful; for he had travelled through the report of the Secretary of the Treasury, and through the statement of the chairman of the Committee of Ways and Means, and all the other statements that had been given, as well as he could, and the confusion between them was almost as bad as the confusion of tongues at the tower of Babel. Yet in that confusion he had ascertained one fact that would direct his vote, and that was that if this money was given away to the States, and the deposit law executed, there would certainly be a deficiency of some ten or eleven millions of dollars. Now, then, how was this deficiency to be met? Was it to be met by a future surplus of the revenue? He would ask the representatives coming from the consuming part of the community, where that surplus was to be raised from, but by a taxation upon foreign goods? It was a matter of interest to them, surely that the money should rather come back from the States, than from their pockets by taxation.

If Congress, in passing the deposit law, had over estimated the accruing revenue, so as not to have available means of meeting the instalment due on the first of October, then he saw no good reason why the instalment should be met, and the deficit supplied by taxation on the people.

But it was said that it would be acting deceptively towards the States. Why so? The deposit act itself contained a provision for calling back the money when there was a defect in the Treasury. Besides, he would put another question. How much more would the States be deceived and deluded by letting the money go into their treasuries, and then immediately calling it back under the process of the original act? Although, to be sure, it might come back in small amounts and instalments, yet where would be the use of investing it to-day, and calling it back instantly? But it was not prudent in the States to dispose of the money till they had it; for their obligation over it did not commence till it had been delivered to them, and they had no obligations to perform over the money they had not received. It was not in the hands of the States, but in the Treasury of the General Government.

But, again, if this bill be not passed, how were

# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

THURSDAY, SEPTEMBER 28, 1837.

VOLUME 5.....No. 4.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

[Continued from No. 3.]

they to pay the money? Were they to effect a loan on the accruing revenue laws, or to rely upon the southwestern banks to pay up the money deposited with them? Was this a proper state to place the finances of the country in? If it should turn out that the Secretary of the Treasury had given them wrong information on the state of the finances, and if it should turn out that the Treasury was in a sounder condition than he represented, the responsibility would rest upon him, and not upon that House in passing this bill.

Mr. CAMBRELENG explained, in reference to the disbursing officers, that though there might appear on the books to be a balance due from one of them of a million, yet that, in fact, there might not be in his possession at the time five thousand dollars; for the reason, as was understood, that they were debited with the whole amount of the drafts or warrants as soon as they were drawn.

Mr. BELL insisted that there were four millions and a half in August in the deposit banks not paid away by these same gentlemen.

Mr. GARLAND concluded, by saying that, before he acted on that subject, it would be his duty to ascertain precisely, as nearly as he could, the exact state of things; at present, he had nothing else to guide him but the authority of the Secretary of the Treasury, and on that he should vote for the bill under consideration. Mr. G. however, did not admit all the grounds to be true. He did not admit that there was such an amount of unavailable funds as had been represented and contended for there. This he should be able to prove, from the report itself. But, though not unavailable, yet the Secretary says it cannot be come at in time, and for that reason Mr. G. should vote for this bill. It was the Government's money, and the Government wanting it, he should vote for its being withheld from the States.

Mr. BIDDLE opposed the bill at some length, on the ground that the report of the Secretary of the Treasury had not furnished sufficient data to warrant its passage. Moreover, if the exigency was of so pressing a character that the money could not be paid, the Secretary could give the States the same answer he did in July, viz: either keep back the payment, for a time, on that ground, or tender them in payment the notes of the deposit banks. Again, Mr. B. objected to the bill, because it changed the nature or character of the claim; and became, instead of a claim upon the surplus fund now in existence, a claim at large upon the Federal Government, or the people, which would have to be paid in specie.

On motion of Mr. LOOMIS of Ohio the committee then rose and reported; and then,

On motion of Mr. GLASCOCK,  
The House adjourned.

The following additional standing committees were appointed by the Chair under the new rules and orders of the House:

#### On Public Buildings.

Messrs. TOWNS,  
YELL,  
EVERETT,  
MCCLURE.

#### On Patents.

Messrs. LOOMIS,  
CHEATHAM,  
CRARY,  
HAWES,  
HALSTEAD.

#### IN SENATE.

THURSDAY, Sept. 21, 1837.

Mr. McKEAN presented a memorial from sundry citizens of the city and county of Philadelphia, remonstrating against the admission of Texas; which was laid on the table.

Mr. MORRIS presented a memorial from sun-

dry citizens of Ohio, praying that Texas may not be received into the United States; which was ordered to be laid on the table.

Mr. LYON also presented a memorial to the same effect; which was laid on the table.

Mr. HUBBARD presented two petitions; one from Amasa Brown, the other from Abigail Sprague, praying pensions; which were laid on the table.

Mr. WRIGHT, from the Committee on Finance, reported a bill making appropriations for the suppression of Indian hostilities for the year 1837; which was read a first time, and ordered to a second reading.

[This bill makes a provision of one million six hundred thousand dollars. In connection with this bill, Mr. WRIGHT submitted a letter from the Secretary of War.]

Mr. WRIGHT, from the Committee on Finance, reported on the several petitions preferred from the Chamber of Commerce of New Orleans; from the city of St. Louis, in Missouri; from the citizens of Carroll county, in Mississippi; and the citizens of Schuyler county, in Illinois. The report concluded with the following resolution:

Resolved, That the prayer of the petitioners ought not to be granted.

Mr. HUBBARD presented a resolution from the House of Representatives and General Court of New Hampshire, instructing the Senators, and requesting their Representatives, to oppose any and every proposition to charter a Bank of the United States.

The bill imposing additional duties on certain officers as depositories in certain cases being taken up in the Committee of the Whole, the question being on Mr. Calhoun's amendment—

Mr. SMITH of Indiana rose and addressed the Senate in a speech occupying two hours. On this question Mr. S. gave his reasons for voting against the postponement of the fourth instalment to the States. The States, he said, had in several cases entered into contracts on the faith of the receipt of this money, and had in some instances actually made advances on those contracts, which would be forfeited to the great injury and loss of these States. Although the understanding between the General Government and the States could not be considered exactly in the light of a contract, yet it was very like one in its nature, and he so viewed it.

The affairs of the country, he was aware, were brought to an alarming crisis, and required caution and the utmost deliberation. The attempt now made to strike the banks with a ruthless and iron hand, could not fail to re-act upon the people, and beget consequences still more fatal than those we were now laboring under. Why was it proposed to separate the Government from the people, by having separate and distinct currencies? The moment such a measure was effected, the minds of the people would be alienated—there would no longer be an affinity between them. One common interest should pervade both; they are embarked on board the same vessel; and every individual, be he poor or rich, was more or less interested in her prosperous voyage.

This idea of divorcing the Government from the banks, he contended, was an *afterthought*. He was prepared to show it was not the opinion of Ex-President Jackson, nor of Mr. Van Buren when he was canvassing for the high office that he now fills. [Here Mr. S. read extracts from the Message and documents.] We were then told that these banks were entirely adequate to all the purposes of the General Government; that they could regulate the exchanges of the country, and perform all the offices the Bank of the United States had done, safer and better, and now we are asked to divorce them. He had been told it was a contest between the aristocracy of wealth on one side, and the democracy of numbers on the other; for his part he did not know where this aristocracy was—there might be such a thing; but he thanked heaven he had never seen

it. They knew no distinction in the West, where he was from, no difference, save in virtuous or vicious actions. He protested against that spirit of uncharitableness which would array one class against another. We could never advance the interests of the nation by inducing one portion of the people to envy another—all should stand on the broad platform of equality.

Various indeed were the opinions of gentlemen as to the causes of the distress in which we are involved. Some tell us it is owing to our having become speculators, consumers, not producers—others again blame the excessive issues of the banks; while others trace it to the tariff—all he knew was that a fearful anxiety pervaded the mind in relation to it. He could not, like the gentleman from South Carolina. (Mr. Calhoun) enter into a metaphysical discussion of the subject, but having mixed much with the people for the last eight years, he could take a common sense view of the matter, such as he derived from the persons in the West, with whom he had commingled, and he would add, that although these causes might have operated in part, yet he felt constrained to say, that the great primary cause was the destruction of the national bank, and the removal of the public deposits. Previous to those acts by the Executive, we had none of the ills to which we have since been subject—public confidence was every where unimpaired until that evil hour when the public funds were removed from the vaults of the national bank. Then it was that banks sprung up over the whole country. We had placed the public deposits in their keeping, thus enabling them to expand their issues to loan the money to those citizens who wanted it for commercial and other purposes, and now we called for a separation from all banks. Sir (said Mr. S.) you are not entitled to a divorce upon principles of common law and justice.

Added to all this was the Specie circular: the moment people saw that you received nothing for the public land but gold and silver, that very moment distrust seized upon the public mind; it was like the fire in the great western prairies, nothing could stop it; every man became suspicious, and he who had a dollar in paper, drew out the specie and hoarded it up.

This circular was the means of drawing the specie from the East to the West, where it was not wanted, and where it performed no other office than being hoarded. Such a measure of itself could not fail to destroy every bank in the country. Confidence, that could alone sustain moneyed institutions, was annihilated, and distrust universally created. He would not charge improper motives upon the authors of these evils; he believed they might have acted from patriotic motives; but he felt himself bound to state the consequences that had arisen from them.

The measures now contemplated by the administration, would draw all the specie from the West, and place it at the disposal of the Executive, where, with the army and navy, and whole hosts of visitors and examiners, he would soon have the means of becoming irresponsible to the people. Are we, could we, be prepared for the dreadful consequences that would ensue from following out this phantom? Suppose the specie made the only currency; what would be the effect on those persons in debt? Their property would be sacrificed for nothing, and one wide scene of desolation and ruin pervade the whole country.

Mr. STRANGE addressed the Senate in a long and able speech. He remarked that it had been the custom to ascribe the present difficulties of the country to the Government having tampered with the currency. He would answer that charge before he should conclude what he had to say on the subject under consideration. With regard to the existing commercial distress, and the other inconveniences which were complained of, they were not confined to this country alone. Any man who should cast his eye across the Atlantic, could not

fail to perceive that distress was as great, or nearly so, in many countries of a commercial character. The present condition of the Union, some had ascribed to measures of the Government, and they had done so with a proper sense of propriety and dignity due to themselves as well as the Government. They had endeavored to show their injurious effect on the affairs of the country. Now, that was a perfectly fair and legitimate mode of proceeding. It was right that the measures of the Government should be fairly and dispassionately examined, and if they had been injurious, they should be so pronounced. But, so far from concurring in opinion that they had been productive of the present catastrophe, if it could be so called, he believed that the measures had tended rather to relieve the force and weight of the blow which might have been expected by those who watched the commercial proceedings of the country. He believed that the operation of the Specie circular was more limited than was generally supposed, and that its effect had been beneficial; for it had prepared us for what was a most unexpected catastrophe to some, though every thinking man must have seen that it would occur. While he said that the measures of the Government had not been injurious, he did not mean to claim for it perfection. He was free to admit, that some of them, co-operating with other causes, had somewhat affected the welfare of the country. They had done a great deal of good, and probably had done some harm. One of the measures which had been denounced, was that for regulating the standard of gold and silver coin. At the period it was passed, it was considered to be salutary and beneficial. It was not particularly an administration measure; it was supported by many opposed to the administration. The result of it, however, had been somewhat different from what was expected. He believed it had disturbed the commercial equilibrium of the world. It had he thought alarmed the Bank of England, and induced that institution to adopt a course of measures which had seriously affected the commercial interests of this country.

With regard to the distribution act, he believed that that act had had an injurious effect. Now, that was not an administration measure, nor of any particular party. It passed almost by the acclamation of both parties. His opinion was, that this had greatly contributed to derange the currency. He did not think that gentlemen had probed the matter to the bottom—had not looked at the real causes of the present distress. A departure from the Constitution had produced it. Supposing that there had been no tariff adopted, and no national bank established, we knew not what might have been our situation. Perhaps none of the difficulties now complained of would have existed. They might all be traced to these causes, directly or indirectly. He believed them to have thus originated.

Mr. S. after enumerating the various causes which have been said by gentlemen on the other side to have produced the distress; observed that he was very happy to see some very cheering points in the present crisis, as to the course which the Executive had marked out. He trusted that both Houses of Congress would be ready to co-operate with him.

With respect to the relief of the country, we had been told by some gentlemen, that no relief was proposed in the Message. Relief was proposed for an exhausted Treasury, which was one of the evils complained of; and incidentally some relief was also proposed for the commercial distress of the country. He presumed that it would not be denied by any gentleman on that floor, that the emission of ten millions of Treasury notes would afford to the circulating medium of the country additional vigor. Was it not proposed to give indulgence to the merchants, by extending the time for the payment of duty bonds? And so, because relief was not to be afforded to an unlawful extent, it was said that no relief was to be afforded. He contended that great relief would be given by the measures adopted. It had been strongly intimated that a Bank of the United States would afford relief to the country; but no direct proposition had been introduced here in response to it. He expressed his opinion that it

was unconstitutional to establish a Bank of the United States. He believed, too, that it had contributed to produce the present distress. Mr. S. paid a high compliment to the Senator from South Carolina, (Mr. Calhoun) for the high stand he had taken in opposition to the United States Bank, in the speech he delivered a few days ago. He adverted to Mr. Rives's scheme, and condemned it. He maintained that the State banks had completely failed in answering the purposes expected from them. They had virtually failed, not being able to pay specie, and had placed the Government in its present awkward predicament. The merchants would not be placed in the humiliating condition they were, if the banks had met their engagements as they ought to have done. He was astonished that any gentleman should say that the experiment had not failed. The gentleman from Virginia (Mr. Rives) had said all that was wanted was a restoration of confidence in the banks. He (Mr. Strange) had certainly no confidence in them. Would it not be a falsehood on record to say that the people ought to have confidence in the banks, when we ourselves had not confidence in them?

Mr. S. spoke of a bankrupt law, and maintained that such a law must be general in its operation, and could not be made applicable only to banks. The General Government would not have the power to enforce the law in the States. It would, then, be perfect madness to put the funds of the Government where they could not be had when wanted by it.

In regard to the Sub-Treasury scheme, public opinion had not yet been tried on the question, and he was willing to abide by the verdict of the people, whatever it might be.

But as far as he was able to judge, *a priori*, what that opinion would be, he thought it would be in favor of it. Was it unconstitutional? No man pretended that it was. Was it expedient? That was the question. None of the objections which applied to a Bank of the United States, would apply to it. But we were told that it was a new experiment, and doubtless the word experiment would be rung in our ears until we had the earache. Were we to be frightened from our propriety by the word? It was an experiment so far as this Government was concerned, but not as regarded the world. Every body would admit that it was not liable to be a total failure like banks. Nor was it liable to the numerous objections against the deposit banks.

Mr. S. next answered the arguments urged against the scheme on the ground of the Executive patronage which would necessarily be attached to it. He insisted that it would not be either great or dangerous—that no apprehension need be entertained on that score. He referred to the question of the currency, and expressed his sentiments to be like those set forth in the Message. He observed that so far from the banks being against the Sub-Treasury scheme, they ought to favor it, because it would be the means of making specie more plentiful than heretofore. After some further remarks on various subjects bearing upon the scheme, he concluded by declaring himself the decided advocate and supporter of it.

On motion of Mr. TALLMADGE, the Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

THURSDAY, September 21, 1837.

Petitions and memorials were presented by Mr. EWING of Indiana.

[Mr. EWING presented the memorial of sundry persons praying for the establishment of a specie-paying Bank of the United States, and asked the leave of the House to address that body on the subject of the memorial; but objection being made, the memorial was referred to the Committee of Ways and Means, and ordered to be printed.]

Mr. GLASCOCK of Georgia.

[Mr. GLASCOCK presented the petition of Joshua Pharaoh, of Richmond county, Georgia, praying an increase of his pension.]

Mr. HOWARD of Maryland.

[Mr. HOWARD said that he presented the petitions of the executors of Joseph Mussi deceased, and of the legal representatives of Joseph Borden deceased, together with those of 956 petitioners now

on file in the House, praying that compensation may be awarded to them for property taken for the service of the United States in the year 1800. The mere mention of the far distant date at which these claims originated, would, in a great measure, explain to the House his reasons for presenting these petitions at this time, when, under the rule of the House, no reference of them could be made to a committee. He understood that it was the intention of these claimants to press the examination of their claims upon the committee, who might be charged with their investigation; and if such investigation should result in the report of a bill, then to press upon the House the consideration of that bill at some period of the approaching winter. They had desired their petitions therefore to be brought thus early before the notice of House, in the hope that some portion of the leisure which the members now had, might be bestowed upon an inquiry into claims which were closely connected with an interesting portion of the history of the country. At the last session of Congress, it would be remembered that he had reported a list of the claimants, which had been printed by order of the House, that it might be seen who these numerous claimants were, and in what States they lived.

The petitioners state, that prior to the year 1800 their property had been seized upon the high seas by French cruisers, and their vessels and cargoes condemned, in violation both of national law and express treaty. After much negotiation between the United States and France upon the subject of these repeated and intolerable outrages, the Government of France expressed a willingness to make compensation, and would have done so, but for a measure of public policy on the part of the United States, arising from this circumstance. In 1778, a treaty of alliance, offensive and defensive, was formed between France and the United States, in which they had reciprocally guaranteed to each other the integrity of their possessions, and a treaty of commerce was subsequently made, by which great privileges were secured to France. These stipulations, which were merely nominal when the treaties were formed, proved very onerous when the commerce of the United States became extensive, and when a demand was made that the guaranty should be fulfilled by preserving to France her West India islands. The United States insisted upon being exonerated from these very troublesome stipulations, and France, with equal pertinacity, insisted upon their immediate fulfilment. To escape from these embarrassing articles in the treaties, the United States released France from the obligation of making compensation to the petitioners, and France, on her part, consented to abandon the important rights which she held under the old treaties, and which were otherwise indestructible. The result was, that the petitioners lost their property which France had expressed her willingness to pay for, and the Government of the United States made this property the equivalent for obtaining great national advantages. Against this use of their property the petitioners never remonstrated; but against its being taken for the public use without compensation, they have complained from that day to this.]

Messrs. RUSSELL and PRENTISS of New York.

Mr. POTTS of Pennsylvania.

Mr. HALSTEAD of New Jersey.

Mr. HALL of Vermont.

Mr. TILLINGHAST of Rhode Island.

Messrs. ADAMS, LINCOLN, and BORDEN of Massachusetts.

Mr. WILLIAMS of New Hampshire.

Mr. SMITH of Maine.

Mr. THOMAS, chairman of the Committee on the Judiciary, stated for the information of the House, that the Committee on the Judiciary had adopted a resolution, that it is inexpedient to report a bankrupt law at the special session of Congress.

INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th instant:

*Resolved*, That a select committee be appointed



by ballot to inquire into the cause of the Florida war, and into the causes of the extraordinary delays and failures, and the enormous expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers; and that it have power to sit in the recess; and that it make report to the next session of Congress.

The CHAIR stated the question pending to be the motion submitted on yesterday by the gentleman from Massachusetts, (Mr. Cushing,) to strike out the words "by ballot."

Mr. CUSHING, however, rose, and stated that he had on yesterday suggested this amendment to the gentleman from Virginia, but that he had not made the motion to strike out. The journal was corrected accordingly.

Mr. GLASCOCK then rose and stated that he did not desire to take up the time of the House at the present session, which was called for another purpose, in discussing this resolution, as there would be a time hereafter more appropriate for doing so. Mr. G. then moved to amend the resolution by striking out all after the word "Resolved," and inserting the following:

"That a select committee be appointed to inquire into the causes of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

Mr. HOWARD of Maryland moved to amend the amendment, by striking out "a select committee," and insert "the Committee on Military Affairs be instructed;" the effect of which would merely be to transfer the duty of investigation from a select to a standing committee of the House. Mr. H. said that his opinion had been more than once expressed; that, as a general rule, it was proper to refer all matters which might come before them to some standing committee, whenever the subject was within the range of the duty which the rules of the House enjoined upon that committee to perform. During the last Congress he had moved to reconsider a vote by which a select committee had been ordered, for the purpose of referring the subject to one of the standing committees, and the House had concurred with him in opinion. Whenever no appropriate standing committee could be found, he admitted that it was correct to raise a special one, and if this were such a case, he would not now object to the adoption of this course of proceeding. But so far was this from being true, that if the House were to direct a special committee to be appointed, its duties would actually conflict with those of the Committee on Military Affairs, as he would presently show. What reason could be given, he asked, why there should be a select committee? Would the effect of such a measure be to impose duties upon members of this House who were not charged already with the execution of others? By no means. The members of a select committee were generally, if not necessarily, taken from other committees, and thus they were compelled either to discharge a double and burthensome duty, or to abstract a portion of their attention from subjects which were important enough to occupy their whole time. During the last winter, the committee of which he had the honor of being a member, had been compelled twice to send for one of their associates, who was attending to the duties of one of the select committees, and, if his memory did not deceive him, one of the subjects upon which they were equally divided, was thus prevented from being brought before the House at all. Other committees, he presumed, had experienced similar inconvenience from the same cause.

But, in addition to this, one of the rules of the House would show the propriety of confiding this investigation to the Committee on Military Affairs, as must be manifest upon reading it.

The 72d rule was as follows:

"It shall be the duty of the Committee on Military Affairs to take into consideration all subjects relating to the military establishment and public defence, which may be referred to them by the House, and to report their opinion thereupon; and also to

report, from time to time, such measures as may contribute to economy and accountability in the said establishment."

It is made their duty, by this rule, to report such measures as may contribute to economy and accountability, without waiting to have the consideration of these topics especially referred to them by the House. Did gentlemen then wish to discharge that committee entirely, or to permit them to look into the best mode of promoting economy except as to that part of the army in Florida, and thus have two committees employed upon the same subjects, except that one would be occupied with a part of the army, and the other committee with the residue? What confusion must arise from such a proceeding! The resolution before the House proposed to inquire into the causes of the delay and expenditure of the Florida war, and both these duties were specifically provided for by the rule which he had read.

But there was another point in the case. If the proposed investigation should be made by a select committee, how could the House act upon the report, so as to remedy whatever evils there might be, except by referring the report to the Committee on Military Affairs, to frame the necessary bills? The resolution proposed merely a barren inquiry, unproductive of any practical results. If it should be contended that this special committee might report bills also, then the proposition amounted to superseding the standing committee entirely, by vesting another one with all their duties; because such bills could only be prepared after an intimate knowledge of the condition of the whole army.

Mr. H. said that he had read the proceedings of the Court which sat at Frederick, and the correspondence between the late Secretary of War and General Clinch, as well as all other papers within his reach, calculated to throw light upon the conduct of the Florida war. He dissented entirely from the opinion expressed by the gentleman from Massachusetts, (Mr. Cushing) that it was a disgrace to the country, nor could he understand the metaphysical distinction, that the arms of the country were disgraced, and the officers not. He thought that the causes of failure would be found to resolve themselves into two, viz: the extraordinary physical condition of Florida, as it had been correctly described by the gentleman from Georgia, (Mr. Holey) and the great distance of the directing power from the theatre of war. In all campaigns, of all nations, failure was almost inevitable, where the head that planned was hundreds of miles distant from the arm that executed those plans. The army in Florida had performed their arduous duty in a manner which was highly creditable to them, and he thought no disgrace had attached to any quarter. But he was entirely willing that the fullest and freest investigation should be made, and nothing was further from his purpose than to screen any officer, civil or military, if he should be found deserving of censure. He trusted that any committee to which it might be the pleasure of the House to send the investigation, would pursue it rigorously and impartially, with no other view than to do justice, whomsoever it might affect.

Mr. MUHLENBERG said: when this resolution was under discussion yesterday, some remarks were made by the gentleman from Virginia on my left, (Mr. Wise,) which he regretted to hear, because he thought they were in bad taste, and reflected but little credit either upon the head or the heart of that gentleman.

The attack made upon an absent gentleman, unable to defend himself, was certainly, to say the least of it, neither just nor generous. It reflects no credit upon any man to insult a fallen foe, or to strike and kick him when unable to resist. In this light I must view the attack made upon the absent gentleman from Rhode Island. If that gentleman had been present, there would be no cause for complaint, for he is amply competent to defend and take care of himself. He would have given the gentleman from Virginia a Rowland for his Oliver; measure for measure, in every species of attack.

But, sir, I have not risen to reproach the gentleman from Virginia. The goodness of heart with which I know that gentleman to be largely endowed,

has, no doubt before now, induced him to regret the hasty and uncalled-for remarks made yesterday. I have risen to correct some misapprehension into which he has fallen. He stated that the clerk of the Committee of Investigation alluded to, had feigned sickness, in order to gain time for drawing up a report. Sir, the clerk was taken ill shortly after the committee had been organized, and before it had made much progress in its labors; long before a report was thought of, as no one could then say what would be the result of the investigations going on. The testimony of the attending physician, and the evident marks of disease remaining after that person's return to the committee, might have satisfied the gentleman from Virginia that the disease was real, and not feigned. At all events, it could not have been feigned for the purpose stated, because there were at that time no materials for a report.

When the proper time for making a report had arrived, the majority of the committee directed Mr. PEARCE, being the first named of the majority on that committee, to draw up a report for their consideration; and I believe each member of that majority furnished him with his own peculiar views on the subject. I know positively that this was done by myself and some others. The gentleman from Virginia pressed so much and so incessantly for a report from the majority, that it was submitted to the whole committee before the majority had had an opportunity of hearing it read, and passing an opinion thereon. When read in committee, I am free to confess I heard it with no little surprise and regret. I immediately, with a majority of the friends of the administration on the committee, protested against its adoption, and insisted upon its being amended. It was accordingly returned to Mr. PEARCE, to be so changed as to meet the views then expressed. When again presented to the committee, it met with the approbation of the majority, and no complaints were heard from the minority.

Does the gentleman from Virginia recollect that his own report met with a fate similar to that of the majority; that all his colleagues of the minority refused to sign it?

As to the bitter experience of which the gentleman from Virginia complains of having had on the stocked committees of investigation, as he is pleased to call them, I have but little to say. This I will, however, say: that I never before heard him complain of the conduct of that committee, of which he was the chairman; certainly such complaints were never uttered during its sittings. When the committee was about to close its labors, a vote of thanks to the chairman was unanimously passed; and the tear which stood in his eye when he made his acknowledgments, and the apparent good feelings with which the committee finally separated, would seem to tell a different tale.

I regret, that before the gentleman of Virginia had yesterday concluded his remarks, the orders of the day were called, and that I was thus prevented from making this statement immediately. It would not have been made, if, as a member of the committee spoken of, I had not been called upon for it.

Mr. WISE said he was happy, extremely happy, that the gentleman from Pennsylvania had had time to sleep after the remarks he had heard on yesterday, and prepare himself with proper words for the occasion. He was glad that the gentleman was not called upon on yesterday, when he was unprepared to meet the statement which he (Mr. W.) had made. But did the gentleman contradict the statement he had made on yesterday, in the important particular in relation to the clerk of that committee writing the report? He inquired of the gentleman from Pennsylvania whether he put pen on paper in writing that report? The gentleman may have furnished Dutee J. Pearce with notes, but Pearce turned them over to Hallett, and Hallett wrote the report.

Mr. MUHLENBERG said that this was a matter between the gentleman from Virginia and Mr. Pearce. He (Mr. M.) presumed that Mr. Pearce wrote the report.

Mr. WISE. The gentleman presumed that Pearce wrote the report. Now, he repeated what

he said on yesterday, and called upon the gentleman from Massachusetts (Governor Lincoln) to say whether Dutée J. Pearce had not admitted in presence of Colonel Campbell and himself that Hallett had drawn up the report, and that the notes were furnished him by Abijah Mann and Mr. Pearce himself?

Mr. LINCOLN stated that Mr. Pearce had admitted, in a personal conversation, that he was not the author of the report; and more than this, that, upon reflection, he disapproved of its language. He would state further, that he believed whatever had occurred of an unpleasant character in that committee, was in consequence of the action of that agent, in connection with some persons not on the committee. He was bound, however, in candor, to say that when the majority of the committee ascertained the language in which that report was drawn up, it was as severely reprobated by them as by the members of the minority.

Mr. WISE hoped that the statement which he had made was so fully corroborated, as to make it perfectly satisfactory to every gentleman who heard him. He would leave it to the House, to every gentleman in the House, and to every person in the country, whether he was to be reproved for telling a truth; for stating that which must be looked upon by every person as true, and which was not denied by the gentleman from Pennsylvania himself; and he had stated this truth upon the authority of Dutée J. Pearce himself. If it was offensive to the character of Dutée J. Pearce, he himself was the author of it. He (Pearce) was the authority he had for stating that Hallett, the clerk of the committee, wrote the report of the majority. He begged leave to say to the gentleman from Pennsylvania, that he entertained the highest respect for his heart. He had the greatest respect for the gentleman's good heart; but he must say to him that if ever he was put upon another committee of investigation, and did not discharge his duties on that committee somewhat differently, and a little better, than he did last winter, and take particular care that the report he is called upon to sign is his own, or that it contains his sentiments, he could not entertain any very great respect for his head.

[Mr. MUEHLBACH presented his respects to the gentleman for his good opinion.]

Mr. W. knew that the clerk of the committee had a spell of sickness, and that Doctor Sewall attended him. He knew it from his pallid countenance, when he returned to the committee room, and from the fever blisters on his lips; but this was at a time when the committee were not prepared to make any report, and when he could not be engaged in writing it, as there was no materials furnished for proceeding in that business. But some time afterwards he was again absent for several days—a week, perhaps, when he was not confined by actual sickness, as he believed. A portion of the time members of the committee performed the duties; and at length a member of the majority introduced a resolution to employ an assistant clerk; and an assistant was employed, who did all the duties, and received but four dollars a day, while the other, who was absent, received eight dollars a day. Mr. W. then went into a detailed account of the occurrence in the committee room at the time the report of the majority was brought in. Near the close of the session of Congress he gave notice to the committee that he should expect a report to be prepared in the course of some few days, and a day was appointed for the labors of the committee to cease. On the Monday previous to the adjournment of Congress, he inquired if the report of the majority was ready. He was answered no. On Tuesday he again made the inquiry, and received the same answer; but on Wednesday the report came in. A member of the majority (Mr. Mann of New York) commenced reading it, when Col. Campbell inquired if it could be amended. He (Mr. W.) considered that it was subject to amendment. A discussion arose upon the question whether any portion could be stricken out, and after some time spent in discussion, the majority determined that they would read it through, and mark the objectionable passages, and then take up the question whether it was in order to strike any portion of it out. Col. Campbell then took pen in

hand, while Abijah Mann read the report, and took notes of the offensive party until he filled nearly half a page when they came to a whole paragraph, which was of the most offensive character. Mr. Campbell said "draw a line round that, mark it, expunge it," and he immediately rose from his seat, and slapped his hand on the table, and uttered an oath which occasioned him (Mr. W.) to call him to order. The Colonel then said to Mr. Mann: "Sir, I warn you that the man who dares to present that report to the House, filled as it is with falsehoods and lies, I will hold responsible to me personally; and if he don't hold himself responsible, I will chastise him." He then locked the door of the committee room, put the key in his pocket, and swore that not an individual should leave that room until those infamous falsehoods were expunged.

He would do the gentleman from Pennsylvania the justice to say, that when the report was read he rose and said to Mr. Pearce that he did not believe the report to be the truth, but that it was filled with falsehood. The minority of the committee then retired—the majority having determined to strike out the offensive parts—leaving them to pursue their labor of expunging those portions, and then Hallett had the insolence to complain that they had struck out the only parts which gave it point. He would, however, do the justice to the gentleman from Pennsylvania to say, that he did not believe that the gentleman knew that Hallett wrote the report. It will be recollected it was on Wednesday that the report was presented, and on the next Friday Congress adjourned. No discussion arose in the House on the subject, or he would have made the statement which he now made; for, Rowland or Oliver, no human being, though he were but a worm in spirit and in strength, could fear Dutée J. Pearce. You could only fear him when your character might be attained with his company. You could only fear him as you would a midnight assassin or a thief. In relation to another part of the statement of the gentleman from Pennsylvania, in relation to the report of the minority. The three members of the minority had no opportunity of consulting in relation to the report, as their time was entirely taken up, and it was not to be expected that they would blindly sign his report, without any opportunity to compare their statements and papers, and he considered that the two gentlemen of the minority were perfectly justified in not signing it. But a general report was drawn up, and that report they all did sign. He would take this occasion to state to the gentleman from Pennsylvania, that there never was any difficulty in relation to his (Mr. W.'s) report, as it never was read in committee. He did to be sure take Mr. Mann aside at his own request, and read to him that part which related to that gentleman personally. There was language in that report which, perhaps, a person of a different temperament would condemn; but there was not a letter in it which he was not the author of. There was not a cross on a z, or a dot over an i, which was not his own; whether worthy or unworthy, proper or improper. Governor Lincoln and General Campbell had not the opportunity to aid in drawing it up, and it could not be expected of them blindly to sign it. He hoped he had disposed of this subject now and for ever. Mr. W. then replied to the remarks of the gentleman from Maryland, (Mr. Howard) in relation to the reference of the subject to the Committee on Military Affairs. There were nine members on that committee, among whom was to be found but one single opposition man; the other eight being friends and supporters of the administration. His friend from South Carolina (Mr. Thompson) was the only one of the nine who was not a supporter of the administration. On the two select committees last winter they had six to three, which was bad enough; but he would ask gentlemen if it was not rather too bad that an important matter of this kind should be referred to a committee of eight to one. He hoped the resolution would be agreed to, in some form or other, that a proper investigation might be had. If gentlemen were not able to form an opinion in relation to this matter, let them have a committee which would do it justice, and they would have data, and the whole country would have data, to make up an opinion

in relation to it. He desired to have light on the subject, and the whole American people desired light. Mr. W. then modified his resolution by omitting the words "enormous" and "extravagant."

Mr. GLASCOCK regretted exceedingly the unpleasant feeling which seemed to exist on this subject, and that a discussion should be got up which was entirely irrelevant to the subject before the House. The House had nothing to do with the controversy which had been going on, and he hoped we would hear no more of it. So far as he was concerned, he was disposed to go heart and hand for this investigation, and he believed there was no friend of the administration who had expressed a disposition to evade the inquiry. All were desirous that it should be had. The whole country was looking anxiously forward to the time when the matter would be inquired into. If there was any individual in this House, or out of it, who had raised his voice against the raising of this committee, he had not heard it. There had, to be sure, been objection made to the mode of appointment, and this he himself objected to. His object was that the committee should be so constituted that all the officers, and all the parties interested in the issue, should have full and complete justice done them; and to effect this, he had come to the conclusion that the committee ought to be appointed, as all other committees are appointed in this House, by the Chair. This would be throwing the responsibility where it belongs, because in a matter of so much importance to the country, the Speaker would appoint such a committee as would do the subject ample and complete justice. The gentleman had proposed to appoint the committee by ballot. His objection to this was, that the interests of all those concerned in the campaign could not be so well guarded. The committee might be prejudiced against one, and in favor of another; but if the Speaker appointed the committee, he would take this into consideration, and see that each would have his friends on the committee, so that all might have justice done them. If they were elected, there would be a majority of one party or the other on the committee, and the objection on political grounds would be the same. He would go for the appointment of the committee by the Chair; and if he appointed such committee as would do injustice to the investigation, he confessed that he should entertain a different feeling towards the Speaker from that which he now entertained. That the committee should be so made up as to have a majority of the party in power on it, was according to all parliamentary usage; but that was no evidence that they would not do justice to the subject referred to them. If the committee were to be elected, how should the election take place? Were they to be elected by a majority or a plurality? And when they were elected, the same objection might be raised to them on political grounds, as one party or the other must be in the majority. It appeared to him that it ought to be the desire and the wish of all, that every gentleman concerned in the campaign should have his interests represented on the committee, and this could only be effected by appointing it in the usual way. He had no political views to gratify, and only desired that the people of the country might be placed in possession of all the facts in relation to this matter.

Without taking the question, the House, on motion of Mr. CAMBRELENG, proceeded to the orders of the day; and on motion of the same gentleman, went into Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the bill to

#### POSTPONE THE FOURTH INSTALMENT WITH THE STATES.

The question pending was on the amendment of Mr. PICKENS to strike from the bill the indefinite clause "till further provision by law," and insert "the first day of January, 1839."

Mr. LOOMIS, of Ohio, who was entitled to the floor, addressed the committee at length in opposition to the bill, insisting that it was proposing to infringe a vested right, acquired under the deposite act by the States, who had pledged their faith to repay the money. He then reviewed the acts and policy of the late and present administrations in re-

ference to the currency, in all of which the Executive had acted independently of the other branches of the Government, as in the case of the Bank of the United States, the removal of the deposits, the Treasury circular, &c. and had now only called Congress together, not to devise the best means for relieving the country, but to share with him in the responsibility of his present schemes. Mr. L. denied the existence of any exigency requiring the withholding of the fourth instalment from the States, since there was no proof there was a deficit; and even if there was, the resources of the country, from the cotton staple of the South, the grain of the West, the manufactures of the North, and the commerce of the ocean, would be ample to meet the payment, even if it was necessary to effect a temporary loan till those resources came in.

Mr. JONES followed in support of the bill, and went at large into an examination of the condition of the Treasury at the passage of the deposit act, and since that time up to the present period. He denied that there was any obscurity in the report of the Secretary of the Treasury, and he had prepared a statement from it showing most conclusively that the means now at the control of the Treasury were not only insufficient to meet the existing demands upon it, but that there would be a deficiency of several millions of dollars, viz: that the means amounted to something over sixty-six millions, the liabilities to upwards of eighty-eight millions, and the balance, or deficiency, to above twenty-one millions and a half. [Mr. J. entered into a variety of statistical and arithmetical statements, which render a synopsis of his remarks impracticable in the short time allowed to prepare the paper for the press, but they will be published in full as soon as they are written out.] In the first place he argued from the foregoing statements, that the bill was indispensable, and next that it was a proper, legal, and equitable one, and not inconsistent with the intention, spirit, or letter of the deposit act of 1836, a measure which he also reviewed. In conclusion he said, that after long and patient investigation, he had become satisfied that the amount required to be set apart by this bill, was absolutely necessary, and he should therefore give it his cordial support.

The following is the substance of statements cited by Mr. J. as to the condition of the Treasury on the first of January next:

In the Treasury 1st January, 1838,	\$42,468,859 97
Increased this sum by subsequent returns	1,670,137 52
Receipts for first half year as per Secretary's report	13,187,182 00
Estimated receipts for last half year, including merchants' bonds	9,500,000 00
	66,826,079 49
<i>Expenditures made, and chargeable on the Treasury.</i>	
Three first instalments of deposits	\$27,063,430 80
Balance of third instalment outstanding	1,165,575 18
Expended in first half year	16,733,884 33
Estimated expenditures for last half year	16,000,000 00
For Florida war	1,600,000 00
Expenses of present session of Congress, say	500,000 00
Outstanding balance of appropriations chargeable on the Treasury	16,000,000 00
Fourth instalment of surplus revenue	9,367,214 00
	88,430,104 31
	66,829,079 49
Deficit on 1st January, 1838	21,603,924 82
Unexpended appropriations postponed to next year, but still a charge on Treasury	15,000,000 00
	6,603,924 82
Error in addition in Secretary's report	512,263 00

Deficit in Treasury on the 1st day of January, 1838, after postponing \$15,000,000 of unexpended appropriations, as above 6,091,661 82

Mr. ATHERTON followed on the same side, and contended that a sufficient case had been clearly made out in the report of the Secretary of the Treasury, requiring the passage of this bill. Mr. A. also replied to the remarks of several gentlemen who had preceded him. He insisted that the condition of the Treasury was such that the fourth instalment could not be paid without creating a loan for the purpose. He denied that it partook of the character of a debt to the States, or that it was so intended by the original framers of the deposit act. It was designed only as a provision for depositing a surplus, and that surplus an available one. No such surplus now remaining, the necessity of this act was rendered absolutely indispensable. He said that from what had fallen from gentlemen, who ascribed all the present embarrassments to the destruction of that institution, the issue had been proclaimed of the Bank of the United States or no bank; an issue that when once made before the people would be attended with the same result as on the former occasion.

Mr. FOSTER supported the amendment of Mr. PICKENS merely to postpone the payment of the fourth instalment till January, 1839, which offered a ground on which both the advocates and the opponents of the bill ought to meet. He was opposed to pass the bill postponing the payment indefinitely, because he held that it ought to be paid, though he granted and believed that the present means of the Treasury were exhausted, and that this payment could not be made without incurring a loan, or making a farther issue of Treasury notes than was contemplated by the bill reported from the Committee of Ways and Means. To withhold the payment altogether would be a breach of good faith; for the States regarded it as a donation, had treated it as such, and made a disposition for the forthcoming instalment. He repeated that he preferred the bill with the amendment; but even should the amendment be rejected, he could not, in the present embarrassed state of the Treasury, bring himself to vote against the bill without it. Mr. F. addressed the committee at length on the various topics embraced.

Mr. BRIGGS opposed the bill, on the ground that the non-payment would be a breach of contract between the Government of the United States and the States, independent of the inconvenience the latter would be put to from having made provisions for the investment of the money. Mr. B. argued this point for some time, when

Mr. MERCER obtained the floor, on whose motion the committee rose and reported.

The SPEAKER laid before the House a report from the Secretary of the Treasury, furnishing statements of the amount of unpaid duties accrued before the first half of the present year.

Also, a communication from the War Department, covering a return of the number of Indians employed in the military service of the United States since the commencement of the present Seminole war.

The above communications were appropriately referred; and then, on motion, The House adjourned.

#### IN SENATE,

Friday, September 22, 1837.

Mr. ALLEN presented a memorial from certain citizens of Ohio, praying that the national bank may not be rechartered; which was laid on the table.

Mr. WALKER presented a memorial from certain citizens of Clement county, in the State of Mississippi, against the recharter of the United States; which was ordered to lie on the table and

Mr. DAVIS presented a bundle of petitions, thirty in number, from women in Massachusetts, and two (also from women) from the State of Connecticut; which were ordered to lie on the table.

#### ORDER OF THE DAY.

The Senate then took up, in Committee of the Whole, the bill imposing additional duties on cer-

tain officers, as depositories in certain cases. Mr. CALHOUN'S amendment being under consideration—

Mr. TALLMADGE addressed the Senate in a speech of great length. He commenced by advertising to the relationship in which he stood to the President, who came from the same county with himself, and was the friend of his early political life, and the considerations, personal and political, that induced him to weigh well and to give serious and deliberate attention to all subjects coming from such high authority. He felt constrained to declare that the Message of the President had not convinced him of the efficiency of the plans proposed, and until his judgment was satisfied, he would never yield his assent. Mr. T. then went into a long argument to prove the Sub-Treasury scheme was fraught with incalculable mischief to the country. It was no new measure as was supposed. This scheme had been before the House of Representatives, where it had been amply discussed and was fully considered. The scheme was brought forward by an opposition member, and was treated as an opposition measure, though he must do the opposition the justice to say, that it did not meet with their united support, most of the gentlemen of that party believing it still more detrimental in its consequences than the plan submitted by the administration in relation to the deposit banks; and after all the efforts made to sustain it, there were but thirty-three votes brought to its support, as the journal of the House of Representatives would show. In what light were we to consider it now? So odious did it then appear, that it was denounced as an opposition measure, revolutionary in its character, wild in all its features, and calculated to bring the whole power of the Government to the footstool of the Executive, besides subjecting the Treasury to be plundered by faithless agents. These were the reasons then given for not adopting it; and he conceived them to be no less weighty now than they were then. It was said here and elsewhere, that the only practicable substitute for the Bank of the United States was the State institutions. He never believed that the State banks could do as well as the United States Bank; but they were the only substitute. According to the Message of President Jackson, they did the business better, and domestic exchanges were lower than they ever were before. After this measure had received the sanction of the whole party, and was lauded to the skies as a safe and salutary one, we are told the experiment has failed, and we must try another. How has it failed? This was the most extraordinary state of the times that had ever existed before, and might not exist in a century again. He would not go into the general causes; but he would say one great reason was, that confidence had been destroyed, and how had that been done? He would answer by the continue and incessant assaults kept up against the banks. No sooner had the warfare against the United States Bank ceased, than it was commenced against the State institutions, and carried on in the most barbarous and unrelenting manner. Confidence was the foundation, the sole prop of moneyed institutions, and when that was withdrawn, they could not but fail. The Treasury circular had been mainly instrumental in withdrawing that confidence. The moment the people had reason to believe that Government distrusted these institutions, and would not receive their notes in payment of public lands, that moment was their doom sealed! the consequence was inevitable; no banks could have outlived that order.

If the will of the legislative branch of the Government had been suffered to prevail in reference to a measure which had its origin in this body, (he meant the bill designating the funds to be received by the Government,) the present distress would not have come upon us. It had passed both branches of the Legislature, but the President had seen fit to withhold his sanction; and it was not until after that hope was lost—he would not say altogether lost, for it was still expected that when the present Executive came into power, that he would have rescinded the Specie circular. When he (Mr. T.) returned to New York, he went with the full belief that it would be done. The citizens said that, as the Pre-



sident is a native of our State, he will rescind that circular, and do all in his power to sustain its credit; they exclaimed, when he was sworn into office, "Now is the winter of our discontent made glorious summer by the son of York;" but they were disappointed. He would not attach any blame to the President; he might have had reasons, satisfactory to himself, for the part he acted, and he would not condemn him.

Mr. T. adverted to the panic in 1834, which he thought imaginary; but whether the dangers were imaginary or real, the same evils would have resulted, had not the Legislature of his State loaned her credit to sustain confidence, and prevent a suspension of specie payments. Such was the effect of this loan, that it restored immediate confidence, and it was never found necessary to use a single dollar of the six million proffered.

It was his firm belief, that if confidence had been preserved, the suspension would never have taken place. The banks had been charged with stopping for sinister purposes; but he spoke from his own knowledge, when he affirmed that they held out as long as they could. It was the alarm of the depositors that had caused the suspension, and not the run of bill holders. He was far from supposing that they had acted treacherously. If confidence were restored, he believed them as capable as ever of performing their duties to the Government and the people.

He would say, in reference to this divorce between the Banks and the State, that the phrase had been gotten up by designing and wary politicians. He knew that it was a phrase calculated to find favor with the mass of the people; but they had adopted it without looking at its consequences; without sufficient reflection and consideration. It behooved wise and discreet statesmen, however, to take care and look thoroughly into the scheme before they adopted it. He contended that this Sub-Treasury scheme struck at the very foundation of our whole credit system, and the prosperity of the country. A separation of the concerns of the Government from those of the people would be fraught with more mischief than could be brought about by the adoption of any other measure having reference to the finances of the country and all its most vital interests. It was in vain to tell him that if the bill under consideration should become a law of the land, it would not create two currencies. He would insist that the effect of it would be to establish one currency for the Government and another for the people; the better one, however, for the servants of the people, and the worst for the people. There was no escape from this position. The effect of the measure would be to prevent the people from having a better currency than they now had, and to isolate them from the Government. Instead of making the public officers a portion of the people, they were made their masters. He considered that there was great force in the argument of the gentleman from Virginia, (Mr. Rives,) that the consequence of a creation of a better currency for the officers would be to increase their salaries to the amount of ten or twelve per cent.; so that, in fact, they would be receiving that much more money than they were by law entitled to.

Mr. T. went on to argue that the amendment offered by the gentleman from South Carolina would be productive of a great many evils, and which he thought no man could well overlook. To say that the notes of specie paying banks shall be received in the payment of the public dues, was the same thing as saying that nothing but gold and silver shall be so received. Why? Because the very moment those notes are thus received, they are presented at the banks by the people, who may live in the neighborhood, for the specie, and the consequence of which was, that it would be withdrawn from the vaults of the banks and put into the Sub-Treasury. He insisted, then, that it would be better at once to say that nothing but gold and silver should be received, for that was really the practical effect of the measure. Let there be no delusion on the subject; let it be understood by every gentleman, and let it be understood by the community, that it was better for the banks, better for every one, that all the dues of the Government should be paid in gold and silver. There was no

half way about the matter; it was better to go on than to turn back.

He argued that one of the consequences of the measure would be to cripple the banks, to prevent them from furnishing that currency which they otherwise would do. "Preserve and regulate, but not destroy" was his motto. The moment the scheme should go into effect, that moment you crippled the banks in such a manner as to prevent them from affording those facilities to the business portion of the community, which they had been in the habit of receiving.

Mr. T. noticed many of the remarks of the Senator from North Carolina, (Mr. Strange,) and replied to them. He said he could not agree with that Senator that no warfare had been carried on against the banks. He believed that the effect of this measure was making war upon those institutions. He, however, knew that it was far from the President's intention, and that of many distinguished gentlemen, to break down the banking interest of the country, though such was the effect of the present bill. He argued that it was impossible to establish an entire specie currency in the country, and even if it were not, commercially connected as we now were with Great Britain, the adoption of such a currency would be greatly disadvantageous, inasmuch as we ought to have an eye to the kind of currency in England, and so act as not to give her an opportunity of profiting by our financial arrangements.

He contended that the banks in New York and elsewhere could not resume specie payments if the bill should be passed, without bringing about the most disastrous results. The moment the banks resumed payments their vaults would be drained, and they would be compelled to stop again. With regard to the exercise of Executive patronage in reference to this bill, he could apprehend no abuse of it, he confessed, on the part of the present Chief Magistrate, whom he had known from his earliest manhood to have walked within the bounds of strict constitutional limits. But, as we were now legislating for the future, it became us to be careful that we did not trust too much power to the presiding officer, who might happen to be a man of great ambition, and who would not hesitate to use the power vested in him in a manner prejudicial to the best interests of the country, and which might result in the complete overthrow of the Government.

Mr. T. having touched upon a great variety of other topics, concluded by saying: I look forward to the adoption of this measure with the most painful forebodings; and should it become a law, I shall be happy if the country and its institutions are not involved in one general calamity.

Mr. STRANGE offered a few explanatory remarks in reference to what he had said yesterday, for the purpose of correcting some unintentional misrepresentations which the Senator from New York (Mr. Tallmadge) had made.

Mr. TALLMADGE replied, that nothing was farther from his intention than to misrepresent the gentleman, and if he had misapprehended him, he regretted it, and stood corrected.

[At this point of the discussion a message was received from the President of the United States, by Major Van Buren, his private secretary; which was laid on the table.]

Mr. CALHOUN rose and made some observations in relation to the two measures now before the Senate. He contended that it would have to choose between them. If he understood the plan of the Senator from Virginia, (Mr. Rives) he said, there appeared to him to be an insuperable objection to its adoption. He proposed to receive the notes of all banks in discharge of the public dues, provided they shall resume specie payments by a given day in the year 1838; and all those banks which shall not resume by that period, shall be excluded. Now, a most serious question was presented for the decision of this body. We were, by this proposition, about to make a compact with the banks. It was an offer, an inducement held out, to them to comply with a certain requisition; and, if they should accept it, it would constitute an unlimited compact between them and the Government. The effect of the proposition was, to endorse the credit of the Government for ever upon

the notes of such banks as resumed specie payments by a certain time. He would ask the gentleman from Virginia, himself, whether he was willing to enter into such a compact. It could not be misconstrued. We were dealing with corporations, some of which were great and powerful, and we must be on our guard. What was the argument advanced here only the other day? Why, that the deposit act constituted a compact between us and the banks. He however, did not think so. But, even if it were, then how irresistible was the conclusion that the bill involved a perpetual compact with the banks. A consideration must be given in order to make a compact; and in this instance, a great sacrifice would have to be made. The Government was now holding it out; and when once made, honor, justice, every thing, demanded that it should be faithfully and religiously complied with on our part. Mr. C. proceeded to argue that the benefit of this compact would be enjoyed only by the large banks, which would combine together to obtain the prize held out to them, and to put down the little banks. In fact, the bill of the honorable Senator was, in effect, nothing more nor less than an offer to the Pennsylvania Bank of the United States to come forward and fulfil the condition. Now, that bank had the means of doing it, and this would be an inducement to it. In order to comply with the offer, it would be worth while for that institution to make a great sacrifice; ay, a sacrifice of millions! It has strong and powerful connections, not only in this country, but in Europe also, who would rally to its aid, and enable it to accomplish its objects; to resume specie payments, and to put down feeble institutions. Supposing that the bank should comply with the offer made by this bill, what would be our condition? Why, in my opinion, it would be the worst that could possibly be imagined. We should then have a bank of the United States, in the most objectionable form—in a local form, and combined with other banks. He would regard such a consequence as going far to destroy the liberties of the country, and it would create great discontent and heart-burnings among the people. It seemed to him impossible that gentlemen would prefer the Senator's proposition to his.

He was averse to using coercion towards the banks, to compel them to resume specie payments; for the consequence would be, to produce difficulties as great as those which had already taken place. The resumption of specie payments must be the work of time, and after the payment of our debts.

Mr. C. replied to the objections urged by Mr. RIVES to his proposition, in reference to its having the effect of creating two currencies; one of paper and the other of specie. He then asked what sort of a currency we had now? Was not the whole country flooded with currencies of all kinds; with shin-plasters of all sorts, sizes, and shapes? Nothing could possibly be worse. He said that the proposition of the Senator from Virginia involved a departure from the principles that gentleman contended for, and argued as being lost sight of in his (Mr. C's) own proposition. The principle of equality was not observed in it; and the consequence would follow that the people would be compelled to receive one description of notes, and the Government another. The large notes were for the rich, and the small notes for the poor. Mr. C. adverted to his own scheme, and added that he entertained very great doubt whether the Government could receive in the payment of its dues any thing but gold and silver, and notes issued on its own credit. He remarked that he had no confidence in the scheme of the Senator from Virginia, because he regarded it as inefficient. He concluded by answering some of the objections urged against the Sub-Treasury scheme. He maintained that the notes which would be issued would not produce any thing like the evils arising from the existence of so much paper as was now afloat, issued by an immense number of banks.

Mr. RIVES said: was it not extraordinary that the honorable Senator should have made the observations he had in regard to the character of the proposition which he (Mr. R.) had brought forward, when he himself had introduced a plan which was in direct opposition to, and in the very

face of, the resolution of 1816? His (Mr. R.'s) proposition, on the contrary, was based precisely on that resolution; and if it amounted, as the Senator had said, to the making of a compact with the banks, then, consequently, that was the character of the resolution. He contended that the proposition of the honorable Senator was a direct violation of the solemn compact (if it was one) entered into in 1816 between the Government and the banks; and which that gentleman played a conspicuous part in obtaining. He (Mr. R.) would say that if his own proposition was a compact, so was the resolution of 1816. He would have the Senator compare the terms of that resolution with those of the plan. He insisted that they were exactly of the same character. Precisely the same state of things existed then as now. The resolution of 1816 was passed to compel the banks to resume specie payments by a given day, and it had the desired effect, although a disposition had been evinced by some of those institutions, not to comply with the terms of the resolution. Mr. R. expressed his desire to establish by his bill a model of legislation for the States, and after repeating, that precisely the same state of things existed in 1816, as at present, he concluded by asking whether it would be in order to strike out the whole bill under consideration, and substitute his own for it.

The CHAIR said it would not be in order, until the question should have been taken on the proposition then under consideration.

[Here Mr. CALHOUN sent to the Chair the resolution of 1816, and directed the Secretary to read it and the proposition of Mr. Rives.]

Mr. C. said he wished this done, in order that the Senate might judge for itself, whether or not the proposition was in its terms like the resolution. Having been read—

Mr. RIVES said that, practically, he could not see any distinction between the resolution of 1816 and his own proposition. He was sure that the gentleman (Mr. Calhoun) would not accuse him of any design to favor the Pennsylvania Bank of the United States. He certainly had no such intention; and it was his opinion that that institution was not likely to be benefited by the adoption of his proposition. As he stated the other day, so he would repeat now, that the bank was not desirous to resume specie payments; that it would not and could not, on account of the commercial operations in which it had been engaged for the purpose of paying its debts. In his opinion, the bank was not in a condition to resume specie payments. He declared it to be his clear conviction, that the resolution of 1816 involved no compact; that the whole subject of it was left to Congress to act as they might deem proper.

Mr. CALHOUN explained what was the state of things existing when the Bank of the United States was chartered in 1816, and contended that Congress was perfectly independent of the State banks, and that there was no reason for holding out any inducement to them to resume specie payments. His colleague had stated the other day that he considered there was a compact between the States and the General Government, and that it was imperative on us to pay the fourth instalment of deposit to the States. Now, he (Mr. Calhoun) differed in opinion from his friend. Notwithstanding that the gentleman from Virginia, (Mr. Rives,) did not intend to favor the bank by his proposition, he (Mr. C.) thought that such was its tendency. Whatever might be the impression of the Senator as to this being a compact, he (Mr. C.) felt assured that the legal advisers of the bank would consider it a compact, and would establish that fact in the Supreme Court of the United States.

Mr. RIVES here made some remark (not heard by the reporter) which Mr. CALHOUN answered by saying that the immediate object of the resolution of 1816 was not to compel the banks to resume specie payments.

Mr. RIVES said that he recollected that the Secretary of the Treasury in 1816, stated in his report that it was an object of the highest importance that the State banks, which had suspended specie payments, should be induced to resume them. Mr. R. contended that the Senator from South Ca-

rolina had assigned no reason why the Bank of the United States would avail itself of the provisions in his (Mr. R.'s) bill. In the circular of the New York bankers, it was stated, that, from the information they had gathered, they entertained the opinion that the Bank of the United States must resume specie payments between the months of January and March. Now, where was the evidence that it would? Mr. R. went on to say that it was his firm belief, that if Congress would name a day when the banks ought, in justice, to resume, there would be no difficulty as to the sound banks resuming specie payments. Nothing had been said to convince him that the Bank of the United States would resume before the other banks. The probability, however, was, that they would resume about the same time.

Mr. CALHOUN said that the Bank of the United States held, at this time, a most remarkable attitude. He spoke of Mr. Biddle as being a very able financier; as distinguished for talent and ability, in that respect, as any other in this country, or in Europe. Mr. C. concurred with the Senator from Virginia, that the bank was not at present disposed to resume specie payments; and the reason was on account of its strength, having more credit than any other, and being capable of turning these times to advantage. Mr. Biddle knew what he was about. Pass the bill of the gentleman from Virginia, and we would very soon see Mr. Biddle change his policy. He would be glad to see that bill become a law, for it would go to increase his power immensely. Mr. Biddle's solicitude was lest a separation should be made of the Government from the banks. He knew full well that a Bank of the United States was now out of the question. Until a separation of the Government from the banks took place, the whole game would be in his hands. But while Mr. Biddle [concluded Mr. C.] struggles with great determination and fidelity for the stockholders of the bank, I am determined to struggle with no less zeal against that institution; for I believe the interests of the people are antagonistical to its existence; and I will resist the introduction of his bank in any form, as much so as I would resist the creation of a bank by the Government itself. I will do my duty, unguided by party attachment. I shall act as a Senator of South Carolina upon this important occasion, looking to the welfare and interests of my own State, and to the whole Union.

Mr. BENTON addressed the Senate, and, after concluding,

Mr. KING of Georgia obtained the floor, and moved an adjournment.

The Senate then adjourned.

FRIDAY, Sept. 22, 1837.

Petitions and memorials were presented by—  
Messrs. ADAMS, BRIGGS, PARMENTER, and LINCOLN, of Massachusetts.

Mr. SIBLEY of New York.

Mr. REILLY of Pennsylvania.

Mr. BEIRNE of Virginia.

Mr. Speaker POLK of Tennessee.

Mr. RARIDEN of Indiana.

INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th inst:

*Resolved*, That a select committee be appointed by ballot to inquire into the cause of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers; and that it have power to sit in the recess; and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution by striking out all after the word "resolved," and inserting the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution

of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

The question immediately pending, was the motion of Mr. Howard to strike out the words "That a select committee be appointed," and insert "That the Committee on Military Affairs be instructed."

Mr. BELL felt that when the opportunity occurred, he should not let it pass in addressing a few remarks to the House connected with the subject under consideration. He thought it apparent to every member of the House, and every individual in the country, that this subject required some attention and investigation. Some inquiry was demanded by the extraordinary circumstances connected with it. He cared not so much how the inquiry was instituted, provided it was instituted in such way as to bring to light the secrets connected with it, which had been withheld from the American people; he might say, the secrets connected with the weakness of the Government in carrying on this war. He had heard no gentleman object to this, or say that the investigation should not be had. Some gentlemen had said that the committee should be appointed in the ordinary way; that is, by the Speaker of the House. Here a question of some delicacy was presented. It was a difficulty which every gentleman was not willing to encounter; and the Chair was entitled to the forbearance of both parties in the House in reference to the appointment of the committee; because it was a matter of great responsibility, and one which every gentleman who filled the Chair, he believed, would be willing to evade if it could be done consistent with duty. He thought, however, that this question might be discussed without any delicacy. For several years past it had been the practice, and for a few years it had been more rigidly adhered to than formerly, to constitute the committees of the House in such manner as to give a preponderance in favor of the administration, or the party in power; but he did not know that it would be proper to charge this as a dereliction of duty on the part of the Chair, as it was only following out the democratic usage for some years back. He took it, however, that a more full and fair investigation might be had by raising the committee in the way proposed by the gentleman from Virginia, namely, by ballot. It was expected by the country that a proper and thorough investigation of this matter should be had without reference to party. But if the Chair is to make the appointment of the committee in compliance with usage, he would ask whether more was to be expected than had heretofore been received from investigating committees of this kind. We could not expect greater disclosures than we have received from former investigating committees, which have turned out generally to be complete failures. Now, under these circumstances, he would ask whether it would not be proper to relieve the Chair from the responsibility of making this appointment, because, in case of its failure, the odium would rest upon him of not having appointed a proper committee? The gentleman from Georgia, (Mr. Glascock) on a former day, had thrown out the suggestion, and again repeated it on yesterday, that it was proper that the Chair should appoint the committee, so that all the commanding generals engaged in the campaign might have a representative upon it. Now, he would take the appointment from the Chair for the very purpose of preventing these officers from having their friends on the committee, who might improperly favor some and censure others. He would give the appointment to the impartial sentiment of the House, to be exercised either by secret ballot, or *viva voce*, if gentlemen desired. He did not desire to have packed committees in favor of any particular generals, or of the administration. So far as he himself was concerned, he would not put a partisan of either of the commanding generals on the committee. He would have it constituted of men of business habits, but men who were not the personal friends of either of the officers who might sustain one and diminish the fame of other. He did not go for the inquiry, for the purpose of raising the character of any individual, but for the purpose of raising the character of the army itself and the na-

tion. He would vote for a committee without reference to party as a matter of policy, and he would not pack it either with administration or opposition men; but he would have it made up of men of character and standing before the country, so that the investigation might be impartial, and he looked upon by the country as impartial. He went for this mode of appointment of the committee, experiment as might be, and he would try the experiment to see if it would not lead to a good result. He again repeated that the investigation was demanded from the extraordinary circumstances of the case, and he would state the reasons why, in his opinion, it was demanded. It was an anomaly in the history of Governments of modern times, and much more so that it should occur in the nineteenth century of the Christian era, that this Florida war should cost nearly as much as the whole war of the revolution, when there have not been engaged in it, according to the estimate of the most discreet persons, over two thousand Indians and negroes, and according to the estimate of others not over 1,000. We have already expended nine millions or upwards, and are now asked for a million and a half more; and it is estimated, that from the number of claims which will be brought against the Government, in consequence of it, and the number of the forces now concentrating in that quarter, that it will cost before it is all settled twenty millions of dollars. Yet notwithstanding this extraordinary expenditure, we have never had the first message from the Executive on the subject; and the special attention of the House has never been called to the subject of this war. He looked upon it as extraordinary, that a subject connected with such tragical incidents and vast expenditures, should not have been worth the notice of a special Message from the President of the United States. Mr. B. then referred to the fact, that the Government was now concentrating a force of the regular troops of the United States, to the number of about four thousand men in Florida, for the purpose of commencing another campaign, and calling on the States of Kentucky, Tennessee, South Carolina, and Alabama, for volunteers; in addition to this number, which, in all he expected would amount to between seven, and eight thousand men. These troops, he presumed, were to march and countermarch after provisions more frequently than after an enemy. He contended that this was too great an army for the occasion, and stated that formerly that country had been marched through in pursuit of a superior enemy, by Tennessee troops, not exceeding two thousand in number. He contended that fault must lie somewhere, and he strongly suspected that it would be found in a great measure to lie with the imbecile condition of the national army, and the want of a sufficient number of officers, and in support of this opinion he referred to the condition of the troops at the battle of the Withlacoochee and Tampa Bay, about the time of the unfortunate affair of Dade's command. He went for the investigation, so that the country might know where the blame rested, and that the officers engaged in that campaign might have justice done them.

Mr. WISE begged leave to make a correction as to a matter of fact in the reports of the statement he made to the House on yesterday in relation to the occurrence in the committee room last winter which he had spoken of. It is stated in the report in the Globe, and it is substantially the same in the *Intelligencer*, that in speaking of his friend, Col. Campbell, of South Carolina, he had said that that gentleman had rose from his seat, locked the door of the committee room, put the key in his pocket, and swore that until the infamous falsehoods in that report were expunged, no one should leave the room. This (Mr. W. said) was a mistake in the reporter. He did not say that the gentleman actually locked the door, and put the key in his pocket. He stated that the gentleman turned to the door, and said that he would lock it, and would put the key in his pocket, if the offensive parts were not stricken out. Sir, said Mr. W. it was not necessary for the gentleman to lock the door; the threat was enough; it answered every purpose.

Mr. GHOLSON said that he, like the gentleman from Tennessee, (Mr. Bell,) and every other gentleman who had addressed the House, was in favor

of the investigation. He was in favor of the inquiry into every thing connected with the Florida war, but he wished it instituted in accordance with the usages and customs which had always governed this House. What was the object to be effected by the resolution of the gentleman from Virginia? It first proposed to have an investigation, and then proposed to have the committee composed of what he must here term the minority of the House, representing as they do the minority of the people of the United States; irresponsible, as all minorities were. Yet that gentleman wanted to have a committee composed of those irresponsible persons, to investigate that very important matter which had excited the interest of the country so much. He hoped the subject would be referred to the regular standing committee of the House, constituted for the purpose of taking charge of those subjects, and he trusted they would have no more such select committees as the two appointed at the last session of Congress. He had heard a rumor last spring in relation to the occurrence which the gentleman had on yesterday made public; but he had hoped, for the honor of the House of Representatives and of the American people, that it was untrue. But the gentleman from Virginia (Mr. Wise) had seen proper in debate to expose the secrets of the prison house, and lay before the world the details of a scene which he pronounced to be a disgrace to the Congress of the United States. Has it come to this, that a mere threat from a gallant South Carolinian shall have such an effect upon a majority of a committee of the House of Representatives of the United States, that they dare not present a paper which they had prepared as their report? If this was the rule by which committees were to be governed, he thought the gentleman might not have such scruples about sending the subject to the Committee on Military Affairs; for if the one member of the opposition should use a threat with the same effect which the gentleman has asserted the one in his committee was used, he would bring over the other eight to agree with him, or at least not to report in opposition to his views of right and wrong. He was much obliged to the gentleman from Virginia for this further evidence of the manner in which business was conducted before those select committees of the last session. Who ever heard in a deliberative body of a majority being told that the one who would dare to present a paper containing their views, would be held personally responsible; and that if he did not hold himself responsible, he should be chastised. Yet the gentleman who makes these disclosures wants another committee; and it was to be supposed, from the part he seemed to take, that he desired a committee this time who would not be required to be locked up in a room, and threatened with chastisement, to make them make a report in a particular manner. The gentleman from Virginia was not willing to trust to this committee being composed of a majority of the members in favor of the administration. If the gentleman cannot trust the majority of the House, who are responsible to the country, how can the majority trust the minority, who are irresponsible? Why not have a majority of the friends of the administration on this committee? He had heard no one oppose this investigation; not a single friend of the administration had raised his voice against it; yet the moment it was introduced, it called forth the most violent denunciations and philippics from the gentleman from Virginia, and all for the purpose of getting a majority of persons on his committee opposed to the administration; for he could see no other object which the gentleman could have in view than to get a majority of opposition men on it, who will report precisely in accordance with his declarations. In relation to the scene in the committee room, the gentleman from Pennsylvania, (Mr. Muhlenberg,) had told us that the paper never was read before the majority of the committee, until it was read in the room, and that the moment it was read, they stated they would not agree to it; yet not satisfied with this, the minority had to resort to threats to make them expunge their report in the shortest time possible. He considered that those scenes in these black holes of the Capitol would diminish the respect which the people entertained

for the Congress of the United States; and it was a lesson for them not to raise committees of this kind. It was the legitimate business of standing committees to investigate matters of this kind, and provide the proper remedy. We have heard a great deal about the clerk of the committee writing the report, and the insinuation that the majority were not able to write it. Now he looked upon it as an immaterial matter, as to who the scribe was that drew up the report, when the materials were furnished by the majority of the committee, and they adopted it as their own, and were responsible for the facts. It only showed, however, that there was a party in the House who laid claim to all the talent and all the decency. As to what would have been the fate of the report of the minority, that is the report of the gentleman from Virginia himself, if it had been read in committee, and the members of the majority had been as courageous as the gallant South Carolinian, we know not. It is possible that the power of a threat might have operated somewhat on that report.

Mr. LINCOLN stated that the report of the minority of the committee was read in the committee room in presence of all the members, and signed by the three members of the minority.

Mr. GHOLSON only spoke on authority of the gentleman from Virginia. He had stated that his report was not read in the committee room, and it was of his report that he had spoken. Mr. G. would support the motion of the gentleman from Maryland to send the subject to the Committee of Military Affairs. Although he was a member of that committee, he did not know what were the sentiments of its members, as they had had no matter referred to them at the present session, and had held no meetings. He then replied to the remarks of the gentleman from Massachusetts (Mr. Cushing) in relation to the sympathy which that gentleman had expressed for the savages of Florida, and the denunciations he had made of the course of policy pursued by the Government, and pointed out the extraordinary difficulties and disadvantages under which our troops had labored in that country, and concluded by saying that all he asked was a fair and impartial investigation of the matter.

Mr. CAMPBELL said he should not have arisen to address the House, had not allusion been made in the debate upon this subject to a gentleman to whom he bore a near relation. [He alluded to Gen. Campbell of South Carolina.] He did not rise to defend that gentleman, because he required no defence; but he would now state to the House that he believed that gentleman entertained the most kind feelings towards all the members of the majority of the select committee of the last session, and he imputed no dishonorable motives to the majority in consequence of the report referred to. He had heard that gentleman speak of the members of the majority of that committee in the highest terms. Mr. C. sincerely regretted that this unpleasant subject should be introduced before the House, and he hoped it might not again be alluded to, unless it was relevant to the matter under debate. With regard to the resolution, he hoped the inquiry might be had, but he was perfectly indifferent as to the manner in which it should be had. He cared not whether the object was attained through a select committee, or through the regular standing committee of the House. Our generals in Florida had not added to their laurels any of the evergreens which bloomed in that southern clime; but this was attributable to the nature of the country, and the description of the enemy. The country is without roads and without provisions, and it was unjust to attribute the failures of that campaign either to the generals, or to the gallant men who served in those campaigns, or to the late administration of the General Government. In justice to those distinguished commanders—in justice to the late administration—and in justice to the gallant men who perilled their lives in this service, this investigation should be had. The people require it, the national honor requires it, and the world should know why it was that a small and naked band of savages had been enabled so long to resist the power of the



American army. The people of the southern country should know why it was that they were so constantly called upon for volunteers and drafted men to march on this unpleasant service. The mechanic should know why he had been called from his workshop, and the farmer from his plough, at an unseasonable time, to the loss of his crop, to pursue over the barren sands and through pestilential marshes of Florida—perhaps to fall a victim to disease, and perish an inglorious victim to that insalubrious climate, or perhaps to return toil-worn to his impoverished family. It is true, that the enemy are too weak and contemptible to excite any thing like a national feeling; but still the Seminoles, from their long stand for their independence, must excite the sympathy of every honorable bosom. They, however, cannot remain in independence, even admitting that they could make the Withlacoochie their boundary; and their only safety is in removal west of the Mississippi. Let them execute their treaty, and remove beyond the contamination of the white men, and there is still before them a future which may be a future of happiness to those unsophisticated children of nature. He trusted the result of this investigation might lead to a termination of this war, which had cost the Government much money, and been the means of the loss of so many valuable lives.

Without taking the question, the House, on motion of Mr. CAMBRELENG, proceeded to the orders of the day; and on motion of the same gentleman, went into Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the bill to

#### POSTPONE THE FOURTH INSTALMENT WITH THE STATES.

The question pending was on the amendment of Mr. PICKENS to strike from the bill the indefinite clause "till further provision by law," and insert "the first day of January, 1839."

Mr. C. SHEPARD took the floor, and opposed the bill, on the ground that the thirty-seven millions of surplus actually belonged to the States the moment the deposit act was passed. He granted there was a deficit, but this offered no justifiable reason for withholding the payment. In reference to the deposit act itself, he held it to be constitutional, at least as much so as depositing the public money in the State banks; and said, if he had been a member of the last Congress, he should have voted for giving the whole of the surplus absolutely altogether to the States. Admitting a deficit, the question arose, how the payment should be made. He thought there was no difficulty on that head. The debt of the Bank of the United States might be sold in Europe, or the payment might be met by reducing the salaries of the officers of the Government which had been raised last session, and by restricting a number of extravagant expenditures. In reference to the report of the Secretary of the Treasury, he said that if a Chancellor of the Exchequer in England had presented such a document, it would have been scouted and hissed out of Parliament. Mr. S. ascribed all the embarrassments to the measures of the late administration, but said he should enter more at large into the subject when the other bills came up for consideration.

Mr. SIBLEY also passed some strictures upon the report of the Secretary of the Treasury, opposed the bill, and said the first great question to be decided was, what are the obligations resting upon the Federal Government in the relation it stands to the sovereign States of the Union? The subject, it appeared to him, had been, so far, too much considered as if the Federal Government alone was interested in a wise and just conclusion of the question. Now were they bound to fulfil their obligations? and, if so, means ought and must be found, at all events, to conform to those obligations. The faith and honor of the Federal Government were involved in this question, and bound to the several States for the performance, in good faith, and to the utmost spirit of the engagement, for which the act of June, 1836, was the basis. That act he reviewed at some length. He conceded that that statute did not establish a contract, but it was a proposition for a contract from one party, which, if acceded to by the other party, became part and par-

cel of a contract. This had been done in the present case by the States consenting to take upon themselves the obligations of the act, and that assent of theirs made it at once a valid and binding contract, the provisions and requirements of which the Federal Government was bound to fulfil. On this point Mr. S. dwelt at length, and cited a number of precedents in proof of the validity of this contract. He replied to the objection that it had been given without consideration, by adverting to the charge and trouble it involved. In one form or another, it had already cost the people of the State of New York alone above two hundred thousand dollars, independent of the labor and trouble, and the pledge of their faith, for its safe keeping. It had, therefore, all the legal, technical forms of a contract. Moreover, the States had, in consequence, made contracts with their citizens, which contracts they would comply with, whatever might be the loss or inconvenience. He insisted that the question of impairing the contract was not one which ought to be considered by the General Government, for it had no right to prescribe what a sovereign State should do. Hence they had no power to pass a law to withhold this payment. He believed, however, the Government was in a condition to pay the money, for it was not improbable but that the States would receive orders on the deposit banks, and good faith and honor demanded that they should pay it.

Mr. CUSHMAN said, considering the position he occupied at the last session, on this very subject, he hoped the committee would indulge him with making a few remarks. There had been a great number of very ingenious arguments already offered to the consideration of the committee, and he was more and more impressed with the belief that honorable gentlemen who had addressed the committee lost sight of the main question at issue, and entirely mistook the spirit, and meaning, and intention of the deposit law; and it was in consequence of mistaking the spirit of that law that they had been suffered to range into so wide a field of debate on what he considered an erroneous issue. It had been, time and time again, asserted, that that law was a contract, an obligation from which the United States were not at liberty to depart. That it was a contract that could be enforced, and legally enforced. He disagreed altogether from this position. He did not go upon technicalities, but on a higher principle—as much higher as heaven itself was higher than the earth, he meant the moral one. It was upon that ground he originally voted upon this question. It was because he could not bring himself to believe that Congress had any right to deposite the surplus revenue of this Government with the several States of the Union.

Now was this law a contract as had been alledged? Did it partake of any of the features of a contract? No. It was a mere gratuity; a gratuity which was not the basis, and which could not be made the basis, of a contract. Why, supposing one individual should say to another, that he would make him a donation by a particular time, and something should intervene, some calamity, disappointment, or the loss, perhaps, of the very thing he promised to give, would any one contend that that promise formed a legal, binding contract? No. Would any one pretend that it formed a moral obligation on the part of him who promised to give? No. There was not a gentleman upon that floor, he apprehended, who would make that assertion.

He put another case. Supposing one individual should say to another, "I have the sum of \$50,000 now in hand, or soon will have in the hands of an agent of mine, for which I have no use. It is at present of no sort of benefit to myself. I, as your friend, will let you have the use of it until I call for it." Then supposing the money to be paid in four instalments of one, two, three, and four months, and he got the first three instalments, but the one who promised the money is overtaken by an unforeseen calamity; his property engulfed in a flood, or fire consumed his dwelling, he would have a use for that money, or some of it instantly. Let me ask (said Mr. C.) if that individual were to go to his friend, and tell him "It is true I agreed to

hand over to you \$50,000 for your use and benefit, till I should want it, but I am visited by a calamity, and I cannot do without this sum?" I ask, sir, (said Mr. C.) if he would have the hardihood to look his friend in the face, and say that that friend was under a moral obligation to give him the money? No, he would blush to make a charge of that sort.

Now let him bring to the attention of gentlemen what he considered a test question upon this subject. In passing the law of June '36, what did Congress say to the several States of the Union? Why, that they had a surplus revenue which they had then no use for, and they offered it to the several States for their use and benefit, until they should be under the necessity of calling for it, or until they wanted it. It was under these circumstances, and these circumstances alone, that the deposit act was passed. He put another case: Supposing that, on the first of January, 1837, when the amount of the surplus in the Treasury was ascertained to be upwards of thirty millions, on the very next day the whole of that sum should be annihilated, what then? Why, forsooth, according to the argument used in that House, according to the declarations they had heard repeated over and over again, the United States would be bound, *legally bound*, say some gentlemen, to borrow money to make the deposit; ay, they go further, and say they are morally bound to contract a debt to deposite money! Mr. C. entreated gentlemen not to do this. He implored gentlemen not to incur a debt, not to tax the people, for the purpose of raising money to deposite with the States. Would an individual borrow money for the sake of depositing it in a bank, or in any other institution? Assuredly not. Mr. C. denied again that the act partook of the nature of a contract, and concluded by saying that it would be no breach of honor or good faith to withhold the payment of the fourth instalment.

Mr. HOLSEY went into a minute examination of the state of the Treasury, in order to show that there would be an excess of expenditure over the income of the present year, and that there would be no surplus remaining in the Treasury at the end of the year. Mr. H. said he had read the Report of the Secretary of the Treasury, which had been so much animadverted upon, and believed that if there was mist (as it was asserted) any where, it was in those minds who had not understood it, for it was certainly not in that document. He would venture to say, that if that report was submitted to a tribunal of foreign ministers of finance, they would pronounce it as plain, clear, and lucid a document as had ever been written on the subject. But the Secretary of the Treasury had himself divested it of all obscurity, by leaving out every technical phrase; and Mr. H. would venture to assert, that in less than twelve months from this time there was not an intelligent farmer in the whole country who would not comprehend it.

Mr. H. then entered into a variety of statements in support of the propositions he assumed. The result on the first point showed there would be, at the end of the year, an excess of expenditure over the means of the Government of somewhere about twelve millions of dollars. He then examined the proposition for borrowing money to make the fourth payment, and showed how contradictory it was to the intent of the framers of the Constitution to raise money for such an object. In reference to the deposit act, if a contract, it was a contract based alone upon the distribution of an existing surplus, not wanted for the ordinary or extraordinary expenditures of the Government. The structure was reared upon that rock, and was so understood at the time the statute was enacted. The money to be distributed was out of a surplus fund. Where was there a surplus fund. There was none. Therefore there was no obligation on the part of the Government to carry out the provisions of that act. The surplus being gone, the obligation to distribute went with it; and now, were they to tax the people for the purpose of raising a fund to pay out this surplus, or pretended surplus? Was such an exercise of the taxing power ever contemplated by the framers of the Constitution? It was not, nor would the people sanction it.

As to the power of Congress to pass such a bill

as the one under discussion, he had no doubt, for he held that one Legislature had the power to repeal the acts of the preceding one, no matter what rights had been given under it, except the right of property. Some gentlemen contended that the surplus was a gift to the States. But he contended that there were not the slightest grounds for such an assumption. One gentleman had said that the States had acquired a right to it, as a matter of equity. Why, he might as well contend that an individual to whom had been loaned a sum of money, had acquired a right to keep it, from that fact. Had the people in 1836 understood the bill to be otherwise than a deposit act, it would never have passed? No member would have dared to go home to his constituents, and tell them that he had voted their money out of the Treasury, and given it to the people. The people of Georgia would spurn the idea of receiving the money under such circumstances. He had no desire to contaminate his fingers with a fund which had been drawn from the people without any necessity.

Mr. FAIRFIELD, of Maine, addressed the committee as follows: Mr. Chairman, it is with great reluctance that I ever rise to say any thing upon this floor, and that reluctance is increased at the present time, by the reflection that so many gentlemen distinguished for their talents and eloquence have preceded me in this debate. But, sir, I feel impelled by a sense of duty which I cannot overcome, to present my views very briefly to the committee, however far I may fall behind other gentlemen, either in the matter or in the manner of presenting it.

The gentleman from North Carolina, (Mr. Shepard,) who has just given us a very handsome speech upon this subject, commenced with an eulogy upon the deposit act of 1836. Sir, I cannot agree with that gentleman as to the character of that act, either as to its expediency, or the principles involved in its passage. Its tendency to lessen the dignity and independence of the States, by rendering them, to some extent at least, dependants upon the bounty of the General Government. Its covert and insidious introduction of an erroneous and dangerous principle into our system of legislation—the right of taxation for purposes of distribution. Its tendency to keep up, if not to raise a high tariff. The inequality in its ratio of distribution, being directly at variance with the principle of taxation recognised in the Constitution of the United States. These, to say nothing of numerous other objections to the act, stamp it with a character very different, to my mind, from that bestowed upon it by the gentleman from North Carolina. Sir, I voted against its passage, finding myself in a small minority of forty-one upon that occasion. My position was then taken after I had brought to the subject the best lights of my understanding, with the sincerest desire to learn what was true and to do what was right; and I have never seen cause to regret the result to which I was brought, nor has any thing since occurred to change, in any degree, my views of the law alluded to. Its reception by the citizens of my own State, and its operation there, certainly were not calculated to produce that effect. There was, I believe, but one voice among the democracy upon that subject. At all events, it was so in my own district. If gentlemen say that the late election in Maine indicates a change of opinion, I answer that this question, so far as my knowledge extends, was not involved in any way in the late political contest; and I will add that an election took place a few months after the passage of the law, and in my own district, at least, a most emphatic approval of my vote was given by the people. But, in passing, let me say one word upon the subject of our late election, as some gentlemen seem disposed to introduce it here, and to make it a matter of triumph, particularly the gentleman from Pennsylvania, (Mr. Biddle.) Let me tell gentlemen that it may yet appear that they have been "halloing before they were out of the woods." The news of our defeat comes from an opposition course, and, in the course of my short experience, I have generally found the first accounts coming from that quarter to be inaccurate; and I feel justified in this remark by the general

incredulity which is now manifested by all parties in regard to these accounts from Maine. It may be, however, that we are beaten; but if it should so prove, and gentlemen are rejoicing over a *permanent change* in the politics of the State, let me say, "lay not that flattering unction to your souls." The election, if lost, has been lost by a combination of personal and local questions and interests, not involving the great political questions of the day. Maine is essentially democratic, and the democracy will yet rise in their strength, redeem the State, and effectually throw off any odium that may have been incurred in the late contest. Yes, sir, "the star in the East," though its lustre may now be dimmed, will yet shine forth with renewed and increased effulgence.

But to return to the pending question, I need not say that being opposed to the original act in its inception, and in all its subsequent stages and processes, I am of course in favor of the bill now proposing the postponement of the payment of the fourth instalment. But it is said by several gentlemen that we cannot lawfully withhold this instalment. That the States have acquired a *vested right* in it, by virtue of a contract. Sir, I had thought that the doctrine of vested rights had become sufficiently odious through the indiscreet use of it by its friends, without attempting to apply it to this case. The gentleman from Massachusetts (Mr. Briggs) has labored to show that there is a contract between the States and the Government of the United States, and upon the establishment of that point, seemed to consider the right of the States to the instalment as clearly made out. Now, sir, does one follow the other? It appears to me not. If it be a contract, the next inquiry is, what are its terms, and is it a binding and valid one? And for the purposes of this argument, it may be admitted to be a contract. All bailments are contracts. This is one kind of bailment, and, therefore, a contract. It falls within that class of bailments, technically denominated in the law "deposit," which is the bailment of a thing by one to another, to be returned when the bailor calls for it. By this, the bailee acquires no right or title in the thing bailed, or to its use, but is bound to restore it when called for.

On the part of the United States this bailment of money to the States was merely *gratuitous*; and there was no such consideration in the case as to render the contract a legal and valid one. But it is said there was a promise on the part of the States to pay back the money, and this constituted a good consideration. Sir, as well might I set up a legal claim to my neighbor's horse—say, to a *vested right* in him, because my neighbor, in the exercise of a spirit of courtesy and kindness, said I might have the use of his horse at any time, *on my promise to return him*. But the gentleman from New York (Mr. Sibley) has undertaken to show that there was a good consideration upon strict common law principles, and has quoted from the old books the definition of a good consideration to be, "a charge or trouble to one party, or a benefit to the other;" both of which, he says, exist in this case. The States, it is said, incurred charges and trouble in receiving and keeping this money, and the General Government derived a benefit in having it kept for them. Sir, I must confess I was not prepared to hear such a position as this taken. Can it, in any sense, be said to be a *charge or trouble* to a State to receive a large sum of money, and use it for an indefinite period without paying interest for it? If so, I know of a great many people who would like to be *troubled* in the same way; and I cannot say that I should have any very serious objections to it myself. Again: how can it be said, in any proper sense of the term, that the United States Government derive a *benefit* from the transaction? Just look at the facts. The Government have a large surplus, which they do not want to use, lying in the deposit banks, and for which the Government is drawing interest. This surplus the Government withdraws from the banks, and deposits with the States, to be kept by them *without the payment of interest*. And this the gentleman from New York calls a *benefit to the United States Government*! Sir, I cannot conceive of a more palpable perversion of our mother tongue.

But, to strengthen his position, that the charge or trouble incurred by the States constitutes a good consideration, the gentleman from New York goes on to show how the Government of his State disposed of the money after it was received, and how various expenses were incurred. Sir, is this a legitimate and proper mode of construing a contract, or for ascertaining whether there be a legal consideration or not upon which it is founded? I think not. A contract, illegal or invalid at the time of its creation, cannot be purged of its illegal qualities, and made valid by any thing which may subsequently be done by either party.

The gentleman from New York has also urged upon us, in an eloquent and forcible manner, the moral obligation which it is said we are under to pay over this fourth instalment. Upon this point, however, I will not occupy the time of the committee, as it has been fully and ably replied to by others. At the best, for those taking this ground, there may be said to be conflicting claims upon the same fund. That of the Government, to carry on its necessary functions and operations, and that of the States, as borrowers without interest. Which of these claims is paramount, I will leave for each member to decide for himself, constituting as he does an important part of the Government itself.

But again, in relation to the construction of this alleged contract, it is said by the gentleman from Massachusetts, (Mr. Briggs) and others, that this money deposited with the States cannot be called back, except in the mode prescribed in the proviso of the 13th section of the deposit act; that is, in sums not exceeding \$30,000 per month. If this position be correct, then this law is not what its title imports, a *deposit* law, but is, in fact, with regard to some of the States, at least, a *distribution*. In New York, for instance, the amount thus drawn would amount to only about the legal interest on the amount deposited. So that, in about seventeen years, the claim of the United States will have become entirely satisfied, while every dollar of the principle will remain untouched in the hands of that State. Now, was this the intention of those who enacted this law? No, sir. Its friends repelled the charge that it was distribution in disguise, and strenuously maintained, while the bill was undergoing discussion in this House, that it created a *deposit* merely. Such also is the title of the bill. But if the construction of the gentleman from Massachusetts obtains, then this law is made what its framers never intended it should be, and will make the title as perfect a misnomer as can be conceived. Under this view, therefore, I contend that the construction sought to be fixed upon this law is incorrect, and cannot be sustained. What, then, is the true contract between the parties? The gentleman from New York (Mr. Sibley) says that the statute constitutes the contract. It appears to me to be otherwise. The statute, I admit, *prescribes the contract*, but nothing more. This contract is to be *in writing*, and its terms are set forth in the statute. What are they? The language of the statute is as follows:

"Be it further enacted, That the money which shall be in the Treasury of the United States, on the first day of January, 1837, reserving the sum of five millions of dollars, shall be deposited with the several States in proportion to their respective representation in the Senate and House of Representatives of the United States, as shall, by law, authorize their Treasurers, or other competent authorities, to receive the same on the terms hereinafter specified, and the Secretary of the Treasury shall deliver the same to such Treasurer, or other competent authorities, on receiving certificates of deposit therefor, signed by such competent authorities, in such form as may be prescribed by the Secretary aforesaid, which certificates shall express the usual and legal obligations, and pledge the faith of the State, for the safe-keeping and repayment thereof, and shall pledge the faith of the States receiving the same, to pay the said moneys, and every part thereof, from time to time, whenever the same shall be required by the Secretary of the Treasury, for the purpose of defraying any of the wants of the public treasury beyond the amount of the five millions aforesaid." Here, so far as regards the terms of the contract,

which is to be in writing, the statute stops. The States are to pay back, not in sums of \$10,000, or \$20,000, nor at any particular times, but in any sums, at any times, whenever the Secretary of the Treasury shall require it. To be sure, in a proviso to the law, the Secretary of the Treasury is prohibited from calling back the deposits except upon notice of thirty days, and then only in limited amounts. But with this the States have nothing to do, any farther than they are indirectly benefited by the regulations imposed by the Government for its own purposes. This proviso does not constitute a part of the contract, but was a restriction imposed by Congress upon the Secretary, who, they had reason to believe, was hostile to the law, and, they perhaps feared, would call back the deposits more rapidly than they might deem necessary.

But I do not take this ground, sir, because I am in favor of calling this money back from the States, so far as the deposits have been made. And here I differ with the gentleman from Georgia (Mr. Holsey) who has just taken his seat. I do not believe a vote can ever be obtained for calling it back; and, with my present views, I should not be willing to be instrumental in effecting that object. The mischief has been done, and it cannot be remedied by insisting upon a repayment of the money.

If my views of the legal rights of the parties to this contract be correct, then the only question is, whether it is *expedient* to withhold the payment of the fourth instalment. And, in regard to this question, I cannot conceive how there can be two opinions, except as between those who hold that a national debt is a national blessing, and those who hold otherwise. For we are shown, most clearly, in the report of the Secretary, that there will be a deficit in the Treasury if this instalment be paid to the States. I know that gentlemen talk about this report being a Cretan labyrinth that they cannot understand how there is to be any deficit; that they are in a mist and cannot see clearly. Sir, is the Secretary to blame for this? If gentlemen are groping their way in the mists of error, let them make haste to reach those elevated grounds, where the clear sunlight of truth will chase away all mists, and enable them to see clearly. The report of the Secretary appears to me to state the facts in a manner perfectly clear and intelligible, so that he who runs may read. These facts have also been placed before us in different modes by the gentleman from Virginia, (Mr. Jones,) and by the gentleman from Georgia, (Mr. Holsey,) all arriving at the same result, and showing, most conclusively, that if this instalment be paid over, there will necessarily be a deficit in the Treasury. The only question then is, whether we shall resort to a loan to raise money for the purpose of depositing it with the States. Sir, what would be thought of the man who should hire money from one bank for the purpose of depositing it in another *without interest*? Would he not be regarded as a fit subject for an insane hospital? And why should we not be exhibiting a similar spectacle, by refusing to pass this bill, and resorting to a loan to raise money for deposit with the States?

In every view which I can take of this case, it seems to me that a postponement of the payment of this instalment is called for by every consideration of common sense, prudence, and patriotism. But shall the postponement be indefinite, as by the bill, or to January, 1839, as proposed by the amendment? Sir, I prefer the bill without the amendment. We are told here of the disappointments to which the States will be subjected by withholding this money; how it will thwart their plans and multiply the troubles which are already sufficiently abundant. I ask, then, if we should not by adopting the amendment be probably subjecting the States to the same disappointments and troubles over again. If we fix a definite time when the instalment is to be paid, will not States go on as heretofore, laying their plans, and arranging their affairs in correspondence with such holding out on our part? And if so, will they not be destined to disappointment? For one, sir, I trust that such a policy is to be pursued that we are to have no more large surpluses; that the people are no longer to be taxed that Gov-

ernment may be enabled to return to them again the amount thus levied, deducting a large proportion of it for expenses, losses, etc. The gentleman from North Carolina, (Mr. Shepard,) regrets the disagreeable scrambles that have been witnessed for appropriations for internal improvements in the States, and yet is in favor, as it seems to me, of a policy whose necessary tendency is to renew those scrambles. Go on with your system of division, and you directly and powerfully strengthen the motives to create a surplus; and whenever there is a surplus, there will be witnessed a disagreeable scrambling for its possession. Sir, I dread a surplus nearly as much as I do a national debt. Neither of them are compatible with the interests of our people. The one imposes taxes, and often very unequally, to pay interest and the salaries of a horde of petty officers; while the tendency of the other is to corrupt all the streams of legislation, and to generate a low and mercenary spirit among the people. I would then avoid them both. Let the Government be administered in plain republican simplicity and economy. Let no more money be abstracted from the pockets of the people, either directly or indirectly, than is wanted for this purpose; and let the States preserve their dignity and independence, by relying upon their own resources for internal improvements or other objects, instead of being humble supplicants for the bounty of the General Government. But, sir, I have detained the committee much longer than I had intended, and will now close, thanking them for the attention which they have given me.

Mr. PARKER said it had not been his intention to take any part in the discussion of this bill, and he should not now do so, if he had not learned from the remarks of his colleague, (Mr. Sibley,) that some of the delegation from the State of New York entertained on this subject sentiments very different from his own. He therefore considered it a duty he owed to his constituents, as well as his colleagues, to state briefly to the committee the reasons that would induce him to vote in favor of the bill.

It has been said, Mr. Chairman, by the honorable gentleman from Tennessee, (Mr. Bell,) that this measure has originated in a settled hostility to the deposit act of 1836. I do not know, sir, what facts within the knowledge of that gentleman may have led him to that conclusion, but I am bound to say no such inference can be fairly drawn from the history of the deposit act, or of the bill now under discussion. That act was passed on the 23d of June, 1836, and during the whole session which intervened between that time and the present, no effort was made by the administration or its friends to repeal any portion of it. Since the close of the last session, the revulsions and pecuniary embarrassments, so prevalent throughout the commercial world, have reached even the finances of the Government. The revenue arising from duties has been greatly diminished, and the sales of public lands lessened. The Treasury has become nearly exhausted, and we are expressly told by the Secretary of the Treasury in his report, that the funds in the Treasury on the 1st October next will be entirely insufficient for the payment of the fourth instalment under the deposit act. Such is the state of the finances of the United States, that the Secretary of the Treasury finds it necessary to recommend the issuing of Treasury notes to meet temporarily the expenses of Government. With all these facts before me, sir, I am led irresistibly to the conclusion, that the measure originates from the actual necessity of the case, and not from any hostility to the deposit act. Whatever may be the fate of this bill, therefore, the fourth instalment cannot be paid. There are no funds to meet it.

But it is said by some honorable members of this committee, that it is the duty of Congress to authorize a loan for this purpose. I admit this is the only alternative; and the consideration of this proposition involves questions of a most grave and important character.

In the first place, it is very doubtful whether Congress have power to borrow money for such a purpose. The eighth section of the Constitution

gives to Congress "the power to borrow money on the credit of the United States." Taken in connection with the tenor of the other provisions, it seems fair to infer the true construction to be, that money may be borrowed to pay the debts, and provide for the common defence and general welfare, of the United States. It cannot be supposed that the framers of that instrument intended this power should be exercised in the manner proposed—that money should be borrowed—that a national debt should be created, for the sole purpose of depositing the money with the States. A strict construction of that instrument would hardly warrant such an inference.

But, sir, even if such a law were not unconstitutional, it would be a precedent entirely new, and in my opinion, of the most dangerous tendency. The act of 1836 only proposed that a surplus *actually in the Treasury* should be deposited with the States. A very different question is now presented. We are now asked to go a step farther, and *borrow money* for that purpose. To borrow money and pay interest on it, and loan it to the States without interest. If nine millions may be borrowed by the General Government for such a purpose—if this principle is once established by such a precedent—loans for hundreds of millions may yet be effected for distribution among the States. Sir, this would be an alluring bait—a golden prize. It would endanger the independence of the sovereign States. It would place them in a situation of dependence on the General Government incompatible with their true interests, if not with their separate existence; and these immense debts of the General Government could only be paid by an excessive tariff, or by other direct or indirect taxation of the people.

But it is said by some, that withholding this instalment is a breach of contract; and by others, that it is a violation of good faith towards the States. On this point, Mr. Chairman, I am compelled to dissent entirely from the honorable gentlemen who oppose this bill. There is no debt existing from the General Government to the States. The act authorized no distribution of money—it was merely a deposit. It is so expressed in the act of 1836; it was so urged by its supporters at the time; and it was so recognised in the acts of the Legislatures of the several States by which their consent was given to the acceptance of the deposits. It has been said by my colleague on my left, (Mr. Sibley,) to be a rule of law, that where an arrangement is made of such a nature as affords a benefit to one party, and imposes a burden or trouble on the other party, there is a good consideration, and a valid contract is created; and he applies this doctrine to the case under consideration, by saying that the General Government were to enjoy the benefit of having their funds kept safely by the States, and the several States were subjected to the trouble of taking charge of, and loaning out, the money; and he proceeded to say, that the State of New York had expended nearly two hundred thousand dollars in passing the act of acceptance, and in paying the expenses of loaning the money to the different counties of that State. If, sir, this common law doctrine is correctly stated, it cannot be applicable to the case under consideration. The General Government derive no benefit from the transaction, for they receive no interest on the sums deposited; and the State of New York will complain of no trouble imposed, when the interest which it actually enjoys on the sum already deposited with that State, amounts annually to nearly double the sum alleged by the gentleman to have been expended.

No agreement has been made between the General Government and the States, except in regard to the money already deposited; and, on receiving that money, the States severally agreed to refund it whenever required by the Secretary of the Treasury. No act has yet been done by the States by which they hold themselves responsible for the fourth instalment. They have only signified their willingness to accept it; and if the condition of the Treasury is such that the deposit cannot be made, there is surely no contract broken—no violation of good faith.

But admit for a moment that there is a contract, a substantial contract, invested with all the legal forms, and three-fourths of it executed on the part



of the General Government. If the fourth instalment can only be paid by committing a palpable violation of the Constitution, or by a disregard of principle, which would endanger the safety and welfare of the States, as well as of the General Government, such a contract would be void by the well settled rules of law, as well as by the acknowledged principles of justice.

In the course of this debate it was said by my colleague on my right (Mr. Foster) that postponing the fourth instalment will operate more injuriously upon the State of New York than on many of the other States. I have great reason to doubt the correctness of this conclusion; but I should undervalue the patriotism of the people of my State if I supposed they would not cheerfully submit to inconvenience under such an emergency. I know my own constituents too well to believe that they will expect their representative on this floor to vote for a measure fraught with so much danger.

On the 31st day of July last, a circular was issued by the Comptroller of the State of New York, stating that he had made arrangements to borrow money from the Erie and Champlain Canal fund to supply any deficiency that might exist in case of the non-payment of the fourth instalment; and that the holders of certificates—all of whom had executed mortgages for the full amount—might rely on receiving their money on the first Tuesday in October. Of course the people of that State will not be disappointed in receiving their money according to their certificates.

But my colleague proceeded to say that the State banks who have a portion of this Erie and Champlain Canal fund on deposit would be required to furnish the requisite funds from their vaults, and must, of course, call upon their debtors and curtail their discounts to that amount, and thus produce serious embarrassment. This cannot be the case to any great extent, for more than nine-tenths of the money borrowed by the people on bond and mortgage under the late act is paid immediately to the banks. It is borrowed, in most instances, for the very purpose of paying bank debts. It is changing the indebtedness from the banks to the State, and on much more advantageous terms. In place of a credit of ninety days from the bank, the borrower obtains from the State a credit of at least one or two years, and that portion borrowed from the canal fund will not be called in till 1845.

The canal fund will also be the gainer by this arrangement; its moneys on deposit in the banks draw only 4 and 5 per cent. interest; but that portion taken to supply the present deficiency, will draw 7 per cent. thus adding to that fund more than thirty thousand dollars per annum over and above its present receipts, without exacting from the borrower any more interest than would be paid if the United States Treasury had furnished the money.

How much soever, therefore, we may all regret the inability of the General Government to deposit the fourth instalment with the States, according to its original design, I cannot admit that its being postponed will operate with so much severity upon the people of New York as has been represented on this floor.

The honorable gentleman from Ohio, (Mr. Loomis) in his zeal to defeat the passage of this bill, took occasion yesterday to speak with great freedom of what he is pleased to denominate "New York politics," and said that the measures of the President, and of the administration party in that State, have been of a bold and daring character. Among other instances cited by that gentleman, he asserted that "a bill had been urged through the Legislature of New York, in the short space of a few hours, pledging the faith of the State to the amount of six millions of dollars, for the purpose of sustaining the local banks."

The act, Mr. Chairman, to which he probably refers, was passed in the spring of 1834, during the famous panic which the honorable gentleman cannot yet have forgotten. At a time when the expiring agonies of the late United States Bank convulsed the business world to its very centre; when that powerful institution was attempting to extort from the fears of the public, what the calm deliberation of the American peo-

ple had denied it—its recharter; when panic speeches were made on this floor, and echoed through the bank-bought presses of the country; when doubt and dismay were pictured upon the countenances of a large portion of the community. It was then, sir, that the capable and efficient Chief Magistrate of New York, in a special message, submitted to the Legislature the project alluded to, and that body passed the law by an unusually large majority, not in the space of a few hours—promptly I admit—but after due deliberation and reflection.

By that law the State interposed its credit as a shield between the United States Bank and the people. Its object was to restore confidence, and that object was fully attained by it, without the necessity for borrowing or loaning out a single dollar by virtue of its provisions. I think the honorable gentleman cannot have forgotten that this law encountered the most bitter opposition from the political party to which he belongs. It was called by that party "Marcy's Mortgage," and the people were told by the opposition press, that their farms were mortgaged to the amount of six millions of dollars. But, sir, it was a senseless and unavailing clamor—*vox et preterea nihil*; for in about six months after the enacting of that law, Governor Marcy was re-elected to the executive chair, by a majority of nearly thirteen thousand votes.

So far as the act referred to operates as a precedent, it is against the position assumed by those who oppose this bill. It shows that the power of borrowing money to loan out to the people, may be properly exercised by the States. It does not show that that power has been conferred on the General Government.

I am happy to perceive, sir, that the old and stale cry of "non-committalism" is now abandoned by that party which the gentleman from Ohio represents; but before he charges upon our distinguished Chief Magistrate and his supporters in his native State, that their measures are too bold and decided, he ought to have examined into the effect of those measures in that State. He would have found that it was under the influences of the party composed of the President's political friends, that the resources of that State have been developed—that her forests have become cultivated fields, and her villages have grown into cities—that her great works of internal improvement have been projected and constructed—that her banking institutions have been regulated and restricted, and the safety fund system adopted, affording more ample security to the public, than any other system yet devised. In short, he would have found that it was under administrations of the same political character, that New York has become what the honorable gentleman thought proper to call her, the "Empire State." If the gentleman had rightly understood "New York politics" and "New York politicians," he would perhaps have formed a higher estimate of the wisdom of their measures and the correctness of their principles.

Mr. Chairman, I have already occupied the attention of the committee longer than I intended. I am constrained, by a thorough conviction of duty, to vote for this bill. I should prefer it without the amendment offered by the gentleman from South Carolina, (Mr. Pickens,) because I do not think that amendment postpones the fourth instalment sufficiently long to enable the public finances to meet it, and because I am unwilling to see the expectations of the States again disappointed. But I shall vote for the bill, whether the amendment be adopted or rejected.

Mr. SMITH then took the floor, and several members calling out "rise," "rise," Mr. S. made that motion.

Mr. CAMBRELENG, understanding that Mr. S. had withdrawn the motion, said he would mention some circumstances that, he thought, might induce a more speedy action on the various bills now in Committee of the Whole. He said that, unless they acted on some of those measures, in one week, the Treasury would be stopped for want of funds.

Mr. SMITH here interposed, and said he had not withdrawn the motion or yielded the floor. He said he himself had no personal wish on the matter of the rising of the committee, but had

made the motion from the expressed wish of several members.

Mr. CAMBRELENG hoped the committee would not rise at that hour, at all events.

The motion, however, prevailed, and the committee rose and reported.

The SPEAKER laid before the House a report from the Secretary of the Treasury, of the amount of appropriations and expenditures for the current year; which, on motion of Mr. BRIGGS, was laid on the table, and ordered to be printed.

Mr. PATTON then moved that the House adjourn.

Mr. CAMBRELENG called for the yeas and nays, which were ordered, and were—yeas 96, nays 85.

So the House adjourned.

## IN SENATE,

SATURDAY, September 23, 1837.

A message was received from the President of the United States, enclosing a report from the Secretary of War; which was ordered to lie on the table, and be printed.

Mr. CALHOUN presented a petition from citizens of Mobile, praying the establishment of a national bank.

Mr. SWIFT presented two memorials from citizens of Vermont, remonstrating against the annexation of Texas.

## ORDER OF THE DAY.

The Senate then took up, in committee of the Whole, the bill imposing additional duties on certain officers, as depositories in certain cases. Mr. CALHOUN'S amendment being under consideration—

Mr. KING of Georgia addressed the Senate in a speech of upwards of three hours' length. He said there appeared two projects before the Senate; the one was the deposit system of 1834, and the other in relation to a divorce from all banks. Mr. K. professed himself not altogether in favor of either. The magnitude of the questions, and the great interest involved, made it rather incumbent on them, in his opinion, to postpone the whole subject until an opportunity could be had to commune with their constituents, and learn their wishes upon the relative merits of the antagonist questions.

The deposit system had never been a favorite of his, and he had, at the very onset, predicted, step by step, all the evils that had resulted. Mr. K. here made some allusions to certain banks in the South, that had despatched agents to New York with specie for certain purposes, which banks had realized immense profits out of the laboring classes. Such institutions, he thought, were beneficial to no class save the large capitalists, and were not likely to be reached by the fluctuations incident to their mismanagement.

The idea that had been held out of putting down banking capital by sacrificing the Bank of the United States, was as preposterous as the idea of a certain president of a temperance society, who proposed to prostrate a respectable grocer in Chestnut street, on whose ruin five hundred grog shops were established in the Northern Liberties. He had been opposed to the deposit system from its commencement, though some of its friends were induced to believe it had not a fair trial; he was not prepared to say that if the banks had been let alone, and not been tormented and tampered with as they were, they might have done better; though, in his opinion, they never would have constituted so safe and politic a depository of the public revenue as the national bank. It was experiment after experiment that had sunk the currency to its present degradation, and no nation ever had or could survive such trickery, if it were tried to the end of time.

The gentleman from Missouri (Mr. Benton) had said that his was not an experiment. He had collected a mass of historical facts, on which date he had based his position. He has told us of the free and enlightened empires of Rome, Turkey and Spain, and of Roman heroines, and of that great lover of national liberty, Napoleon. He could tell the gentleman that he had read a little Roman history, though he did not pretend to be as well versed in historical lore as his friend, and from what he had read the Romans would be the last people

he would quote to sustain any position. They were the plunderers and murderers of the human race, which for aught he knew might have been a part of their financial system. As for Napoleon, who found his coffers empty on his ascendancy to the throne, and had them soon filled to redundancy, how did he effect it? Let the blood and tears of the German States answer; let him look to the plunder of the bank at Antwerp, one of the most commercial and free cities of Europe. Possibly he (Mr. K.) might have voted for the bill as amended; but really the reminiscences of his friend from Missouri had "frighted him from his propriety," and made him more than ever wish the whole subject postponed until the regular session.

It was the duty, he said, of every Senator, on a momentous question like the present, to give his free, unbiased opinion. Though he had not time to look into the subject as he ought, he had not, like his friend from North Carolina, (Mr. Strange,) taken for granted the views laid down by the President. As to the causes of the distress, as set forth by this high functionary, he confessed himself never more astonished than when he saw them. Mr. K. said he did not embark in the business before him with any very pleasant feeling. He had helped the present Executive by his vote to the place he now occupied; that step he did not regret; and he hoped he might still be able to sustain him. Mr. K. said he must express his regret, however, that the President had not taken the trouble to make himself acquainted with the facts in the case; and he regretted that our public men should prepare their State papers so loosely. The whole Message appears to him to be made up from stump speeches, paragraphs of editors of newspapers, and *saves* from quack politicians.

It never occurred to the President that the administration might have been the cause of all the mischief. [Mr. K. here read parts from the President's Message.] This he said was very pretty, very captivating, but, unfortunately, there was not one word of truth in the whole matter. So far from the issues of the English banking establishments proceeding *pari passu* with those of the United States, it was proved, from the most undoubted authority, that from the first of January, 1834, to the same month in 1837, the increase was not more than one and a half per cent. say about four hundred thousand pounds, while the increase in the United States was upwards of one hundred millions of dollars. In England there was a remarkable increase of trade, while there was no speculative rise of prices. In this country it was widely different. While every thing was advancing in price, we were importing largely from England—importing specie on credit, when we had nothing to pay with, and which went into banks to increase the paper issues, thus keeping up an unnatural state of exchange. Mr. K. read extracts from evidence taken before the British Parliament, to show that there had been a gradual increase in the value of money, which was accounted for by the vast exportation of bullion from the British shores. There was a great increase of wealth in England, while there was not a corresponding increase of money. This could not be accounted for at the time, but had they known that we had been increasing our issues at the rate of two hundred per cent. and dealing with them at the same rate we did on credit, their surprise at this state of things would have vanished in a moment.

As soon as the United States Bank was prostrated, banks sprung up all through the country like magic. The banking system, he admitted, had been abused, and he was ready to grant that the Senator from Missouri had not overrated that abuse in his remarks; still he was willing to concede that some were honest and faithful among them, and he could not bear to hear that torrent of abuse and invective that had been lavished indiscriminately against them all. Their issues were called paper trash, rags, shin-plasters, and the like; but would they not buy as much now of any articles in market as they would before—provisions, clothing, land, houses, etc.? Could not this money be loaned out at a higher rate of interest than it could be before the suspension?

He did not think, if gentlemen had their notes in possession, they would conceive them altogether so worthless as they were disposed to represent them. The great object to be gained was to reach the evil of the system. As well might gentlemen undertake to make a full-grown, rational thinking man, with mortar and pestle, as to regulate currency by the iron hand of Government. It was that attempt which had produced the ills we were now laboring under, the effects of which were tremendous. Mr. K. here went into an argument to show how detrimentally the Specie circular had operated in counteracting the natural course of trade, and that the New York merchants, to their eternal honor, had paid thirteen or fourteen per cent. for money, rather than run upon their banks, when so much of the specie had been abstracted to send to the West. The measure, he said, had been opposed in the cabinet, and in both houses of Congress; yet the President had taken it into his head, that whoever opposed his political plans were conspiring against him, and hence had determined to persevere in his scheme. It was understood as a boon to the West, though the people of that section of country were unpatriotic enough not to thank him for it; and he must confess, for himself, that he would not like to be fuddled even with Champagne. Yes! it was this Specie circular, that had struck down this young and vigorous Republic; had rendered bankrupt her merchants, had ruined the planters, and thrown two thirds of the laborers of the country out of employ; yet this was what the gentleman from Missouri termed that "ever glorious Specie circular!" He thought glory must have depreciated in a more fearful ratio than the bank rags against which the gentleman vented so much of his spleen.

He [Mr. K.] could but express his astonishment and regret at the remark of the gentleman from South Carolina [Mr. Calhoun] that the United States Bank of Pennsylvania might restore specie payments, but "he was unwilling to employ it as an agent, because it would afford that bank a triumph over the Government!" What Government? did the gentleman mean the Government at the Hermitage, or the White House?

He professed himself shocked at such a remark, and asked if the blood of '76 had all evaporated, that he was induced to believe more grey hairs had made their appearance on the head of the Republic within the last five years than might have been expected in a century. Mr. K. said he was a democrat in principle, and did not use the term as a catchword; they would never find him with democracy on his tongue and federalism in his heart. He owed every thing to the republican party, and had no sympathies with any other. He had found it necessary to take a stand against Executive encroachments, and wanted his friends to rally with him. The Executive financiering which this country had been subjected to within the last few years, was such as no nation ever had, or ever could, prosper under, and if the present President was determined to tread in the same footsteps, he for one would try to jostle him. So long as the banking system of the country remained as it did, to return at any time to a pure metallic currency would confiscate more than one-third of the property of the nation. Specie vanished, it was no used as currency, but was had found in the hands of brokers and large capitalists, where it was kept as a commodity for barter. Under such a state of things, to compel an entire specie circulation would be to make ruin and desolation stalk through the country. Although he was a hard money man in principle, and had as much antipathy as any man could have to the multiplication of banks, yet he thought there had been a great deal of unreasonable clamor against these institutions; they were doing all they could to bring about a healthful action, and had already reduced their circulation a hundred millions since the suspension of specie payments. To bring the power of the Government to bear upon them now, would be to ruin the people. Mr. K. moved to postpone the whole subject until the regular session.

Mr. STRANGE replied to the various arguments urged by Mr. King in relation to the recommendations of the President's Message, and the causes given therein as having produced the exist-

ing distress. He contended that neither the measures of the late administration nor of the present had led to a derangement in the currency, and originated all the difficulties under which the country was now suffering. He maintained that the banking operations of England, as well as those of the United States, had brought them about. He defended the course pursued by the President in having brought forward his measures for the relief of the country. He said that if the Executive had not done so, we should have heard much of his being non-committal, and not evincing a disposition to afford some cure for the existing evils. The gentleman from Georgia had argued that it was the duty of the Executive to follow, and not to lead. This position he (Mr. S.) begged leave to controvert. It was the constitutional duty of the President to lead, instead of to follow.

Mr. KING of Georgia made a few explanatory remarks in reference to what he had before said.

Mr. NILES replied at some length to the remarks of the Senator from Georgia. He denied that the Message was not based on correct information, and contended that the very arguments of the Senator himself proved that the President was right in all his deductions.

Mr. TIPTON said the question now under consideration was of so much importance to the people of the State from which he came, that he felt it to be his duty to claim the indulgence of the Senate while he gave his views on some of the topics that engage public attention at this time. In a time of profound peace, surrounded, as we thought, by all the elements of prosperity, we are suddenly overtaken by a wide spread calamity, our commerce crippled, public credit injured, private fortunes ruined, and the public treasure bankrupt. The late session of Congress had but just closed; the members had scarce reached their homes, when we were summoned to return to this city to legislate the Government out of its difficulties; and we find ourselves here in September, instead of December, engaged in deliberating on the mode and manner of relieving the distresses of our country. The inquiry naturally addresses itself to every mind, why is this so, what has produced it, and what the remedy to be adopted. The honorable Senator from South Carolina, (Mr. Calhoun,) when he proposed his amendment to the bill under consideration a few days ago, told us that this question should be met boldly, manfully; to use his own words, let every one, said he, show his hand. I, said Mr. T. respond to the noble sentiment of the honorable Senator; the question should be met boldly and fairly; it is a time of deep anxiety with the people; there should be no skulking among their public servants, every one should speak freely of the causes which have produced the present embarrassment, and act promptly on measures to relieve the people.

It was his opinion that the putting down of the Bank of the United States was the first step to the present embarrassment. The transfer of the public deposits from that bank to the local or State banks, stimulated these institutions to extravagant issues, far beyond their ability of redemption. They discounted notes on the public deposits, extending their lines of discounts beyond the bounds of prudence. The people in the neighborhood of the banks, finding that bank accommodations could be had with great facility, entered largely into speculations in public lands, town lots and other property. Extravagance in living as well as in dressing, increased their indebtedness. In a word, sir, said Mr. T. the whole country overtraded, ceased to labor, and contracted debts beyond their ability of payment. Speculations were uppermost in the mind of every one.

The Executive of the United States, seeing the public domain rapidly exchanging for credits on the books of the banks, by the process I have described, determined to check it, and issued his Treasury order of the 11th of July, 1836, directing the receipt of nothing but gold and silver in payment for the public lands. Under the operations of this order, those engaged in the purchase of public lands had to procure bank paper, draw the specie from the banks, and transport it to the land

offices. It was no sooner paid into the land office, than the receiver of public moneys deposited it again with the banks, to the credit of the Government. Thus the indebtedness of the banks was daily and rapidly increased. The banks, fearing that the public deposits would be called for in coin, became alarmed at their own condition, closed their doors, and suspended specie payment; thereby putting it out of the power of this Government to pay the public dues, according to law, in specie, or its equivalent.

This, said Mr. T. is a brief statement of my opinion of the causes which produced the present embarrassment and distress that surround us; it was an unfortunate tampering with the currency and the public deposits by the Executive. Our troubles have come sooner, but come lighter than they would have done, had the Treasury order never existed. Now for the remedy. The bill reported by the honorable chairman of the Committee on Finance, imposing additional duties on public officers, as he understood it, intended to cut loose the Government from all banks, and to authorize the Treasury Department to keep and disburse as well to collect the whole revenue of the Government, dispensing with banks as fiscal agents altogether. This policy he thought might well be questioned. It would strike a large portion of the American people like a shock of electricity, on account of the increased power and patronage it would confer on the Executive arm of the Government. He would not declare in advance that he could not go for it, or for something like it, but he would be slow in yielding it his support, and he hoped that a better remedy would be found. He had never been an advocate for using a litter of State or local banks as fiscal agents of the Government. They contain within themselves antagonist principles; each possessing separate views, and looking to the interest of its own stockholders, they cannot or will not act together in transmitting and disbursing the public money of the United States, and so long as they are used as depositories of the public moneys, embarrassments and occasional losses are to be expected.

Mr. T. said that he was opposed to taking any step here that would have a tendency to cripple or break down the State banks. The people were encouraged to establish State banks to keep down the Bank of the United States. They had vested their capital in them to a very large amount. Many of these banks were perfectly solvent and safe; none more so than the banks of the State which he had, in part, the honor to represent here. The banks of Indiana were waiting to see what Congress, the Executive, and other banks, could or would do, intending very soon to resume specie payments, and honestly to redeem all their paper; and he would give no vote to discourage or to procrastinate so desirable an object. It was true the banks had not acted well in suspending specie payments and embarrassing the Government, but we should deal mercifully with them. A single breath from Congress and the President, saying to the State banks, "We will not receive your paper in payment of duties or for public lands," will strike fifty per cent. off the value of all the property of our constituents vested in these banks; indeed, off all their property of every description; and he was not prepared to sanction such a course. In the language of the West, give us *land office money*. Whatever will buy land is as good as gold. It is at par in all the moneyed transactions of the western country. No matter how old or ragged paper may be, if it contains words, letters, and figures enough to be receivable in the land offices, it equals gold; and if not receivable for public lands, it is of uncertain and changeable value. It finds its way into the hands of the poorer class of people, who are liable to be imposed on, and shamed by the rich, in whose hands the better currency was always found. This would be the effect on the western people, should we refuse to receive the paper of their banks in payment for public lands. He left it for Senators representing States east of the mountains to say what would be its effect on the interest of their constituents, should this Government refuse to receive their bank paper in payment for revenue. Above

all things, Congress should establish and maintain a uniform currency. Have gentlemen forgotten how forcibly the Senator from South Carolina (Mr. Calhoun) described the influence of this Government on currency the other day, when he said if the United States will endorse the note of the beggar, it will pass at par? And will that Senator now say to a very large proportion of the people of this country, we will not receive the paper of your banks in payment of dues to the Government, although you may redeem your paper with specie, when, by that act, he will bankrupt thousands who have strong claims both on the justice and the clemency of the General Government?

Mr. T. would not detain the Senate by an attempt to show what effect the measures before it would have on our commerce or exchanges. He left that to able hands. He pretended only to take a plain common sense view of their mischievous tendency on the interests of his immediate constituents, and to enter his protest, in their behalf, against the ruinous consequences that must follow the passage of the bill with the amendment proposed. He said the course that he had marked out for himself to pursue, put it out of his power to vote for the bill or the amendments proposed by the honorable Senators from South Carolina and Missouri, their amendment, if adopted, looked to a refusal on the part of this Government, at an early day, to receiving or using in its ordinary transactions the paper of all banks, and a return to a metallic currency. This, said Mr. T. looks well on paper, but in my opinion it is impossible to reduce it to practice. There surely is not metal enough to answer one half of the business transactions of this great and growing country. It was on a mixed currency, partly *paper issued on a metallic basis*, that our country reached the summit of its prosperity, and who could ask more than to be placed where we were in 1837?

He would vote for the proposition offered by the Senator from Virginia, when it came. It contemplated preserving the property of our people vested in the State banks. Let us collect from the late depositories the money in their vaults, but in doing so give time for them to pay us without crushing these institutions. This would enable the banks to indulge their creditors, and go far to relieve the embarrassments under which our country was suffering. He cared not what those in high places might think. He considered it the duty of this Government to relieve the people, when this can be done with an eye to public justice. Congress now had the power of relief, and he hoped would exercise it.

The frequent charges thrown out by the late President, in his messages to Congress, against the Bank of the United States, had a tendency to discredit that bank with the people, and we all witnessed its downfall. The constant lauding of the State banks by the President and his Secretary of the Treasury as, depositories of the public money, encouraged the people to take stock in those banks. They grew up, as it were, under Executive favor, and shall Congress now lend itself to break them down? If we intend to avoid embarrassment and losses hereafter, we must put the regulation of the currency, and the deposits of the public money, under laws, passed by the joint wisdom of Congress, and leave less to the whims of a President and his Secretary of the Treasury.

If the bills which had passed the Senate authorizing an issue of Treasury notes, and that regulating collection from the deposit banks, become laws, he wished to see this extra session brought to a close, and let us return to our masters, the people, and consult them on what is further to be done. He did not stand here to register the Executive will; he looked to the boys of the West—those with hard hands, warm hearts, and strong arms, who fell the forest, hold the plough, and repel foreign invasion—for his instructions; it was their voice he felt bound to obey; it was their wishes and their interest he came here to represent. If the Executive desires the additional responsibility of keeping and disbursing, as well as of collecting, the revenue of the country, he now has it, under the regulations of the Treasury Department, since the suspension of specie payment by the deposite

banks; and he warned honorable Senators who, like himself, wished to sustain the present administration, provided its conduct entitled it to the support of the people, to be careful how they entered upon new and dangerous experiments. If he was bent on breaking down an administration, he would give up to it the unlimited control of the public moneys of the Government. He could not vote for the bill reported from the Committee on Finance, but he would vote for the motion of the Senator from Georgia, (Mr. King,) to postpone the whole subject to the next session of Congress, when we shall have had an opportunity of ascertaining the wishes of our constituents. It is good for us occasionally to consult the sovereign people.

Mr. CALHOUN expressed his surprise that the Senator from Georgia should have made a motion to postpone the further consideration of this subject until the meeting of Congress in December next. He regretted, too, that that Senator should not have assigned some reasons for his motion. He (Mr. Calhoun) thought it was due to the country and to Congress, that this question should be settled at the present session. He stated that there were millions of money now waiting the result of our decisions. Even in the city of New York, the very centre of the distress, a large amount was held back under the supposition that a Bank of the United States would be created—a vain and idle and delusive expectation. The objections to such an institution were insurmountable. The commercial world knew not what to do. No man was more sensible than the gentleman from Georgia of the necessity of prompt and decisive action on the part of Congress. Why, then, should the subject be postponed? Were we not as prepared to decide the question now, as we should be in December? A postponement would be fatal to the best interests of the country. Let the question be decided *now*, and much would then be done for the relief of the country. "Delays (said Mr. C.) are dangerous," and the remark was never more true than in the present case. Those opposed to the Sub-Treasury scheme, backed by the banking institutions of the country, presented an array of force, formidable in the extreme. The banking power and influence presented itself in every direction, and would be brought to bear against the measure, should there be any delay. To postpone, then, would be doing nothing less than to surrender the question.

Mr. C. concluded by briefly defending his course in reference to the Bank of the United States, against the sentiments expressed by the Senator from Georgia (Mr. King.)

Mr. RIVES would, he said, say a word or two in reply to the Senator from South Carolina, who had again spoken of the Pennsylvania bank of the United States, as if it was at all connected with this question. But is it so? He denied that it had anything to do with this bill. It strikes a vital blow at the whole banking system of the country, which was now incorporated with the prosperity of the country. Although opposed to the abuses of that system, yet he saw that this blow would be fatal. He was in favor of preserving the system at present, inasmuch as it was necessary to the existing interests of the country. He went on to answer the Senator from South Carolina, who yesterday insisted that this was a struggle between Mr. Biddle and the Government; that it was an attempt to recapture the deposits; that Mr. Biddle was trying to get control of the Government and of the political institutions of the country. Now is that the proposition I have submitted? He denied that his bill proposed any such thing. The gentleman had treated the whole question as if it related to the Bank of the United States, and the restoration of the deposits to that institution. It did not relate to that more than to any other bank, nor to the deposits at all.

Mr. CALHOUN explained, if the Government received the bank notes, they endorsed their credit, and the deposits would follow.

Mr. RIVES said, then the objection did not apply to his (Mr. R.'s) bill, but to the existing law of the land. The law directs the mode in which the depositories shall be selected. He referred to the duties of the Secretary of the Treasury under the



law; yet the gentleman says the practical issue is whether the Bank of the United States shall have the deposits? Would Mr. Woodbury give them to that bank? He thought in very unlikely. He thought he could leave that issue to the Secretary with perfect confidence. He would protest against the ghost of the dead bank being paraded here for effect. A great deal had been said about arguments *ad captivum*. If there had been any such, it was this: all that had been said in relation to the deposits was gratuitous. His firm conviction was, that there could be no general resumption of specie payments without a simultaneous movement; all must resume at the same time. His great object in introducing his proposition was to indicate a day for it, so that the banks may be prepared. Without that, the resumption cannot take place.

He stood here as little subject to suspicion in regard to favoring the United States Bank as any gentleman here. The gentleman from South Carolina signalizes his zeal as a new convert. In 1816 he introduced and supported the bill for chartering the Bank of the United States. He had been a firm and unflinching opponent of that institution. When that gentleman advocated a Bank of the United States in '34, he was opposing it. He hoped the gentleman would throw out no more appeals of that character. He had thrown out insinuations for effect, and then disclaimed their application. It appeared to him that the repetition of these factitious appeals showed the weakness of their cause. Are we children, that the gentleman endeavors to frighten us with the ghost of a Bank of the United States? No, sir. He hoped that Senators were too sensible of their position to be influenced by these scenic exhibitions. Let the gentleman show that there is any real foundation for the alarm about the banks recovering the Government deposits, and not endeavor to excite groundless fears, and work upon our imaginations.

But no ground had been alleged for these insinuations. They were altogether gratuitous. There was nothing in this proposition that favored the Bank of the United States more than any other bank.

He begged leave to say a word or two to the gentleman from Missouri. He was thankful to him for the suggestion, that if he looked over his right shoulder he would see whom he was acting with. Let me tell that gentleman, that when I offer a proposition on this floor, I never think who will vote for or against it. If the gentleman supposes that I am to derive any support over my right shoulder, he knows more than I do. I know one thing: I know who supported this bill before. I know that five-sixths of the friends of the administration supported this bill. It was supported almost unanimously. That is all I know. I do not pretend to speculate as to who will vote for it or against it. I had not the support of the gentleman from Missouri, nor do I expect it now, nor do I expect that of any other particular gentleman. It is enough for me to believe, that it is essential to the best interests of the country. So far from seeing why his proposition should now be abandoned, he saw every thing to stimulate and urge him to bring it forward. It would be impossible that the banking institutions should ever rise again, without a measure of this sort. They must lie prostrate. The people wished to see an end of this paper money, that the gentleman from South Carolina and the gentleman from Missouri so much deprecated. No one had a deeper sense of its danger than he had. We should never get rid of this evil, unless some measure of this character should be adopted. He was unwilling to go back to his constituents without having first done something for the relief of the country. He was unwilling that the American people should witness an adjournment of these bodies, without the passage of some measure of a healing and a salutary character, in regard to the currency of the country. He felt that it was necessary to fix some day for the resumption of specie payments by the banks before we go home, in order that the people might have an assurance of getting rid of that most horrible abomination, the spurious or precarious substitutes for money that

are now overrunning the land. But, in regard to the personal appeal of the Senator from Missouri, if I stand in a position which he indicates; if I am to look over the right shoulder for a guide or leader, will the honorable gentleman, oblige me by looking immediately in front of him, he will find his file-leader. [Mr. Calhoun sits in front of Col. Benton.] Now, that is a singular transposition of places, indeed. The honorable gentleman from Missouri, who has so long taken the subject of the currency under his particular care, is now content to furnish facts and hints for another leader. He had not looked for or sought any special support from any gentleman on that floor. He had not changed his position. If any gentleman supported him, he presumed it would be from patriotic motives. When the Sub-Treasury scheme was introduced into the House of Representatives in 1834, it received but thirty-three votes, and only one of those was a friend of the administration; and this scheme was then denounced under the auspices, and in the name, of the administration as revolutionary, disorganizing, anti-republican—tending to enlarge the Executive power, and place in its hands the means of corruption. Believing now, as he did then, that such is the character and tendency of the measure, he adhered to the ground taken by the republican party in 1834; and he would use every weapon which reason and argument could furnish in opposition to it. He would freely co-operate with any party, or any individual, in resisting a scheme which he believed to be fatal to the best interests and happiness of the country; and in doing so, he did not consider himself as abandoning, but, on the contrary, maintaining, the true republican faith.

Mr. CALHOUN said that, after his disclaimer yesterday, he was much surprised to find himself the object of a personal attack. He contended that the stand taken by him in the year 1834 would speak for itself. He rebutted, with much warmth the remarks of the Senator about his "zeal," and identifying him with the Senator from Missouri, and said the whole remarks were alike unworthy of the Senator and the State he represented.

On motion of Mr. CLAY,  
The Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

SATURDAY, September 23, 1837.

Petitions and memorials were presented by

Mr. MAY of Illinois.

Mr. EWING of Indiana.

Messrs. BOND and TAYLOR of Ohio.

Mr. HAYNES asked leave of the House to make a motion that from and after Monday next, the House shall meet at ten o'clock.

Objection being made—

Mr. HAYNES moved a suspension of the rules, which was agreed to, and the motion to meet at ten o'clock prevailed.

Petitions and memorials were further presented by

Messrs. DARLINGTON, MORRIS, McKEN-NAN, and OGLE of Pennsylvania.

[Mr. M. MORRIS of Pennsylvania presented the memorial of John Paxson, Charles Marquedant, and eighty others, citizens of Bucks county in the State of Pennsylvania, remonstrating against the annexation of Texas to the United States.]

Messrs. MARVIN and LOOMIS of New York.

Mr. TILLINGHAUST of Rhode Island.

Messrs. ADAMS and PARMENTER, of Massachusetts, and

Mr. FAIRFIELD of Maine.

INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. Wise on the 19th instant:

*Resolved*, That a select committee be appointed by ballot to inquire into the cause of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers, and that it have power to sit in the recess, and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution by striking out all after the word "resolved," and insert the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

The question immediately pending, was the motion of Mr. HOWARD to strike out the words "that a select committee be appointed," and insert "that the Committee on Military Affairs be instructed."

Mr. WISE said, when he came to Congress four years ago, and when he was first elected by the people of his district, he was the friend of power. He had not been here long before he found that power needed no friend; it was too strong already. He looked narrowly at the condition of the public institutions. He watched closely the enemies of the public institutions of this country, and he found that the chief enemy of those institutions was the consolidation of all power in the hands of the Executive. He looked at the public domain, the richest inheritance which any nation was ever gifted with, and he saw that all these riches were at the disposal of the President. He saw this power so exercised that the new States were at the bidding of the Executive. He looked at all the other sources of power, at all the little springs and all the large fountains, and he saw them all pouring into the hands of the Executive. He looked at the public press, and he found that it belonged to the Executive, and a greater power still he found to consist in the appointment and removal of officers. All this, and more than this, he saw concentrated into the hands of one man. It was true that some check was provided in the Constitution, by giving Congress the control of the public purse; but between his first election and the time of taking his seat here, the President, through the power of appointment to, and removal from, office, seized upon the custody and control of the public money; and, instead of Congress controlling him, he had the control of Congress through the removing and appointing power. In consequence of these important and extensive powers offences must need come, and these offences were corruption, dictation, and oppression. This was not mere theory that offences must come; for he found a party with the maxim, when he came here, that to the victors belonged the spoils in full practice. He was not long here before he was undeceived, and he then declared that he was no longer the friend of power. He then set himself to work to diminish this power, by exposing its abuses. It was a sacred duty which he owed to his country; and he took it upon himself, disregarding every personal risk to which he might expose himself. It was true, he foresaw the difficulties which any man would have to encounter, who should undertake to beard the lion of power in his den. It was necessary that corruption should be exposed; and how was it to be exposed? The House of Representatives, the grand inquest of the nation, he took to be the proper place to expose it, as the responsibility rested there. He then took upon himself this task, but not alone: there was another individual, who was now absent, connected with him; and with a fixed resolution in their minds, they commenced the work, regardless of all difficulties and dangers. They knew who the enemies of the institutions of their country were, and they estimated the enemies of those institutions as more dangerous than a foreign foe. He wished to be permitted to say of that absent friend, that he was more than a companion: he was powerful in intellect, eloquent, magnanimous and brave; and stretch as he would in zeal, reach as he would in mighty energy, to keep by that friend's side, his onward march was such that he could not keep pace with him. That man was Balie Peyton of Tennessee, than whom a more generous, honorable or high minded man never lived. The difficulties and dangers of their duty were constantly compelling them to throw themselves on the spears of power and its parasites. The truth had to be told boldly, bravely and unflinchingly. In making their charges, they were frequently met,

and had charges hurled back against them, but they received them as became honorable men. They never made personal charges wantonly; and when general party charges were hurled back at them, they never received them as personal to themselves. They met all personal charges as became them, for they had put their hand to the plough and it was not for them to turn back. When assaulted, they returned the assault. They never had been personally attacked but once, by any of the favorites of power, although he doubted not that the resolution to do so had oft times been formed. He had seen those persons march to a certain line boldly, but they never came over it. It was true, however, that he never desired to meet them, as he always wished to avoid personal conflict, either in the House or out of it. General attacks on his party he could meet as well as any other gentleman; and although he had no desire to have personal conflicts, personal attacks, whenever made, either on himself or his absent friend from Tennessee, should be met in that determined spirit with which he had entered upon the discharge of this duty to his country. He was induced to make these remarks in consequence of the general declaration—for general declaration he must call it, made by the gentleman from Mississippi yesterday. He knew not whether the declaration was intended as personal to his friend from Tennessee, or himself, or not; but the remark was certainly true in its terms. The gentleman remarked that the scenes enacted in the rooms of the investigating committees last session, were disgraceful to the committee, disgraceful to the United States, and disgraceful to the nation.

Now, he perfectly agreed with the gentleman from Mississippi in that general remark. The scenes enacted in the investigating committee rooms were disgraceful to the committee, disgraceful to the House, and disgraceful to the nation. Such scenes never were exhibited before in this Capitol, and he hoped that they never again would be enacted. Sir, they were all scenes perfectly exhibiting servility to Executive power. He (Mr. W.) saw scenes enacted in both those committees which were enough to convince him of the corruptions of the Government. He saw the majorities of those committees stooping before the power of the Executive, bowing at the will of the President; covering up all the abuses that had been charged against the Government, and directly sanctioning them. We saw a scene in this House that was disgraceful to the last Congress, and to the last House of Representatives. The very person who was charged as connected with the Executive in wasting the public money, and bribing and corrupting the public mind, contumaciously refused to appear before the committee and testify, and this House sustained him in that conduct.

He concurred most fully with the gentleman from Mississippi that the scenes enacted in those committees were disgraceful to the House, and two of the members of the majority of the committee of which he was chairman, have been most signally rebuked, in consequence thereof. They have been condemned by the voice of the people, and are left at home. By looking over the list, it would be found that there was but two here out of the six, who were the majority of that committee.

In relation to the remarks of the gentleman from Mississippi, he took none of them to himself as personal, nor did he think any of those remarks as applicable to his friend from Tennessee. If he did, or if it was really apparent that those remarks were intended for him, or his friend, or whenever he or his friend were charged as the authors of the disgrace of these scenes, or whenever any disgraceful conduct was charged to him or his friend, he would say to the man who uttered the charge, that in his foul throat he lied!

Mr. GHOLSON wished to be understood as not making any personal allusion in his remarks to the gentlemen from Tennessee, (Mr. Peyton,) as it never was his custom to make any remarks to apply to persons who were not in a position to defend themselves.

As to the gentleman from Virginia, (Mr. Wise,) he might take the remarks he had made on this

subject on yesterday as they were delivered, and make a *personal application* of them if he chose; he was not responsible for the publication as it appeared in the Globe of yesterday, not having seen the report of yesterday's remarks before they went to press; the gentleman from Virginia (Mr. Wise) might take the remarks he had made just as they were made, and make what use of them he pleased; he repeated again, that scenes did take place in the committee rooms which were disgraceful to Congress and to the country; but in making this remark, he differed from the gentleman from Virginia in believing that the investigation threw any disgrace upon the late administration. He had not been able, for the life of him, to discover, after a close examination of the testimony adduced, that any disgrace could attach to the late administration. Although it had been repeated again and again by the gentleman from Virginia, that corruption did exist in the administration, he (Mr. G.) had not been able to discover it. The gentleman had said that a disgraceful scene took place in the House at the time; the majority of the House sustained a witness who refused to appear before one of the investigating committees. Now Mr. G. believed that the late House sustained that witness, because they believed that it would be doing injustice to him to send him before a committee; whose chairman had treated him in the manner the chairman of that committee had treated the witness.

A certain difficulty had taken place before another committee, in which the chairman of that committee took a part, and in consequence of this difficulty, as he (Mr. G.) understood, the majority of the House would not force the witness before his committee. He considered that the circumstances of the case fully warranted the House in making this decision, and he justified their conduct on that occasion. Then, was this a disgraceful scene? Was it a disgraceful scene for the American Congress to protect an American citizen? If so, Mr. S. was satisfied to take his share of the disgrace. The witness (Mr. Whitney) was a freeman, and entitled to all the rights and privileges of an American citizen; and as much entitled to protection as the gentleman from Virginia, or any other gentleman. He had before said that he knew nothing of Whitney personally, and what he knew of him from reputation was rather calculated to make an unfavorable than a favorable impression on his mind in relation to that individual; because he was charged with being in league with the banks in Mississippi, which banks, and those that sustained them, were his (Mr. G.'s) political enemies—the enemies of the people—and sustained by the party to which the gentleman from Virginia belonged. Yet, notwithstanding these banks were owned and controlled by the whigs, they were denominated here the pet banks "of the Government." He repeated here that those banks in Mississippi were opposed to the administration, and opposed to the election of himself and his colleague (Mr. Claiborne.) This House was to be looked upon, according to the doctrine of the gentleman from Virginia, as enacting disgrace, because it has sustained an American citizen, in a stand he had taken in not appearing before a committee, whose chairman had made violent charges against him. It was easy to make charges, but it was difficult to prove them. The gentleman from Virginia no doubt believed all the charges he had made against this individual, but he denied that he had proved them. He knew Whitney as the agent of one of the banks alluded to, but further than this he knew him not, nor did he care what his character or conduct had been; he viewed him only as an American citizen, and as such he had rights secured by the Constitution, that those in power had no right to take from him. He considered it a duty to protect every individual until the charges brought against him be proved. Surely he did not look upon this as bowing at the footstool of power to protect this individual under the circumstances of the case. If it was so, however, he was ready to take his share of the responsibility. He cared not what charges gentlemen might make against him; he came there the representative of an independent and of a magnanimous people, who

were not to be deterred from the support of an administration which they believed acted in accordance with the republican principles contained in the Constitution, by the denunciations of any set of men, or any party. He had not changed his mind since he came to this House. He had not seen the corruptions of which the gentleman from Virginia had spoken. And he had not changed his political opinions since he came here. He had not discovered those corruptions, and until he did discover them, he saw no reason for changing his political opinions. When he had the evidence of them presented to him, then it would be time enough to change the opinions he entertained when he entered this House. When that occurred, he could return and tell his constituents the cause of his change, and if they went with him be it so; but until he made this discovery, he should continue to support the party he had heretofore supported.

The gentleman from Virginia tells us that he has discovered that the new States were at the bidding of the President. Now he (Mr. G.) represented one of those new States, and he would take the liberty of informing that gentleman that it was neither at the bidding of the President nor of the monarch of bank rags. Although they sustained the late President and his administration, they did so because they looked upon that administration as acting in accordance with republican principles. This was the reason they sustained that administration, and not because they were bought up. If they could be bought up, they would be bought up by the banks. It was the banks that bought up men, and not the administration. Wherever you find the influence of banks existing to any extent, there you will find the aristocracy of wealth opposed to the democracy of numbers; and wherever you find gentlemen who have worshipped the golden calf, you will find that they have abandoned the good old republican doctrines, and cry out loud and long against the party in power, and those who sustain it. The only persons in the State he represented who were violently opposed to the administration, were those who, like the gentleman from Virginia, claim to possess all the talent, all the decency, and all the worth of the country.

The gentleman from Virginia further charges the democratic party with being sustained by a corrupt press. Now if the press had become corrupt, it had become universally corrupt, and if the press in favor of the administration was corrupted by the administration, the press of the opposition was corrupted in the same ratio by the opposition party, who had the command of nearly all the wealth in the country. A large majority of the presses of the country, so far as his observation extended—and in the State of Mississippi two to one—were opposed to the administration, and this arose, in his opinion, from the fact that the wealth of the country was to be found in the ranks of the opposition. The press, then, with all its corruptions, is against us, if it is corrupt. He denied the charge unconditionally, that the new States had been bought up by the administration, and it was an insult to the people of the new States to make this charge. If the gentleman from Virginia represented a constituency that would be bought up or bribed, he had nothing to say to it; but for himself and his colleague, [Mr. Claiborne] he claimed to represent an intelligent, independent people, who would not, nor could not, be bought up either by the Government or the banks; and who were not to be frightened by the cries of the gentleman and his party from the even tenor of their ways.

Mr. LOOMIS considered the remarks of the gentleman from Virginia as an unjust attack upon the absent members of the House. With regard to the gentleman from Rhode Island [Mr. Pearce] he had nothing to say, but left him to be noticed by those who had succeeded against him in that State. In regard to the gentleman from New York, [Mr. Mann] however, he must tell the gentleman that he was entirely mistaken, as he was not left out in the manner alluded to by the gentleman from Virginia, but remained at home in private life, of his own choice.

Mr. WISE said there were four members of the majority of that committee, who were not here

# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

TUESDAY, OCTOBER 3, 1837.

VOLUME 5.....No. 5.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

[Continued from No. 4.]

now. He was well aware that the gentleman from Indiana, [Mr. Hannegan] who was a personal friend of his, had been appointed to office by the President, and he believed Mr. Mann had been left out in consequence of the principle of rotation; but Mr. Parks, of Maine, was, he perceived by this morning's news, a defunct Governor; and Mr. Pearce of Rhode Island was signally defeated, and as he was informed, the conduct of that gentleman on that committee, had some weight in the election.

Mr. LOOMIS thought the attack upon those gentlemen was improper, because of their inability to defend themselves, and because that every thing which was said here was caught up and promulgated through the thousand papers of the country. They suffer under the attacks, and have no means of being heard. He should have supposed that all this feeling would have been smothered or forgotten before this, according to the statement of the gentleman from Pennsylvania.

Mr. WISE said he intended, when he was up before, to do justice to the majority of the committee, and to the gentleman from Pennsylvania (Mr. Muhlenberg) especially. It might be thought by some that his remarks conveyed the idea that his friend General Campbell really resisted the majority. That idea, however, was wrong. It was due to the gentleman from Pennsylvania to say, that he condemned the report when it was first presented. Mr. Pearce, of Rhode Island, also said that he did not concur in it, so that there was no necessity whatever for resisting the majority. When the report was first brought in, the minority thought that the majority were going to insist upon having it appear as it was drawn up; but it soon displayed itself in such a character that the majority expressed their reprehension of it. He recollected most distinctly, that his friend from Pennsylvania (Mr. Muhlenberg)—for he must still call that gentleman his friend, as also many of those who belonged to the administration party—condemned it. The majority of the committee had entrusted the drawing up of the report to Mr. Pearce, and Mr. Pearce had put it into the hands of a scullion, who drew it up, and, in consequence of their not having time to read it, took them by surprise. But if Pearce's remarks were to be taken as true, Mr. Mann furnished the materials for that report, and knew what it contained before it was read.

Mr. LOOMIS said it was extraordinary, from the description of the state of good feeling which existed, according to the statement of the gentleman from Pennsylvania, that an attack should be made upon absent members at this late day. Those attacks should have been made when those gentlemen were here, the equals of the gentleman from Virginia; when they could have been met by those gentlemen face to face. Then was the time to make those attacks, and not now.

Mr. LOOMIS was here interrupted by a call for the orders of the day.

On motion of Mr. CAMBRELENG the order adopted for the House to meet, from and after Monday next, at 10 o'clock, a. m. was changed to Tuesday. Mr. C. gave as a reason for the motion that, at that hour, on Monday next, the Committee of Ways and Means intended to hold a session.

The motion was agreed to without a dissenting voice.

Mr. CUSHING said, before the Speaker left the chair, he wished to put a question to the chairman of the Committee of Ways and Means. At the close of the sitting of yesterday, that gentleman was making a suggestion for more prompt action on the part of the House, and Mr. C. begged to ask that gentleman whether he had it in contemplation to endeavor to close the action of the Committee of the Whole on the bill to postpone the fourth instalment this afternoon?

Mr. CAMBRELENG replied that that was un-

doubtedly his expectation, and he hoped he should have the general concurrence of the House.

Mr. CUSHING. That would be of course for the committee to decide. But I wish further to ask the gentleman whether he, as representing a certain set of opinions in that House, intended to choke off debate. (Loud cries of "order.")

Mr. CAMBRELENG. Certainly not on my part.

The CHAIR interposed that the conversation could not be permitted without the assent of the House.

Mr. GARLAND of Louisiana said he also wished to propound an inquiry to the chairman of the Committee of Ways and Means.

Leave being given by the House—

Mr. GARLAND said, in reference to what fell from the gentleman (Mr. Cambreleng) last evening, he wished to inquire whether any, and what, financial arrangements had been made by the Treasury since the passage of one of the bills in the Senate; by what authority they had been made, and whether they had been made merely from the fact of that bill having been made?

Mr. CAMBRELENG rose to respond, but

The CHAIR interposed, and said this discussion should take place only where discussion on the bill was in order.

The House then passed to the orders of the day.

The CHAIR laid before the House a report from the Secretary of the Treasury, of the different methods adopted for the safe keeping of the public moneys of the United States from the first organization of the Government, designating the losses sustained, &c.; which, on motion of Mr. LOOMIS of New York, was laid on the table and ordered to be printed.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the bill to POSTPONE THE FOURTH INSTALMENT WITH THE STATES.

The question pending was on the amendment of Mr. PICKENS to strike from the bill the indefinite clause "till further provision by law," and insert "the first day of January, 1839."

Mr. CAMBRELENG would, with the permission of the gentleman from Maine, take that opportunity of making a response to the gentleman from Louisiana. He expressed his gratification that the gentleman had propounded the interrogatory, because it enabled Mr. C. to explain to the committee what he intended to have done last evening, if he had not been stopped by the gentleman from Maine, (Mr. Smith) who had not, as he had since informed him, understood his object.

What Mr. C. intended to refer to, was that the passage of the bill through the Senate, extending the time of payment of merchants' bonds nine months, carrying the first payment to February next, and that from the merchants' bonds not commencing to be paid till then, there was not only no demand at this time for Treasury warrants and drafts, but they had fallen four per cent. since the passage of that bill by an almost unanimous vote of the Senate.

The bill extending the term for paying the balances due from the banks to four, six, and nine months, having also passed the Senate by, he believed, a unanimous vote, had had another effect on drafts on these corporations, which would render even that portion of these balances unavailable to the Treasury, upon which calculations had been made to pay current expenses. As the credit commences from the day they refuse to pay them, they have every inducement not to pay, and will refuse to do so in all cases, where the bank desires to use the public money for four, six, and nine months.

The consequence of these two measures having passed, the action of the merchants in purchasing these drafts, and the action of the banks in consequence of the passage of that bill, the Treasury was

actually deprived at once of all the funds now in bank throughout the United States, and deprived of all its resources to meet the expenditures of the present year. On this ground, therefore, he appealed to the committee to say how long this Government could be supported, depending as it now did on the trifling cash receipts for lands and revenue.

Mr. C. added that he had been informed they had even been compelled to return thirty thousand dollars from the Treasury to the custom-house at New York, to pay debentures and current expenses. Under these circumstances, he thought he might confidently appeal to gentlemen on all sides of the House for their concurrence in a more prompt action upon the various bills before the House.

Mr. SMITH, who was entitled to the floor, (having temporarily yielded it to Mr. Cambreleng) expressed his regret that his honorable colleague (Mr. Fairfield) yesterday, should have gone back to the period of the passage of the deposit act of 1836. Now Mr. S. had contributed his humble share to that measure, and at no subsequent moment had he seen occasion to regret that course. He asked to whom, or to what, they were now indebted for not having thirty-seven millions of unavailable funds, instead of nine, but to the friends of that measure, and to the measure itself?

In regard to the amendment pending, if it had been originally inserted in the bill from the Senate, he should have voted for it, but he was opposed to it now with the proviso, because it made a general recognition of the system of distribution. The bill of the House he objected to, because it was a virtual, and in fact a positive, repeal of the distribution of the fourth instalment, under cover of a postponement. He maintained that the deposit act was not a contract, nor that it did, in any degree, partake of any of the legal or moral obligations of an instrument of that character. He assented, in part, to the cases put yesterday by the gentleman from New Hampshire, (Mr. Cushman,) but supplied a defect in them, by putting the case of a promise of two hundred thousand dollars, and, between the time of promise and that of payment, it was found to fall short of the amount of the fourth payment or instalment. In this case there would be neither moral nor legal obligation to fulfil the proposition. The law was passed under the supposition that there was a surplus, and the money was received under that same supposition, and that alone; and the moment it was ascertained that no surplus existed, both parties were relieved from the obligations of the law.

He denied that the passage of the bill would be a breach of faith on the part of the Government; certainly not more so than the proposition of the gentleman from Tennessee (Mr. Bell) to withhold the appropriations. If the one was a breach of good faith, the other was equally so. In adverting to the argument of the gentlemen from Pennsylvania and Ohio, (Messrs. Biddle and Loomis,) that their respective States would lose so much money, he expressed his surprise that such an argument, referring to pecuniary interest alone, should come from the sections it did. But the Secretary of the Treasury had himself anticipated the objections on that score. But even if those gentlemen's constituents could be influenced by such a consideration as that, the returns of the deposit banks showed they were better off than they would be, if the distribution were made; for their deposit banks had at this time twenty-five per cent. more of the public money than the fourth instalment would amount to, and it would be admitted that in proportion as those banks possessed the public money, so did they extend their accommodation to the public. In fine, he said, that unless the bill went openly for a repeal, or went for a postponement to a definite period, he should be compelled to vote against it. If the proviso of the Senate's bill were stricken out, he would vote for it, but he could not in the shape in which it then was.

In reference to the Maine election, he said the



result offered no exponent or indication of the will of the people on the measures of the administration, but arose from the combination of a variety of sectional and personal causes. He felt assured that the confidence and approval of the people in those measures had undergone no change.

Mr. THOMPSON of South Carolina desired, he said, to say a few words upon the particular measure before the House, in explaining his reasons for the vote he intended to give. He should vote for the amendment of his colleague, because it would make the measure somewhat more acceptable, but he should vote against the proposition thus amended. He had voted, with all his heart, for the distribution, and his mind had undergone no change, nay more had been confirmed, by every thing that had occurred since, of the wisdom of that measure. One of the very best features of that measure he regarded to be this: that it provided that, should the future exigencies of the Government require the return of the money deposited, it could be made by State taxation, instead of by the will of a majority of the Federal Congress, ignorant, as past experience had furnished a melancholy proof, of the individual interests of the States. If the case should be presented, he should regard himself as false to his principles, and also to those peculiar interests he, in part, represented, if he hesitated in giving back not only this instalment, but even the interests upon it. But he did not regard this as a case of that kind. He had gone over carefully and diligently, the statements made by the gentleman from Tennessee, and had also made a number of calculations of his own, and all came to the same result. The result of that examination was that, deducting \$15,000,000, which the Secretary of the Treasury admitted were not needed, the gross demands upon the Treasury for the past and present year would be over \$70,000,000. In this statement was included \$37,000,000 to be distributed, the \$16,600,000 of unexpended appropriations of former years, and \$32,000,000 of appropriations of last year, making altogether \$85,000,000 odd. Deducting the \$15,000,000 which the Secretary said would not be needed, there was then a clear fund of \$64,000,000, and with the addition of the funds in the hands of disbursing officers, upwards of \$69,000,000. The accruing revenue of the last half of the present year was assumed by the Secretary to amount to \$7,000,000, but it had been demonstrated to Mr. T.'s entire satisfaction to be about \$9,500,000, making about \$85,000,000. As to the funds in the hands of disbursing officers, he would ask, were they not as much the resources of the Government as the funds actually in the Treasury? They were only one step further towards expenditure: that was all. They were still in the hands of the Government. So in taking the revenue of the last half year at seven millions, instead of nine and a half, which was the more correct estimate, there would be a surplus. Hence, if \$9,000,000 be distributed among the States, and \$12,000,000 of Treasury notes, there would be upwards of \$20,000,000 remaining in the Treasury, not to meet the necessities and wants of the Government, but to be placed in the Sub-Treasuries.

In reference to the Sub-Treasury scheme, Mr. T. had one insuperable objection to it, among others. It was, that it would put into the power of the Government the means, not only of coercing the State banks, but of bringing absolute and inevitable ruin upon the communities in which those banks were located. He contended, however, that the condition of the Treasury was not such as to warrant the carrying out such a scheme. The States would not refuse to take the notes of their State banks in payment of the instalment. He adverted to the law itself. It was of a character even stronger than a mere common enactment, for it was a law implying an obligation. The effect of the bills proposed would be to ruin all the State banks, and he would rather see the whole surplus sunk in the ocean, ere he would inflict upon this country the calamity and ruin that must and would result from the coercion of those institutions. He regarded the bills to be all of the same character, part and parcel of the

same scheme, branches of the same system, so running into each other that it was impossible, wisely and intelligently, to look into one of them without considering the whole.

The policy the Government intended towards the banks, Mr. T. designated as not only unkind and cruel, but ferocious. To press them at such a time as this would bring on general ruin. To demand specie from them, they must necessarily press their own debtors for specie; and they, in turn, must press those owing them. Why was the great distinction made between the banks and the merchants? Specie was not demanded of the latter, nor should it be of the others, at such a period as the present.

As to the Sub-Treasury system, [Mr. T. said,] in no possible form in which the ingenuity of man could place it—by no false or delusive name by which it could be called—would he ever assent to it. He had been told that it was not a Sub-Treasury system. He insisted that it was. It was the very Sub-Treasury system he had been taught to look upon for years with alarm and dismay. It was the very Sub-Treasury system projected by a man he understood was holding an appointment at Washington, and who first became known to the country by the publication of this project—he alluded to Mr. Gouge. It was a proposition against which Mr. T. had been long warning, and he saw nothing then to change his position.

It was called not another experiment, but an "expedient." The word "experiment" had become odious; and he had strong reasons for believing that, if they were to go on much longer under the present order of things, they would run through the whole vocabulary of the English language for terms. However, it was a somewhat favorite sign of things, that the Jack Cade banner was to be taken down, and to be substituted by the ferule of the schoolmaster! This at least is a good sign, for that word was well chosen. The word "expedient" meant something employed in an exigency, and no word in the English language could have been better selected for the present purpose than that word "expedient."

Mr. T. then went into the objections to the system in question. The primary and main one was that it put into the hands of a Government, already armed with the sword, the unrestricted, free, uncontrolled, and almost irresponsible command of the purse strings. The present incumbent of the Executive chair was not able to wield the sword of Achilles, and therefore he must have in his own hands the complete control of the whole revenue of the country, to be used for party purposes, in elections, &c. Mr. T. put the case of an approaching election in the city of New York. How easy might it be, on the eve of that election, to forward on three, four, or five millions of dollars, to be placed, perhaps, in the hands of a single man or institution, to be used in controlling the election. Was it wise, prudent, or just to throw into the way of any set of men such a power as this? And what was it but giving the Federal Executive unlimited power over the whole money of the country, and in the most objectionable form? Mr. T. should infinitely prefer a Government bank, organized as a Government bank, with branches in the several States. Not a Sub-Treasury scheme! Why it was a Sub-Treasury system in its most irresponsible and most dangerous form. Nay, he would go further. The scheme was not only the embryo of a Government bank, but it was in itself, to all intents and purposes, a Government bank of issue and deposit. Unquestionably of deposit, for the public funds had to be deposited there. Unquestionably of discount; for how else were their funds to be disposed of from one place to another? There would necessarily be a vast accumulation in the city of New York; in another region, where payments were required to be made, there might be no funds; and how were they to be transferred? In wagons? No, but by bills of exchange, to be bought and sold, either with a profit or loss.

This, too, would produce another evil. They would be destined to see acted over there again, claims after claims, coming in day after day, of the

same character as the noted Purviance claim, which occupied half a century.

It was also to be a bank of issue. These warrants would not only pass current from one agent to another, but the Government itself was directly to issue a currency, in the form of notes, to be signed by the Secretary of the Treasury as cashier.

There was also another objection, not less insuperable, and that was the insecurity of the public money. Could bond to a sufficient amount be given by individuals to secure the Government from loss? Impossible.

Mr. T. reiterated his condemnation of what he described to be an effort to enlist popular prejudice against the deposit banks for their suspension of specie payments. They had never been able to pay the deposits in specie, and the administration knew it.

They were no more able to do so when the public money was first deposited with them than they were at the present time, and he adverted to the condition of the New York banks in proof of this fact. The Secretary knew, at the time he deposited, that they could not; and yet he deposited the money with them, and continued to do so, their condition remaining the same, he all the time telling Congress it was safe. And, added Mr. T., they were safe, and so they still were, unless society should be altogether torn up by the roots. They had not specie, it was true, but they had that which was as good. They had liens upon all the property in the country.

But did the Government itself pay in specie? Could it pay in specie? Unquestionably. How? Why, it possessed stock which, thrown into the European market, would procure as much specie as it wanted. He insisted, however, that in refusing to pay specie when they did, the banks had not only acted dishonestly, but they would have acted fraudulently if they had not, because they would thereby have given a preference to those living near them over the distant creditor; have prevented that general distribution of what funds they had among their whole creditors, and would have disabled themselves from paying a large portion of them at all. He then contrasted the conduct of the French Government during the time of the embarrassment consequent upon John Law's Mississippi scheme, with that of the United States in the late crisis, which he designated as atrocious. He also, for the same reason, adverted to the conduct of the British Government in 1797, which, on a like occasion, when ruin and universal distress threatened to engulf the commerce and trade of that country, came forward with the offer of a loan of several millions of exchequer bills to the merchants, the mere offer of which alone averted the impending calamity and restored confidence.

Mr. T. then entered into a variety of statements in support of his opposition to the recommendations of the President—the bankrupt law in particular. He examined the principles and effects of that law in England, and pronounced a similar one here, if adopted, to be one of the most unconstitutional and insolent assumptions of power ever set up in the history of this Government. He concluded by repeating his declaration, that he should support Mr. PICKENS's amendment, as making the bill less objectionable; but even should the amendment be engrafted on it, he should vote against the whole proposition as delusive, not required by the state of the Treasury, and inexpedient.

Mr. HALSTEAD asked the indulgence of the committee to state a few of his reasons for opposing the bill. Two of the grounds on which he based his opposition were, first, that the bill was unnecessary; and, second, that in the present state of the country it was inexpedient. On what grounds did the advocates of the bill rest their support? They said that there was a deficiency in the public Treasury. But he had been informed that there was a doubt on that subject; and if it should be shown that a doubt existed, that doubt, by right, belonged to the people, and not to the Government. Admitting, for the sake of argument, the statement of the Secretary to be correct, the whole amount of deficit was about nine millions of dollars.

The question then was, had not the Government

available means to meet the deficiency without passing the law? It had been said; that there were in the hands of disbursing officers five millions of dollars. Why not take that money? It was also said that the Government owned several millions in United States Bank bonds. Why not resort to that? He would much rather resort to either of those than to pass the proposed bill. But there was another source. The President had told them in his Message that the last Congress had last year appropriated six millions more than was asked. Then why not resort to that in the present emergency? Thus it was evident that there were from eighteen to nineteen millions of dollars available to Government from these sources. The advocates of the bill were attempting to pass it through the House under false colors. The bill said that the instalment would be postponed "until a further provision by law." There was no ground to suppose that the law would ever make that provision, and it was certain that it never would be made. He deprecated the idea of issuing Treasury notes, inasmuch as it would be the same as creating a national debt. He would, then, endeavor to show that the bill was unnecessary and inexpedient in the present state of the country. It had been said that the agreement between the Government and States was not a contract. What was a contract? A contract was an agreement between two parties to do a particular thing. He would hold that the United States Government was a corporation or party able to make a contract, as were also the State Governments; and when the latter agreed to accept what the former offered, that amounted to a contract between them. The Government had been held up as the creditor of the States, and as possessed of the right to exact payment from them. But instead of the General Government acting the miser, and demanding its "pound of flesh," it ought rather to act as the parent to the child, or the guardian to his ward. The aim of the Government should be the benefit of the majority of the people. The preamble of the Constitution told them that one of the objects of the Confederacy was the welfare of the people; but now a new reading was given to it. It was said that the Government had nothing to do with the people—it must take care of itself. When the ship of State was sinking, the Government took the long boat and left the people to perish. [Mr. H. then entered into a statement showing the difference in the amount of discounts and circulation of the deposit banks between the 1st of March and the 15th of August of the past year, to show the probable effects of a further withdrawal of specie from them.] For his part, if there was any source of relief he would be glad to see it, and to have an opportunity of drinking from the refreshing stream. What was the measure of relief proposed? It was similar to that, by which Dionysius the tyrant proposed to relieve the statue of Jupiter. There was a robe of massive gold on the statue, which the tyrant took away, alleging that it was too cold, and substituted a garment of wool. In like manner had the people been fleeced of the golden robe of their currency, and had been given a garment of rags. It had been said that the President would follow in the steps of his predecessor. If he did so, there would be a fair prospect of relief! for Andrew Jackson never fulfilled a single promise he had made to the people previous to taking possession of the Executive chair, or in his inaugural address.

Mr. WILLIAMS moved that the committee rise, explaining that he made the motion from the evidence exhibited that a number of gentlemen wished to address the committee, (several gentlemen rose to address the Chair at the time) and it was obvious they could not get through the bill that night.

The motion prevailed—ayes 90, noes 73; when the committee rose, and the Chairman reported progress.

Mr. GARLAND of Virginia rose and stated that, owing to domestic matters over which he could not dispense, he should be compelled to leave the city on Wednesday next; and in consequence of the peculiar position he occupied before the House and

the country, he was very anxious to submit his views before he left, and he gave notice that, on Monday next, he should throw himself upon the indulgence of the House for leave, at that time, to introduce the bill of which he had given notice some days since.

On motion,

The House then adjourned.

#### IN SENATE,

Monday, September 25, 1837.

Mr. McKEAN presented a memorial from Geo. M. Alsop, and one hundred and twenty other legal voters of Philadelphia; also, from Wesley Havall, John Burtis, and others, of Philadelphia city and county; also, from Benjamin J. Janey, William Simpson, and others, of Philadelphia city and county; also, from Jane Shoemaker, Sarah Burtis, and others, of Montgomery county, Pennsylvania, remonstrating against the annexation of Texas to the United States; which were laid on the table.

Mr. CLAY of Kentucky presented a petition from citizens of Wheeling, praying the establishment of a national bank; also, one from citizens of Baltimore, praying the incorporation of a national bank, or the substitution of the United States Bank of Pennsylvania: referred to the Committee on Finance and ordered to be printed.

Mr. BUCHANAN presented a memorial from sundry citizens of the city and county of Philadelphia against the annexation of Texas; which was ordered to lie on the table.

Mr. WEBSTER presented a memorial from the Insurance Companies of New York, Baltimore, and Maine, praying indemnity for loss of a vessel captured by a French privateer in the year 1800; which was referred to the Committee on Foreign Relations.

Mr. NILES submitted the following joint resolution:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the two Houses of Congress will adjourn, and close the present session on Monday, the 9th of October next.*

Mr. HUBBARD introduced a resolution that the meeting of the Senate from and after its passage should be 10 o'clock.

#### SPECIAL ORDER.

The Senate then resumed the consideration of the bill imposing certain duties on public officers as depositories in certain cases. The question pending being on Mr. CALHOUN'S amendment to separate the Government from the banks.

Mr. CLAY had waited to hear all the plans that could be brought forward to redress the evils under which we labored. He wished to learn from all quarters of the Senate, without regard to the opposition, the best means of alleviating the distress, and had, with that view, divested himself of every party tie, of every passion or prejudice that might be supposed to lead him from his purpose. He was, however, compelled in frankness to declare, that so far, he had heard nothing from one side but temporary expedients, and the other an aggravation of the ills instead of a cure. No matter from what cause our distresses sprung, sufficient for us was it to know they did exist, and under these circumstances, it was the duty of every parental Government to afford relief. If the cause of the distress was by the action of the Government, how much more necessary was it to correct the consequences of its own error. In looking back, and tracing these evils to their true source, it was far from his wish to cast reproaches, or awaken animosities; under the extreme suffering that pervaded the land, he hoped that all past political strife was forgotten. Five years ago we had the soundest currency in the world, its character stood high in every quarter of the globe; it regulated foreign and domestic exchange, and controlled, and kept within healthful bounds, the private banking institutions of the country. If the currency was in that high perfection then, and now in a state of utter derangement, and predictions had been made as to the consequences of disturbing it, and fulfilled to the very letter, could any rational man doubt the causes of the present condition of our beloved country?

The President, in his Message, had referred to the

condition of Europe, and told us that the same causes that produced the distress here, had operated there; this was a most erroneous conclusion. The monetary system in England was sound and perfect, and ever had been so. The question of chartering the banking institutions of the two countries was a contemporaneous one. In England, there was no refusal to charter; here there had been. There, business was active and thriving; here, every thing was languid and prostrate; there, the currency was sound—no suspension of specie payments; here it was deranged, and specie no where to be seen. Had the United States Bank been rechartered, these evils would not have been felt; or if felt in a limited degree, would soon have passed off.

Mr. Clay read from documents, to show that instead of an expansion in England, as stated in the Message, there had been an actual diminution, and how the Message could justify itself by such an assertion, was to him astounding.

The greater portion of the distress that prevailed in England, was owing to her connection with our country. England had the largest trade with us, and France next, and France had suffered in proportion. All the great houses that had failed in Europe, were more or less connected with American trade.

An explanation would be found for all the causes of our present state in the conduct of the General Government in refusing to recharter the bank. The removal of the deposits, the gold bill, and, last not least, the glorious Treasury circular so often referred to. The United States Bank would have acted as a sentinel, keeping the other banks in their proper spheres; but, in the present system, the responsibility was divided among some 50 or 60 banks, all ignorant of each other, and of the means of meeting the exigencies of the Treasury, and having no affinity with it.

Mr. C. asked what was intended to be done ultimately with the deposits; it was their intention to remove them at some time he presumed, and then the consequences would have been alike injurious to those banks. The deposit law of 1836 took the surplus and placed it in the keeping of the States; that was calculated to check the expansion of the banks, to open their eyes, and arrest their ruinous progress.

Mr. C. said there might be another way of accounting for the embarrassment; for the last four years our Government could not be said to be a free Government. In a free Government, the will of the people controlled the Chief Magistrate; in a despotic one, the Chief Magistrate controlled the nation. He did not believe the Jackson party would have governed the country so badly, if it had been permitted to have its own way. "It was not so much want of wisdom as want of firmness. Its fatal error had been in not listening to the sound dictates of its judgment, but in justifying all the President did. He appealed to Senators if such were not the fact. He did not wish them to make any precious confessions to him, but to satisfy their own consciences. He believed a majority of the party here were in favor of a recharter of the bank; a majority of them had discountenanced the removal of the deposits, and the Treasury circular; but the will of one man had controlled the party, and the consequences were what we now beheld them.

He alluded to an honorable Senator whom he had long known, he might say from his early youth, who had introduced the subject of the recharter in the Senate and supported it with great ability, and, in three weeks afterwards, applauded and extolled the veto. Where was he now? The fact might speak for itself. When a man was found passing, as it were, a self-castigation on his own acts, and extolling the conduct of the Executive veto on those acts, filling a splendid mission abroad, it was only for enlightened men to pass upon such facts.

Mr. C. adverted to the plans proposed by the administration as fraught with the worst consequences to the people—he alluded particularly to the bill in relation to this district, which he called a bill of pains and penalties, and doubted the constitutionality of the proposed proceedings in relation to the State banks. He maintained there was

not a sufficiency of the precious metals in the world for the purposes of commerce, to allow us our distributive share. He instanced the city of New York, where the business in one year alone was one thousand five hundred millions of dollars. A friend had assured him of the operation of one of the banks being two millions of dollars in one day. It was impossible to do without the credit system, for the purposes of the commerce of the country, and the common operations of the Government. He maintained that the specie circulation was liable to variation as well as a mixed currency. The sensation would be the same in proportion; both were governed by the commerce of the country, and the quantity or scarcity of it in the market.

Mr. C. said he had heard it intimated that there would be no use in passing a bill to recharter a United States Bank, as the President would certainly veto the measure. He did not believe there had been any such expression of determination on the part of the Executive. If there had been, it was prejudging the matter. He asked what would be said, if the Senate were to say that it would be of no use for the Executive to make certain appointments, as they would not be confirmed. They might take his word for it, that if the will of the people were clearly manifested in relation to this subject, the President would never veto the bill. He was too good a democrat to divorce himself from the people, whatever other divorces he might contemplate.

He argued that if this bill should be passed, the most disastrous consequences would ensue; that the deposit banks had not fulfilled the expectations of those who had advocated the removal of the deposits; and denied that the domestic exchanges of the country could be as well regulated by the State institutions as by the Bank of the United States, and that the "experiment" was a total failure. He next adverted to the question of currency, and contended that one of gold and silver only was not practicable, if desirable; that it was not just, if both desirable and practicable; that it was not within the scope of the powers of the Government. He said, that if even none of these objections existed, that it would be contrary to the habits of this people; unjust—eminently unjust, dangerously unjust, in the relation which exists between man and man. Having made some observations in regard to the importance of the duties which he and other Senators had been convened here to discharge, he continued:

Mr. President, never before have I felt myself placed in an attitude in which I felt such a deep and profound regret, as when I come to speak of the measures which, it appears to me, alone can relieve the country. I know, sir, that partial friends have looked to me (probably on account of some instrumentality I may have had in assisting them in former epochs of our history—in times of hazard and difficulty) for some measures of relief—for some measures of compromise and conciliation, which shall restore to the land prosperity, and bring the country back to that high and palmy state in which it was but a short time ago. I acknowledge myself not adequate to furnish a remedy. I have seen this country in other trials and in other difficulties, threatening its very destruction, but for which remedies were to be found. In the present instance, however, I see nothing but an impenetrable gloom hanging over us for the future as the present. I see nothing that can save the patient but the patient himself. He alone can administer to the disease, for he has the best knowledge of it, and has it in his power to bring himself back to health. Gladly would I have fulfilled those expectations which partial friends, who have too much overrated the humble powers I possess, have directed towards me. But there is no remedy—no remedy. I repeat, that I can propose, politically constituted as the Senate now is.

Mr. C. proceeded to condemn the Sub-Treasury scheme on the ground of its being, in his opinion, an "experiment" which ought not to be tried, as it was pregnant with evil to the country. He asserted that it was useless for him, or those with whom he acted on that floor, to bring forward any measure calculated to afford relief to the country, and

which they had reason to believe would not be acceptable to those who controlled the deliberations of that body. He said that he felt himself compelled to declare that, after the utmost consideration he had been able to give to the state of the currency and the business of the country, he could conceive of no remedy for the existing disorders and evils under which we were laboring but in the establishment of a Bank of the United States. No, he could conceive of none, without the agency—the instrumentality of such an institution—a Bank of the United States, under such restrictions as should have been suggested by experience; and especially under that restriction which he thought would be the most salutary of all, to guard against evils connected with a paper medium, and that was, a limitation on the powers of the bank which would cut off all motive for making excessive issues. He regarded the establishment of a Bank of the United States as a settled question. His opinion was that, for a great many years before, and indeed up to the period when the late bank was overthrown, a majority of the people were in favor of the existence of such an institution. He believed that it was essential and necessary to the best interests of the Union.

Mr. C. adverted to several points in the President's Message, and among others, to that in reference to the question of "bank or no bank," having been decided upon by the people. He denied this position, and insisted that the question had never been tried. It was his solemn conviction, he remarked, that at no period, since 1816 to the present time, if the question were fairly presented to the people—simple, naked, and alone—there would have been a large majority in favor of a bank. If the question were tried in that quarter of the country from which he came, the people would be decidedly for having an institution of that character. It was indispensable to them, for the interior States were so situated that they could not do without one. Delay, put it off from year to year, but come it must.

The question of a sound currency and the Union, in his opinion, were identical. And if a bank, in some form or other, should not be established, means, sooner or later, would be resorted to, to supply a substitute for it. He replied to the argument that to establish a national bank would be to aggravate the existing distress of the country, and that there is not specie capital to put it in motion.

He contended that the President was mistaken, and that the establishment of such an institution would have, at this juncture, a twofold effect: first, of relieving us of our foreign debt; and, second, of regulating the present deranged state of the currency. His firm belief was, that if a bank were to be established, putting into its vaults the public deposits, and making its notes receivable in payment of the public dues, it would, in a short time, not only put the bank in operation, but would gradually drag after it all the other banks which are solvent. He gave it as his opinion that if Congress had authorized a loan to be contracted, of fifteen or twenty millions, redeemable in eight or ten years, the greater part of it would have found its way to England, liquidated our commercial debts, and would have prevented the exportation of specie, and thus would have enabled the banks to resume. To obviate the objections which some entertain in regard to a Bank of the United States, an account of foreigners holding stock in it, and the political influence they think the stockholders generally exercise, a provision might be inserted in the charter prohibiting them from voting at the elections.

Mr. C. went into an examination of Mr. RIVES'S bill, and declared that he conceived it to be wholly insufficient to accomplish the purposes which that gentleman has in view. He said that he preferred the project of the Senator from Indiana, (Mr. Smith,) to the Sub-Treasury scheme, or the plan of the Senator from Virginia—not, however, as the best adapted to the present state of the country. He intended to vote for the postponement of the whole subject until December, though he could have wished that the Senator had moved the indefinite postponement of it. After making a few other remarks in relation to the relief of the country, he concluded by saying: "Sir, let me ask whether it

is not wiser and better for us to go home—mix again with our constituents—talk with the people—ascertain their wishes—consult with them, and advise with them, for they are, in the general, the safest counsellors? And then we shall come back here instructed by their wants and wishes as to what we shall do. Above all, I do hope that Congress will not go back with invidious distinctions around them—that they have taken care of themselves and the Government, and abandoned this great, enlightened and free people to the deplorable situation in which we now find them."

Mr. CLAY addressed the Senate for upwards of three hours in opposition to the bill.

The question was then taken on the motion of Mr. KING of Georgia to postpone the bill till the first Monday in December next.

Mr. BENTON asked for the yeas and nays, and the question being taken, was decided in the negative—yeas 19, nays 27, as follows:

YEAS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Robbins, Ruggles, Smith of Indiana, Spence, Tipton, Webster, White, and Williams—19.

NAYS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Linn, Lyon, Morris, Niles, Norvell, Pierce, Preston, Rives, Roane, Robinson, Smith of Connecticut, Strange, Tallmadge, Walker, Wall, Wright, and Young—27.

The bill to remit duties on certain goods destroyed by fire in New York; and

The bill for the suppression of Indian hostilities; were taken up, read a second time, and ordered to be engrossed for a third reading.

On motion of Mr. GRUNDY, the Senate went into the consideration of Executive business; and when the doors were reopened,

Adjourned.

#### HOUSE OF REPRESENTATIVES,

MONDAY, September 25, 1837.

Mr. WHITTLESEY of Ohio said, that before proceeding to business this morning, he wished to make an inquiry of the Chair in relation to providing seats for persons who had the privilege of coming on the floor of the House. He wished to know whether the Speaker considered that he had the power to provide seats for those persons. In former times, seats were provided for persons who were admitted on the floor of the House, and he thought it would now be treating those persons with no more than proper respect to provide seats for them in front of the Clerk's table, or in the other vacant places on the floor of the Hall.

The SPEAKER replied that the rules gave the general direction of the Hall to the Chair, but he did not know that it gave him the power to provide seats for privileged persons on the floor. He would, however, be guided in the matter by the House; and if it was the pleasure of the House, the Chair would direct seats to be provided for Senators and other privileged persons. He would take the occasion to remark, however, that it had never been done heretofore by order of the Chair.

Mr. WHITTLESEY said he believed that seats had been provided some years ago by the officers of the House, and he thought it would be nothing more than proper that it should be done now. It might perhaps not be in our power to provide seats for the whole of those persons, but they might be furnished for a portion of them.

The SPEAKER said if it was the general sense of the House, he would direct seats to be provided.

Mr. MERCER was understood to object, on the ground of the great difficulty of hearing in the hall; and remarked, that if persons were permitted to fill up the vacant space in front of the Chair that this difficulty would be increased. The conversation here dropped.

Petitions and memorials were presented by—Messrs. ADAMS, PHILLIPS, LINCOLN, BORDEN and PARMENTER, of Mass.

[Mr. PARMENTER presented remonstrance of Harriet C. Kenrick and 46 others, of Newton Centre—Sally Fletcher and 50 others, of Carlisle—Ma-



ry C. F. Browne and 72 others, of Shirley—Sally Dunn and 64 others, of Dunstable—Melania A. Parker and 414 others, all of the county of Middlesex, Massachusetts—against the annexation of Texas.]

Mr. CRANSTON, of Rhode Island.

Messrs. ALLEN and SLADE, of Vermont.

[Mr. ALLEN, of Vermont, presented the remonstrance of Samuel Kingsbury, and 121 others, of whom 70 are legal voters, of Underhill, in the county of Chittenden, Vermont—Augustus Young, and 29 others, citizens of Craftsbury, county of Orleans, Vermont—Bethuel Holcomb, and 102 others, inhabitants of Annsville, Oneida county, and State of New York—against the annexation of Texas to the Union.]

Messrs. SERGEANT, FRY, NAYLOR, S. W. MORRIS, and MATTHIAS MORRIS, of Pennsylvania.

[Mr. M. MORRIS presented two memorials of similar import, signed by citizens of Bucks county, Pennsylvania, one containing 32 names, and the other 45, remonstrating against the annexation of Texas to the Union.]

Messrs. CRAIG and ROBERTSON, of Virginia.

Mr. CHAMBERS of Kentucky.

Mr. HEROD of Indiana.

Mr. BUCHANAN, from the Committee of Elections, made a detailed report on the subject of the Mississippi elections, accompanied with the following resolution:

*Resolved*, That Samuel J. Gholson and John F. H. Claiborne are duly elected members of the 25th Congress, and as such are entitled to take their seats.

The report having been read—

Mr. BUCHANAN moved that it be made the order of the day for to-morrow during the morning hour, and printed.

Mr. MERCER considered this question one of very great importance, and one which should not be decided without being fully discussed. He therefore moved that the report be committed to a Committee of the Whole on the state of the Union.

Mr. MAURY (a member of the Committee of Elections) stated that the committee were divided on the subject; but they deemed it unnecessary to present a minority report. They had determined to permit the majority to bring forward their report, and when the subject came up in the House, to move to amend it, in accordance with their views.

Mr. WHITTLESEY of Ohio would inquire whether there had ever been a report of a committee on the subject of a contested election decided without going to a Committee of the Whole. He considered that the proper course for this report to take, and hoped that the House would determine on giving it that direction.

Mr. WILLIAMS of North Carolina hoped, as this was as important a question as any which might be brought before the present Congress, that it would take the usual course. It was a question which required very grave deliberation, and free and full discussion, and he therefore trusted it would be referred to the Committee of the Whole on the state of the Union. The question involved a grave constitutional question, and he wished to see it settled, and settled after full, free and deliberate discussion, which he considered it could not receive out of the Committee of the Whole.

Mr. HARRISON of Missouri then rose and said as there appeared to be a great many empty seats in the House from some cause or other, he would move a call of the House; which motion was agreed to.

The Clerk proceeded to call over the roll; but many members in the mean time coming in—

On motion of Mr. MERCER, the further proceeding under the call was dispensed with.

Mr. HAYNES said that several gentlemen had expressed a belief that no question of this sort had ever been considered and decided before this House, without being previously referred either to the Committee of the Whole on the state of the Union, or a committee of the whole House. Now, according to his recollection, the report of the committee in

the case of Newland and Graham, from North Carolina, at the first session of the last Congress, was considered exclusively in the House. He had not had time to follow that case through on the journal from the time it first came into the House; but he was very certain that the whole discussion upon it took place in the House. The journal, however, would show what course it had taken; but whether it had been the uniform practice of the House to refer subjects of this kind to a committee of the whole House or not, the peculiar situation of the public business should, in his opinion, induce us not to pursue that mode. We have been considering for nearly a week a single subject, admitted on all sides to be one of great importance, without seeming to be any nearer its termination than when we commenced. Therefore, even if it had been the uniform practice of the House to refer reports of committees on contested elections to a committee of the whole, the peculiar position in which we were placed was an ample justification, in his opinion, for changing our course of proceeding, and give this subject only the morning hour, without referring it to a committee of the whole. He was, therefore, decidedly in favor of the motion first submitted by the honorable gentleman from Pennsylvania, (Mr. Buchanan.)

Mr. WILLIAMS, of North Carolina, believed the gentleman was correct in saying that the case of Newland and Graham had been considered in the House, but he considered these to be subjects of too great importance to be disposed of in that way; and he wished to be allowed to say to the gentleman from Georgia [Mr. Haynes] that he considered this subject one of infinitely more importance than any one which can be presented at the present session of Congress. We all know that subjects receive more grave, calm and deliberate consideration before the Committee of the Whole on the state of the Union, than when they were taken up and debated morning after morning, during the morning hour in the House. This being the case, it was due to the House of Representatives, it was due to the people of Mississippi, it was due to the nation, that this subject should be referred to the Committee of the Whole on the state of the Union.

Mr. HAYNES would merely say, in answer to the gentleman, if it was expected that this question would receive more ample discussion than what took place in the case of the North Carolina contested election, that he did not know that it would be desirable to send it to a Committee of the Whole. He considered that that question was as fully discussed as any subject need be. He was utterly at a loss to perceive why there should be so much anxiety to have this subject referred to a Committee of the Whole. He believed that, upon a reference to the history of the various contested elections, from the origin of the Government down to the present time, it would be found that a large number of them had been settled without much discussion. He differed entirely from the gentleman from North Carolina, (Mr. Williams,) in giving more importance to the discussion of this subject of the Mississippi election, than the questions which had been already referred to the Committee of the Whole on the State of the Union. He considered that their first duty was to do all that they could for the relief of the country.

Mr. MERCER preferred sending the subject to the Committee of the Whole on the state of the Union, because it would receive a more calm and full discussion than in the House, and prevent such scenes as were enacted in the case of the North Carolina contested election at the last Congress. He believed cases of contested elections had seldom been settled, without being referred to a Committee of the Whole.

Mr. HAYNES then referred to a case of contested election from some of the districts in the western part of the State of New York, which came before the House at the first session of the nineteenth Congress; and was settled as soon as the report of the Committee of Elections came in, and never was committed or debated.

Mr. GLASCOCK considered that the proper mode of disposing of this report, was the adoption

of the motion submitted by the chairman of the Committee of Elections. It is well known that in cases of contested elections heretofore, that the parties have been present with all the testimony which they could collect, to lay before the House; but this was an exception to the general rule, there being no person here to contest the election; and, in his opinion, it could be calmly and dispassionately considered in the House, and disposed of without any of the excitement which frequently attended cases of contested elections. This was not a case where the opposing candidates came forward and contested the seat of those gentlemen because of illegal votes being given; but it was a case submitted by the gentlemen themselves, who look upon it as a constitutional question, which they desire to have settled for their own satisfaction, and for the satisfaction of the people of Mississippi. Those who are of opinion that these two gentlemen are not constitutionally elected, will have the opportunity of laying their views before the House, and those who believe they are constitutionally elected, and entitled to their seats, can reply to them, and give their views. This can be done in the House calmly and dispassionately, and then every gentleman will be prepared to form his own opinion. He imagined that the question now pending before the House during the morning hour—the inquiry in relation to the Florida war—would be disposed of on to-morrow morning; and then this question in relation to the Mississippi election can be taken up, and be easily, fairly, and correctly disposed of by taking it up every morning, during the morning hour, until it is decided.

Mr. CAMBRELENG suggested to the gentleman from Pennsylvania (Mr. Buchanan) that the House would be better able to dispose of this question after the report was printed and laid upon the table. He therefore hoped the gentleman would modify his motion by moving to postpone the subject until to-morrow, or Wednesday, and have the report printed in the mean time.

Mr. BUCHANAN then modified his resolution by moving to postpone the further consideration of the subject until Wednesday next, and that the report be printed.

Mr. HARRISON of Missouri made some remarks in opposition to committing the report to a Committee of the Whole, and referred the House to the case of Graham and Newland, as having received ample and satisfactory discussion in the House without a reference.

Mr. GHOLSON hoped that this report might take such course as to ensure the action of the House upon it at the present session. If it was referred to the Committee of the Whole on the state of the Union, and other subjects were permitted to take precedence of it, it would be impossible to have it disposed of at the extra session; and for this reason, and this reason alone, he hoped the motion of the Chairman of the Committee of Elections would prevail. Under the circumstances of the case, he sat here with extreme reluctance, and he hoped this subject would occupy the morning hour until it was settled. Surely, in his opinion, would not occupy a great length of time to settle the question, and he hoped it would be disposed of as speedily as practicable, because at present there was but one candidate before the people of Mississippi for election at the fall elections, and he felt authorized to say that there would be no other until this question was determined by the House.

Mr. WHITTLESEY said if the question was referred to the Committee of the Whole it would be within the power of a majority of that committee to take it up at any time they pleased, no matter what other business there was before it.

The question was then put on the motion to postpone till Wednesday, and printed, and agreed to, without a division.

Mr. CAMBRELENG, from the Committee of Ways and Means, to which had been referred several memorials on the subject of a national bank, reported the following resolution:

*Resolved*, That it is inexpedient to charter a national bank.

Mr. C. said that this resolution was presented to the House, merely for its decision, without debate,

The gentleman from Kentucky (Mr. Chambers) had said this morning on the presentation of some petitions, that a dark cloud was hanging over the administration, and he now barely wished to tell that gentleman, and he now barely wished to tell that gentleman, he apprehended that the friends of a national bank had a dark cloud hanging over them.

Mr. CHAMBERS said he had referred to the dark cloud hanging over the prospects of the administration in the West.

Mr. CAMBRELENG remarked that he had referred to the dark cloud which was hanging over the friends of a national bank, here and throughout the country. He did not, however, wish to debate the question, and simply called for the yeas and nays, which were ordered.

Mr. EVERETT said the gentleman from New York, (Mr. Cambreleng,) had introduced this subject, and called upon the House to give a silent vote upon it, and send it out to the people of the country, as the expression of opinion of the House of Representatives of the United States. His sentiments on this subject were known to the House; it was known that he was in favor of a national bank; and whenever the proper time arrived, he should give his views on the subject fully. He would not, however, now go into this subject. The Executive had interposed his veto in advance upon a national bank, and there would be no opportunity of bringing this question forward at present. He hoped no friend of a United States Bank would think of bringing forward a proposition for the establishment of a national bank, until he was certain of there being two-thirds in its favor in Congress. If the President of the United States had left the matter, as he ought to have left it, to the representatives of the people, and said that he would carry out the measures agreed upon by Congress, there might have been some expectation of carrying through some permanent measures of relief to the country. But the President had brought forward some little petty measures for the relief of the Government, and said, when you adopt these measures, you may go home. All the measures of relief were for the relief of the Government, and there was no relief proposed for the people or the country. Mr. E. concluded by moving to lay the resolution on the table.

Mr. CAMBRELENG called for the yeas and nays on this motion, which were ordered, and were—yeas 89, nays 122, as follows:

[The yeas and nays could not be obtained for this night's paper. They will be given on to-morrow.]

Without taking the question on the adoption of the resolution, on motion of Mr. CAMBRELENG, the House passed to the orders of the day; and, on motion of the same gentleman, then resolved itself into a Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the bill to

**POSTPONE THE FOURTH INSTALMENT WITH THE STATES.**

The question pending was on the amendment of Mr. PICKENS to strike from the bill the indefinite clause "till further provision by law," and insert "the first day of January, 1839."

Mr. WILLIAMS of Tennessee, who was entitled to the floor, gave way to

Mr. GARLAND of Virginia, who addressed the committee at length in support of the proposition submitted by him some days since, (the same as Mr. Rives's bill, introduced in the Senate,) and in a review of the Sub-Treasury scheme and its effects, Mr. G. entered largely into a defence of the State banks, and quoted the opinions of a number of distinguished men in support of them. The position he then occupied was the same he had occupied when he was first elected to the House over his able predecessor, (Mr. Gordon,) who had proposed the identical scheme now recommended by the President of the United States. Mr. G. had not changed, and should maintain his position until his constituents instructed him out of it. He then went on to show that the proposition he had submitted was a safe and practical one, republican in its principles, and had the sanction of the greatest minds of the country. Having addressed the House for upwards of two hours, he gave notice that he should extend his remarks in his prepared speech; and

then cite in full the authorities he had barely adverted to in his remarks on the floor.

Mr. WILLIAMS of Tennessee then obtained the floor, and addressed the committee in opposition to the bill withholding the payment of the fourth instalment, on the ground that it would amount to the violation of a contract. The scheme proposed by the President of the United States and the Secretary of the Treasury, he condemned *in toto*, as he also did the continuance of the State bank system. All the present embarrassments he ascribed to the conflict between the late administration and the Bank of the United States, in the removal of the deposits, &c. and he held that the only cure for the existing evils would be the establishment of another bank.

Mr. UNDERWOOD gave notice of an amendment he intended to move as a substitute for the bill providing that, in case the Treasury was unable to pay the fourth instalment, the deficit should be made up by selling the bonds taken from the Pennsylvania Bank of the United States for the stock of the late Bank of the United States.

Mr. RARIDEN wished to give a brief statement of the means which induced him to refrain from supporting the bill. He had come to Congress with the firm determination of supporting the administration, and he deemed it an imperative duty to explain his motives, lest he should be charged with reckless opposition. It was with diffidence that an humble individual like himself ventured to differ from persons elevated on the pedestal of superior endowments; but he considered it incumbent on him to pursue the course he had. He did not consider the object of the bill was simply to withhold the fourth instalment of the surplus revenue from the States. This was a false view of the case. The practical effect of the bill would be to take from the States the amount in hard money to which they would be severally entitled under the deposit act. Some gentlemen had considered the nature of the bill as that of a conflict between the State and General Governments. For his part, he did not view it in that light. In acting on this subject, he considered himself as much the agent and friend of the General Government as he was of the State which had sent him there. He could not comprehend how the general Government could have any claims or interests at variance with those of the several States. The General Government was the creature of the States; they had bestowed upon it all its energies for the performance of certain purposes beneficial to the whole. Among others, the States had invested it with the power of levying taxes for the purpose of carrying out the functions and accomplishing the ends they had designed it to fulfil. The case, then, stood as follows: If, from accidental causes, more money has been collected than is requisite, to whom did that money belong? Did it belong to the agent who had collected it, or to the principals from whom it had been collected? He looked upon it as the common property of the people, and to them it should be distributed. At the time Congress made the deposit law, it considered it calculated to promote the interests and industry of the country. Money was the generator of enterprise. Had it remained locked up in the vaults of the Treasury, it would have retarded enterprise, but by distributing it among the several States, it accelerated and stimulated that spirit, and ultimately caused a greater influx of wealth to the Government. It averted the jealousy with which many entertained, so long as the money remained with Government, lest the party in power should make it subservient to their purposes. He had heard it hinted that the success of a certain party at the elections had been much less since the passage of that act than it had been before, but how true it was, he could not say. Neither could he say that had money been placed in a national bank, its effects would not have been the same, for that institution was managed by fallible human nature, ever liable to err. Such a result might have been probable; but of that it was unnecessary to speak then. He compared the situation of the deposit banks at the time they received the money, with their subsequent state, after they had extended their issues to such an unwarrantable extent, and concluded by declaring it as his firm opi-

nion, that whether the Treasury was full or not, it was expedient to pay the money due to the States, as it would do much good, and prevent much harm.

Mr. CUSHING then moved that the committee rise.

Mr. RHETT expressed a hope that the committee would rise, and report the bill and amendment to the House.

The CHAIR said the motion could not be entertained while an amendment was pending.

The Committee refused to rise—yeas 92, noes 98.

Mr. CUSHING then spoke in opposition to the bill, taking the ground that the deposit act was a contract, and that the law had devolved the responsibility upon the Secretary of the Treasury. He said that the Government having involved them in difficulties, he would not relieve it of responsibility. Moreover, there were not data sufficient to warrant the passage of this bill. Mr. C. then went on to review the message of the President of the United States, as forming the groundwork of all the bills before the House, but, after speaking a few minutes, he gave way to

Mr. MERCER, who moved that the Committee rise. Lost—yeas 69, noes 79.

**YEAS**—Messrs. Adams, Alexander, Heman Allen, Ayckrigg, Bell, Biddle, Bond, Briggs, John Calhoun, William B. Campbell, John Campbell, Wm. B. Carter, Chambers, Cheatham, Clowney, Corwin, Cranston, Crockett, Cushing, Darling, Dawson, Davies, Deberry, Dennis, Evans, Ewing, G. R. Fletcher, Filmore, Rice Garland, Goode, J. Graham, Graves, Greenell, Griffin, Hall, Halsestead, Harlan, Harper, Hastings, Henry, Herod, Jenifer, H. Johnson, Lincoln, A. W. Loomis, Lyon, Mallory, Samson Mason, Martin, Maury, Maxwell, McKennan, Menifee, Mercer, M. Morris, Calvary Morris, Naylor, Noyes, Ogles, Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Reed, Ridgeway, Robertson, Ramsey, Russell, Sergeant, Augustine H. Sheppard, Shields, Sibley, Slade, Stratton, Thompson, Tillinghast, Toland, A. S. White, J. White, Elisha Whittlesey, Lewis Williams, S. Williams, Christopher H. Williams, Wise, and Yorke—59.

**NAYS**—Messrs. Anderson, Andrews, Atherton, Beatty, Beltrne, Bicknell, Birdsell, Boon, Bouldin, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, T. J. Carter, Casey, Chapman, Claiborne, Cleveland, Coles, Connor, Craig, Cray, Curtis, Cushman, DeGraff, Dringdoole, Duncan, Edwards, Ewing, Farrington, Fairfield, Foster, Fry, Gallup, James Garland, Gholson, Glascock, Grantland, Grant, Gray, Haley, Hammond, Hamer, Harrison, Hawes, Hawkins, Haynes, Hecay, Holt, Howard, Hubley, William H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kenble, Kilgore, Klingsmire, Legare, Leadbetter, Logan, Arphaxad Loomis, J. M. Mason, May, McKay, Robert McClellan, A. McClellan, McKim, Miller, Montgomery, Moore, Morgan, A. W. Morris, Muhlenberg, Noble, Owens, Palmer, Parker, Patton, Payson, Penningback, Pettikin, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reily, Rencher, Rhett, Richardson, Rives, Sawyer, Sheffer, Shipley, Smith, Snyder, Southgate, Spencer, Stewart, Tallaferra, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vandever, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, and Worthington—122.

Mr. CUSHING then proceeded in his examination of the Message. He insisted upon it that nothing had been proven to justify the convening of Congress, nor to make out a case for the propositions under consideration. According to Mr. C's judgment, the first thing that ought to have been recommended should have been a direct loan, instead of an issue in the shape of continental paper. On this topic, and on the causes of the present embarrassment, he dwelt at some length, when he again gave way to

Mr. POPE, who moved that the committee rise: lost—yeas 69, noes 79; and

Mr. CUSHING concluded his remarks at half past seven o'clock, p. m. when

Mr. RHETT arose, and made an earnest appeal to the committee to take the question on the amendment, so that the bill might be reported to the House. He adverted to the extraordinary range the debate had taken, and thought this particular bill had been discussed long enough.

Mr. MARTIN said he had intended to submit some remarks to the committee upon this bill, but the lateness of the hour, and the evident disposition of the committee to take the question, admonished him to refrain. He should, therefore, content himself then with giving notice of his intention to move to strike out the proviso to the bill.

Mr. WILLIAMS of North Carolina expressed his dissent to the whole bill, as well as to the amendment. The bill would be a violation of the public faith of the Government of the United States, pledged to the individual States to pay this money according to the provisions of the deposit act. That was the ground of the first objection.

If that objection were well founded, did not the amendment of the gentleman from South Carolina

(Mr. Pickens) equally conflict with the principles assumed by the opponents of the bill? The gentleman proposed a postponement of the payment of the last instalment until the first of January, 1839. Now Mr. W. insisted that if they could postpone the payment of this instalment for one year, they could postpone it indefinitely; and they had just as good a right to postpone it indefinitely, or for ever, as to the first of January, 1839. This alone would be a sufficient reason for Mr. W.'s resisting the amendment, although he must confess that, if obliged to take the original bill or the bill with the amendment, he would of course prefer the latter.

The lateness of the hour, and the protracted discussion that had already taken place, prevented him from giving his views at length. He, however, protested against the passage of this bill on behalf of the State he in part represented. He saw no necessity for withholding this instalment, for the allegation that the wants of the Government required it had not been made out to his satisfaction. At all events, if it were so, they might meet the deficit by a greater issue of Treasury notes. If they issued twelve millions of dollars to satisfy merely the wants of the Government, could they not issue twenty millions of dollars to comply with its obligations? He would as soon withhold the appropriations for the army, the navy, or the civil list, as to withhold this payment from the States.

Mr. FILMORE then obtained the floor, and expressed his wish to submit some remarks, but the lateness of the hour would prevent him.

Mr. CAMBRELENG said that it was not the intention to do more than report this bill to the House to-night. On to-morrow it would come up in the House, when gentlemen would have the opportunity of discussing it, if they desired to do so.

Mr. FILMORE, however, moved that the committee rise; but the motion was not sustained—ayes 87, noes 97.

The honorable member then addressed the committee at length in opposition to the bill, on the ground of its impairing a contract, and that the condition of the Treasury did not warrant it, or that, if it did, means should be found, either by loan, or by withholding other appropriations, to comply with the obligations of the deposit law. At a quarter to 9 o'clock, Mr. F. gave way to

Mr. GRAVES, who moved that the committee rise; which motion was again lost—84 to 111.

Mr. FILMORE resumed, and continued his remarks on the same subject, with the addition of a lengthy argument in favor of a Bank of the United States, till a few minutes before 10 o'clock, when—

Mr. BRONSON obtained the floor. He said he was in favor of the amendment of the gentleman from South Carolina, as presenting the bill in a less objectionable shape; but he should, most assuredly, protest most sincerely and heartily against the amendment, (notice of which had been given by Mr. Martin,) which went to strip the bill of the only palatable feature about it.

Mr. B. was assured, from the proof adduced, that there was not available means in the Treasury to meet its liabilities. He also controverted the position of the payment of deposit partaking of the character of a contract between private individuals; there might be some plausibility in the argument, but it was not the proper and right ground to put it upon.

Was there any common ground on which they could meet? He thought there was. That common ground was to take the bill as it originally was, with the amendment of the gentlemen from South Carolina, but without the amendment of the gentleman from Alabama. Adopting this, there was a guarantee offered that no portion of the three instalments should be called in till after the expiration of twelve months. The United States said to the States, give up your claim for the fourth instalment, and we will not call back any of the others.

Mr. B. avowed that he could not vote for the original bill without Mr. Pickens's amendment, because it would be an indefinite postponement of the payment, and to that he could not consent.

Mr. MARTIN was about to make an explanation in reference to the remarks of the gentleman

from New York on his proposed amendment, but, by request, gave way to

Mr. DAWSON, who moved that the committee rise—lost, 78 to 97.

Mr. MARTIN said he should not trouble the committee with the remarks which he had desired to submit upon the bill under consideration, but for the denouncement as "extraordinary" by the gentleman from New York, (Mr. Bronson,) of the amendment which he had given notice he would submit, when in order to do so, to the bill before the committee. He had felt it to be his duty to himself to present fully to his constituents his views, as well as the part which he should take, upon this measure; but from the great labor which the committee had undergone, the fatigue which all seemed to feel, and to be borne down by, he had been induced, when he gave notice of the amendment which he would offer, to decline then to address the committee, with the hope that some more auspicious occasion would be afforded him of making known those views.

That his amendment might seem extraordinary to those who considered the provisions of the act of June, 1836, when accepted by the States, a contract, which the Government was bound to execute under all circumstances, and to those, too, who claim as a debt due from the Government the amount to be deposited—as has been contended by many of the gentlemen who have addressed the committee—did not surprise him. Indeed, when gentlemen can contend, with this act before them, in defiance of its letter, that it creates an obligation upon this Government to each of the States, to pay its proportion of the surplus revenue, no demand that could be made by them, however extravagant, could excite his astonishment. Little did those who were unacquainted with the course of legislation here, suspect that at any time after the passage of the act of 1836, and more especially within so short a time as this, when even by the terms of the act itself the time for making the last of the deposits has not arrived, that any gentleman on this floor would have the temerity openly to avow that he considered even that which he had received a donation to his State, much less the claim which is here set up to the fourth instalment; and that, too, by some of those who voted for the act of 1836. He said it was known at least to the members of the Twenty-fourth Congress, and, as he believed, was understood by the country generally, what were the causes which produced the passage of that act, and the object intended by it. The idea of making a donation of the surplus revenue to the States was not whispered in this hall, if secretly intended by any individual member; and, however some may have thought upon the subject, a majority of the members believed that Congress had not the power, under the Constitution of the United States, to make such a disposition of it.

Mr. M. said it had turned out in the course of events, of which it was unnecessary for him now to speak, that a large amount of revenue, over and above the demands of the Government, would be in the Treasury on the 1st of January, 1837. It was thought to be inexpedient that it should remain there, particularly when it was considered that the resources of the Government would afford an ample fund, from time to time, to meet all its necessary expenditures as they should accrue, to permit so large a sum of money to remain on deposit in the deposit banks; against which, at that time, much complaint was made by those opposed to the then administration, and many charges of bribery and corruption uttered, and a fear expressed of improper interference in the pending election of Chief Magistrate. Many of the friends of the administration, looking impartially at this subject, came to the conclusion that—as profit might arise from the use of this money, which might not be needed by the Government for some time to come; and as, too, by withdrawing it from the deposit banks would at least silence the complaints upon that score—a circumstance at least desirable—it would be expedient to deposit it with the States in proper proportions, so as to divide equally among the States the benefit of its use, and, at the same time,

supposing that it would afford a fund to which we could with certainty resort in any great emergency which might require such an amount of treasure. A doubt, he said, never crossed his mind that it would be looked upon by the States as their own, or that its return would be delayed for one moment, after it was needed by the Government; and one of the important effects which he supposed it would have upon the legislation of Congress, would be to provide an economical administration of the Government, by bringing our responsibility more nearly home to the people. He well knew that if the tariff was increased, the inquiry would be made by the people, why is this, when you have this surplus? And if the surplus with the States was touched, the people would scrutinize our conduct, and mark our extravagance with its merited rebuke.

Mr. M. said that by recurring to the history of the act of 1836, it would be obvious, that the return of these deposits was looked to by the framers of the act; for he said, as it passed the Senate, in which it originated, it required the issuance by the States to this Government of stock to the amount of the money deposited, which it should be the duty of the Secretary of the Treasury to dispose of, at any time when the money should be necessary to meet the disbursements of the Government—a mode by which the amount could be reimbursed without delay or difficulty—that this feature was of the bill was changed, not because it gave too speedy a mode of obtaining the money again, but that it made the Government a dealer in stocks, which was thought objectionable.

Mr. M. said the gentleman from New York, (Mr. Filmore,) had labored to prove, that by a proper construction of the act of 1836, it would be impossible to obtain a return of the deposits within a very great length of time; contending that not more than two hundred and forty thousand dollars per annum could be demanded even of the State of New York. To put this construction upon that act, Mr. M. said was to charge the last Congress with imbecility and gross ignorance, to which he could not agree. He said the return of the money was clearly contemplated by the act; and to suppose that so small a sum as that stated by the gentleman was the largest amount for a return of which any State could be called upon, could not be true. Mr. M. said the act limited the call of the Secretary to ten thousand dollars a month from any one State, "without previous notice of thirty days for every additional sum of twenty thousand dollars." Does this provision of the bill limit this demand to any particular time? is it required that upon any particular day, the notice shall be given, or is the demand of this last sum limited in any way whatever? Certainly not—true it is he said, that the sum of \$20,000 could not be drawn under this act, without the notice of thirty days; but, if necessary, and the proper notice was given, that sum could be required upon each day, so long as that amount should remain upon deposit. Mr. M. said that the amendment which he desired to submit was intended to leave the act of 1836 as it was intended to be, a deposit law; that the proviso to the bill under consideration, which was by his amendment proposed to be stricken out, although not expressly, will in effect, change the act of '36 to that of a distribution law; for he said an executive officer would execute a law which it was made his duty to carry into effect. But when it was left to Congress to make a demand upon the States for a return of money to be levied directly upon the people, but little expectation could be indulged that they would do so, under any circumstances; but under the feeling now manifested that any other expectation would be more reasonable.

He said that, in addition to his objection to the change, he had still another, and an insuperable one, to this proviso. It does not speak the language which it should; for if the effect which it would have was actually intended, let it speak in plain terms, that our constituents may not be deceived in what we are doing here. There is a covert mode of doing business here, to which he said he would never agree.



Mr. M. said, that he was not prepared to say he would vote against the passage of this bill, if the amendment which he desired should be made, should fail; for, from the disposition discovered by a majority here, not only to hold on to that which they have, but to get all they can, from the public Treasury, he was disposed to save as much for the Government as he could; and to do so, it might be necessary to relinquish the three instalments now deposited, to secure the last.

Mr. M. said that he had reluctantly detained the committee as long as he had done, and should not trespass upon their patience longer; that they had endured much already, in listening to the few remarks touching the measure under consideration, which had been made by several gentlemen, and a very great number of remarks upon every other subject that could be thought of by gentlemen upon this floor. He had not gone into the effects which this measure threatened to produce upon the legislation here. All understand its danger, who will reflect upon it for one moment. Settle this policy of distribution upon the country, and the rights of the States will become a thing that has been, but which is now gone forever.

Mr. TILLINGHAST spoke briefly against the bill, on the ground of its being a violation of a contract.

Mr. ADAMS inquired of the Chair whether the amendment submitted by the gentleman from Alabama (Mr. Martin) was in order.

The CHAIR replied that he had entertained the amendment, not feeling himself authorized to reject it, and no objection was made to entertaining it at the time.

Mr. ADAMS did not consider the amendment of the gentleman from Alabama as an amendment to the amendment of the gentleman from South Carolina, (Mr. Pickens.) He (Mr. A.) had an amendment to that amendment to submit, which, from the nature of it, could not be submitted in the House unless it was first offered in committee, which he should like to have the privilege of submitting.

Mr. MARTIN then rose and stated that he did not consider his amendment as entirely regular, and as he would take the opportunity of submitting it hereafter, he, for the present, would withdraw it.

Mr. ADAMS then submitted the following amendment:

"And all the balances of public moneys due from all the deposite banks are hereby appropriated to the said payment, and no part of them shall be applied to any other payment whatever; and if the portion of the said balances due by the said deposite banks cannot be recovered in time to enable the Treasury to pay the whole of the said deposite with the States, hereby made payable on the first day of January, 1839, then the instalment of debt from the late Bank of the United States, for the stock in that institution held by the United States, payable in October, 1838, is hereby appropriated to make up any insufficiency of the sums recovered from the deposite banks to complete the said payment of the fourth instalment of the deposite with the States; and if the said sums, so appropriated, should still prove insufficient to complete the said payment, the faith of the United States is hereby pledged that provision shall be made by Congress to complete the same."

Mr. ADAMS did not wish to enter into the discussion which had occupied so much of the time of the House, as to whether the deposite bill was a contract or not; without entering into the question, whether it was technically a contract, it was clear to his mind that it was a promise, given by the Government, and accepted by the States, and whether that was a contract or not, he considered it binding upon both parties. The promise was to deposite a given specific sum, and that sum was to be divided into four parts or instalments; but the promise was that the whole sum was to be deposited with the States. As to the matter, whether a portion of this was liable to be called for, he thought it would not be called for, because the contingency had not happened, and he did not think it would happen, that would require a portion to be called for. He took it that the promise on the part of the

United States must be fully fulfilled, as much as if it were a debt.

Mr. PICKENS hoped that the committee would rise, so as to give the gentleman from Massachusetts the opportunity of giving his views at a more propitious moment than the present. He would, therefore, move that the committee rise, if the gentleman would give way.

Mr. ADAMS did not ask that the committee should rise, as he had but a few words to say. He held that the United States was bound in good faith to perform, as far as it could, the whole of the promise which it had made. A state of things has arisen in which the nation itself is not able to perform, at present, the promise it had made with respect to one fourth of the sum it had promised. This state of things arises from the circumstance of the inability of the deposite banks to pay the sum due by them to the Government. Now he was willing to go so far as to modify this promise in a manner to indulge the Government of the United States with time—to indulge the deposite banks, who are unable to make the payment, with time; and he was willing to take the time proposed by the gentleman from South Carolina; but in doing that, he wished for his own part, and as a representative of the State of Massachusetts, to be fully and thoroughly understood as opposing a repeal of the deposite law, and that this bill should never be construed into a repeal of that bill, so far as this fourth instalment was concerned.

It so happened that, by the statement of the Secretary of the Treasury, the sum to be paid was as nearly as possible the balance which was due from the deposite banks to the United States—about nine millions of dollars; and as he supposed a portion of this sum might still not be obtained from some of those banks, in order to make assurance doubly sure, he had inserted a conditional appropriation of the instalment which will be due the Government from the Bank of the United States in October next, which will just be in time to meet this case; and if it should turn out that even that sum should not be sufficient, he proposed by his amendment to give a solemn pledge of the United States, that it will provide for the fulfilment of the promise it made by the deposite law.

Mr. JOHNSON of Maryland of Maryland had intended originally to have voted for the amendment of Mr. Pickens, and then for the bill, but it was now his intention to vote against both of them. His reason was this. He had originally supposed that the bill was designed for the relief of the Treasury, and then that it would leave a sufficient fund to enable that Department to go on. He should also vote against the bill to authorize the issue of Treasury notes, because it would have the effect of throwing out a spurious currency; and it was his decided conviction that they ought to effect a loan. They had the constitutional right to do this. If the Government was bankrupt, they ought at once to meet that question, and not dodge it by authorizing the Secretary of the Treasury to do what Mr. J. believed that officer had not the power to do. He (Mr. J.) was for a loan of from ten to twenty millions, and he would heartily vote for it.

One gentleman had said that if a loan was effected, they must necessarily increase the tariff. Now, although Mr. J. had no hostility to a tariff, yet he should be as unwilling as any other member, at that time, to increase it. But it did not follow as a matter of course, that, because they created a loan, they must necessarily increase the tariff.

Mr. RHETT again appealed to the committee to take the question. He was willing to sit there as long as any one, but it should be borne in mind that they had other duties to perform, for which the people had sent them there. Speak they must, speak as long as it was necessary to inform their minds upon the subject; but when their minds were made up, they should act. The Senate had disposed of this question in one morning. We had been debating it a whole week, with late sessions, and had been in session twenty-one days, without acting on one single question on which they had commenced. Was this right? Was it not time to do something, and not be wasting the people's money? Surely it was not

worth while to be sitting there after every man's mind was made up. He meant no discourtesy to the gentleman who last addressed the House, but even he had distinctly declared that he had positively made up his mind, and intended to vote both against the bill and the amendment.

Mr. POPE insisted that the original bill, unless amended, though not in terms, was in effect a repeal of so much of the deposite law as authorized the payment of the fourth instalment, a law of as solemn an engagement, in his opinion, as was ever passed. That the General Government was most solemnly bound by that act was a proposition as clear to his mind as any he was ever called upon to consider. He therefore protested against the passage of the bill, unless the two amendments (of Messrs. Pickens and Adams) were engrafted upon it. If they were, he was willing to go for the bill, because it then only postponed the payment of the fourth instalment; without them, he could not, because the bill would be a virtual but covert repeal of a solemn act of Congress.

Mr. CHAMBERS of Kentucky opposed the bill, and commented upon the mode in which the Secretary of the Treasury had carried out the provisions of the deposite law.

Mr. UNDERWOOD then rose and brought to the notice of the House an amendment which he desired to offer when the proper time should arrive, but stated that he had no prospect of getting before the House to-night. He deprecated the course pursued by the majority of sitting all night to force a bill through Committee of the Whole. He never had seen any good to result from it, and hoped it would not be practised at the present session, as it had been at former sessions of Congress. It was useless for the majority to attempt to control the natural course of proceeding, because when there were a large number of gentlemen who desired to speak on a measure, they would speak no matter what the hour was. Mr. U. then, at half past twelve o'clock, moved that the committee rise, and the question being taken, it appeared the ayes were 84, noes 84; the Chair voting in the negative, the motion was disagreed to.

Mr. MERCER then renewed the motion that the committee rise, and called for tellers, when the vote stood—ayes 90, noes 89.

The committee then rose and reported, and the Speaker having resumed the Chair,

Mr. HOWARD asked leave of the House to make a motion that the hour of meeting of the House on to-day should be changed to 11 o'clock.

Objection however being made—

On motion of Mr. REED,

The House adjourned at a quarter before one o'clock.

HOUSE OF REPRESENTATIVES,  
Sept. 23d, 1837.

GENTLEMEN—Believing that the report in the Globe of Friday is calculated to produce an impression different from that which I intended to convey in relation to the feelings of my brother, (Gen. Campbell) towards the majority of the select committee of the last Congress, whose proceedings have been so often adverted to, "in the debate on the Florida war," I request that you will publish the following, which contains the substance of my remarks on that delicate subject:

I expressed my conviction that General Campbell thought, and perhaps justly, that the majority of the committee was under the influence of strong party feelings, but had never, to my knowledge, imputed to that majority, or to an individual member of it, dishonorable motives—that he cherished no bitterness of feeling towards the majority: nay more—for a part of that majority, I was convinced that he entertained feelings of personal regard.

Very respectfully,

JOHN CAMPBELL.

Messrs. BLAIR and RIVES.

HOUSE OF REPRESENTATIVES,  
Washington, Sept. 23, 1837.

F. P. BLAIR, Esq.

DEAR SIR: The Globe of Thursday evening last, in giving a sketch of my remarks on that day, on the bill to postpone the payment of the fourth in-

stalment to the States, represents me as declaring myself *opposed* to the bill.

I stated in the debate, and for the reasons which I then gave, that I *preferred* the bill *with the amendment* postponing the payment to the first of January, 1839; but I at the same time said, that, in any event—under the conviction which I had of the present embarrassed state of the Treasury—I *could not bring myself to vote against the bill*.

I yesterday morning called the attention of your reporter to the mistake in reporting my remarks, which he said should be corrected; but, on looking into your last evening's paper, I find the matter has escaped his recollection.

I hope you will do me the favor to correct the mistake in your next paper.

I am, very respectfully,

Your ob't servant,

HENRY A. FOSTER.

#### IN SENATE,

TUESDAY, Sept. 26, 1837.

Mr. ALLEN presented a memorial from Loraine county, Ohio, (signed by two hundred and forty-one ladies,) remonstrating against the annexation of Texas; which was laid on the table and ordered to be printed.

Mr. BUCHANAN said, while absent yesterday, a memorial was presented by the Senator from Massachusetts, (Mr. Webster,) from certain insurance offices, praying indemnity for a vessel destroyed in 1800, which had been referred to the Committee on Foreign Relations. The claim might be a very just one; but as there had been an understanding that no business was to be acted on unless of a very urgent nature, he would move that the committee be discharged from the consideration, and the memorial be laid on the table; which was agreed to.

The joint resolution offered yesterday by Mr. NILES, fixing the adjournment of Congress on Monday, the 9th of October next, was taken up and agreed to.

The resolution offered yesterday by Mr. HUBBARD, fixing the hour of meeting of the Senate at 10 o'clock in the morning, was taken up and adopted.

The following engrossed bills were read a third time and passed:

A bill to remit duties on certain goods destroyed by fire in New York.

A bill making additional appropriations for the suppression of Indian hostilities.

Mr. WRIGHT, from the Committee on Finance, called up the report in relation to the petition for a national bank; which was

*Resolved*, That the prayer of the respective petitions ought not to be granted."

Mr. CLAY did not see the utility of bringing forward the resolution of the Committee on Finance; it was a simple negative proposition, and therefore should not be called up unless there was a disposition on the part of the Senate to pass an affirmative one. The course pursued by the gentleman from New York (Mr. Wright) reminded him of a circumstance which took place a little before the declaration of the late war with Great Britain. A very extraordinary man belonging to the other House, now no more, [he alluded to Mr. Randolph,] learnt that a message would be sent by Mr. Madison, then President of the United States, recommending a declaration of war. That gentleman arose in his place, and offered a resolution similar to the one called up by the gentleman—*Resolved*, That it is inexpedient to declare war against Great Britain." For his part, he entertained a very different opinion from the gentleman relative to the expediency of granting the prayer of the petitioners; and he thought unless there was a disposition evinced to pass an affirmative proposition, the true course would be to let the resolution lie on the table. Like the Irish ambassador he might say, "situated as the Senate then was," there was not much likelihood of such a step being taken. If, however, the gentleman should persist in immediate action, he should move to add the following amendment, which was to strike out all after *Resolved*, and insert, "that it will be expedient to establish a Bank of the United States

whenever it shall be manifest that a clear majority of the people of the United States desire such an institution;" and ask for the yeas and nays thereon.

Mr. WEBSTER deemed the question one of too much importance to be acted on without full consideration. It was not a matter to be passed over lightly. There was other business under discussion in the Senate which could go on to completion; and he would, therefore, move to postpone the subject until Monday next.

Mr. PRESTON said he wished it to be postponed to a later period than Monday, if possible. He viewed the question as one of great moment. If the amendment were adopted, it would be declaring, in so many words, that a bank was necessary. On the other hand, if the report prevailed, it cut us off from all chance of establishing a bank. So far as he was concerned, he was not prepared to say a Bank of the United States was *inexpedient*, until he knew *what would be expedient*. Before two weeks had elapsed, a state of things might occur which would induce him to vote for a United States Bank. He wished to know what measures the friends of the administration intended to bring forward for the relief of the people, before he gave his vote either for the amendment or the resolution. He was not prepared to say that he would advocate a Bank of the United States: such an institution might be dangerous; but he very much doubted whether it was as dangerous as that of divorcing the Government from the people; and he would prefer the establishment of a bank to such a cold and heartless alternative. Before he committed himself on either the negative or affirmative proposition, he wished to know where the ship of state was to land, for she was evidently riding among rocks, and shoals, and breakers. He deemed it safest to postpone the measure for ten days, or until near the close of the session. If nothing satisfactory were then offered, this subject would come up for discussion.

Mr. WEBSTER briefly replied that he had mentioned an early day, because he did not wish to deprive the Senate of an opportunity to discuss the subject. If it were postponed until Monday, and the Senate were not ready, it would then be further postponed.

Mr. MORRIS asked for the yeas and nays.

And the question being taken, was decided in the negative—yeas 15, nays 30, as follows:

YEAS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Davis, Kent, Knight, McKean, Prentiss, Preston, Robbins, Smith of Indiana, Swift, and Webster—15.

NAYS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, King of Georgia, Linn, Lyon, Morris, Nicholas, Niles, Norvell, Pierce, Rives, Roane, Robinson, Ruggles, Smith of Connecticut, Strange, Tallmadge, Tipton, Walker, Wall, White, Williams, Wright, and Young—30.

Mr. TALLMADGE then moved to amend the amendment by striking out all after the word *Resolved*, and inserting: "That in the opinion of the Senate a clear majority of the people of the United States are opposed to a national bank, and that it is inexpedient to grant the prayer of the petitioners."

Mr. BENTON asked for the yeas and nays.

Mr. CLAY asked if he were to understand by the amendment of the gentleman, that a majority of the Senate had declared that a majority of the people were averse to a Bank of the United States, and that, therefore, the prayer of the petitioners ought not to be granted. In that case, if he did not know it was out of order, he would move to add, "but that, whenever it is ascertained that a majority of the people of the United States shall be in favor of a national bank, then a Bank of the United States ought to be established."

Mr. PRESTON made some few further remarks in opposition to the measure. He thought it a parliamentary trap. He might be opposed to a bank now, and before ten days take it as a dernier resort. He desired first to know what was to be done before he would consent to strangle the only mode of relief left us in its birth.

Mr. WRIGHT did not wish to be drawn into any debate upon the subject, and his only purpose

in rising was to have the views of the committee properly understood. The Senate had referred the memorial of sundry persons to the Committee on Finance, praying the establishment of a national bank. The committee had discharged its duty faithfully; and, after a full consideration of the whole subject, had promptly reported "that it was inexpedient to grant the prayer of the respective petitioners." While he was up, Mr. W. would inquire of the Chair, (for he professed himself not well acquainted with parliamentary rules,) if it were in order for gentlemen to amend the report to suit their own views, and then for others to move an amendment to the amendment; if so, where was the thing to stop?

Mr. CALHOUN said that the course which he intended to pursue was, first to vote against the amendment to the amendment, and, if that succeeded, to vote against the amendment itself, so as to bring the question nakedly on the report of the Committee on Finance, that the prayer of the petitioners ought not to be granted. He was not prepared to say what the opinion of the people of the United States at this time is in relation to a bank; and much less was he prepared to commit himself in favor of one in contingencies contemplated by the amendment to the amendment. Where the Constitution or important political principles are involved, his only guide was his judgment and his conscience, and not the popular voice.

If there was any trick or management in bringing forward the report, to entrap any Senator who may not have made up his opinion definitively as to the necessity of a bank, as my colleague supposes, he was wholly ignorant of it. He did not know that the Committee on Finance had reported until this morning, nor that it was intended to take up the report, till a short time before it was called up; but he did not doubt the propriety of taking the sense of the Senate upon the subject of the bank. The memorialist had petitioned to establish a national bank, and it was due to them, as well as to the country at large, that there should be an explicit declaration of the sense of the Senate on the subject. He considered it, in fact, among the measures of relief, that the sense of Congress should be fully known as to what ought and what ought not to be done; there is a vast amount of capital now locked up awaiting our decision, which would flow out, as soon as it was known, to stimulate business, and relieve the money pressure, at this important season, when the fall trade is about to commence.

Mr. C. then said that his colleague had made some remarks which he could not pass unnoticed. He understood him to say that to assent to any important part of the Message was to support the whole, and that it was, in fact, to become a partisan of the administration.

[Here Mr. FRANKLIN dissented, and stated that what he did say was, that according to his impression, the support of the leading measure of the administration seemed to him, as necessarily involving an entire support of the administration.]

Mr. C. resumed, that he was gratified to receive the explanation of his colleague; and that he now understood him as merely stating his impression of what ought to be the effects of supporting any of the prominent measures recommended in the Message. He must say that his (Mr. C's) impression were wholly different. No one knew better than his colleague, that he never acted but in relation to an object, and that object usually one somewhat remote, and that he advanced towards it with a steady step, regardless of the difficulties and the party combinations about him. He was master of his own move, and acknowledged connection with no party but the State rights party and the small band of nullifiers; and acted either with or against the administration or the national party, just as it was calculated to further the principles and policy which we of that party regarded essential to the liberty and institutions of the country. It was thus he acted in the present instance. He knew his latitude and longitude; he had not neglected his log-book, and had kept an exact reckoning, and knew the precise point where he was, and in what direction he was moving. The object for which he and those with whom he had acted had united with the national

had been accomplished. Executive usurpation had been arrested. The Treasury was empty, and the administration had scarcely a majority in either House, or the Union. But the event which had separated us and the nationalists, had at the same time put an end to the Jackson party—they had run out. That remarkable man had formed a personal party, held together by his great influence, and the immense patronage placed in his hands. He was off the stage now, and the gorged Treasury had been turned into empty boxes. The cohesive principle of his party was destroyed, and it had dissolved into its elements. It had no option but to re-unite on the old principles that brought it into power, and fall back on the ground where it stood in 1827, and where he and his friends had continued to stand all along. It was that or utter destruction. In the meantime, the Government itself had been brought back by a series of decisive moves, almost to where it stood at its commencement in 1798; no bank, no tariff, nor almost any of those measures to which they were the fruitful parent. This was the point we had reached: Executive encroachments arrested from its own weakness, and Legislative encroachments by the overthrow of the system which it had builded up in a long course of years. Could he, a member of the State Rights party, hesitate what course he should pursue in so remarkable a juncture? It was clear as the noon-day sun. We are the sworn enemy both of Executive and Legislative usurpation; and of the two, more opposed, if possible, to the latter than the former; because, in the nature of things, it must take precedence in the order of time. Without the Legislative, there could be no Executive usurpation. Congress must first encroach on the powers of the State, before the Executive can be strong enough to encroach on its powers; but as soon as they do, the benefit enures, not to them, but the President. Reason and experience both prove this. Now, sir, while the national party have shown themselves the foe of Executive encroachments, they have been, and he feared were still, the advocates of a liberal construction of the Constitution—the supporters of delegated against reserved powers. To it, then, may he traced most of those acts which have gone so far to convert this into a consolidated Government, and to which they still cling. On the contrary, a very large portion of the Jackson party, then drawn off from their principles, by his extraordinary influence and power, still professed, and, I doubt not, sincerely, the opposite principle, notwithstanding their frequent, and, he must say, great departure from their practice in many particulars. Now, he would ask, what course ought he to pursue under such circumstances? He, the opponent of all encroachments, from whatever quarter, Executive or Legislative? Was it for him to join the friends of the tariff, of a national bank, and the whole system of congressional usurpation, and utterly break down his old allies of 1827, who had sheltered under his position, and thus give a complete and final victory to his old opponents of that period, and with it a permanent ascendancy to them and their principles and policy, which he honestly believed could not but end in consolidation, with the loss of our liberty and institutions? Or rather was it not his duty, thinking as he did, and with the objects he had been long pursuing, to prevent such a result, and to call a rally of his old allies on the ground where he stood, and where they did in 1827, in order to arrest the final triumph of the principles to which he and they were then both opposed? But my colleague seems to think that the danger of Executive usurpation is not yet over, and that that Department is not so prostrated as he (Mr. C.) supposed. Instead of this, he thinks they still are meditating schemes of power. Be it so. He was not more confiding than his colleague. Experience had taught him distrust of power; and if his apprehensions should prove correct, he stood ready to rally with his recent allies against executive usurpation, with all the zeal and energy which had ever impelled him.

He was prepared to go much further, and hoped to have the aid of those with whom he so lately acted, to push forward and guard, by prudent and

wise enactments, guided by our recent experience, against the recurrence hereafter of the danger of the encroachments of the Executive. We now know the great danger from that quarter, and he was prepared to do his duty in providing effectual guards.

He saw that this was the moment to reap the fruit of the double victory which had been achieved, mainly by the small party to which he belonged, both against the encroachment of Congress on the rights of the States, and the President on the rights of Congress, and thereby place the liberty and institutions of the country on a durable basis, which he hoped to effect by uniting with the nationalists in providing effectual guards against the future usurpations of the Executive, and his old friends and allies of '27, in resisting the usurpation of Congress on the States; and as the first step in the discharge of this important duty, he joined them in opposing a bank and a reanion of the Government with the banking system, and was prepared to act throughout with them against Congressional encroachment in every form and shape. He trusted he had now defined his position so as to leave no possibility of mistake as to where he was, where he was going, and under what flag he sailed. In taking his course, he was neither an administration man nor an opposition man, and much less any man's man. He belonged to no party but the States rights, and wished to be considered nothing more than a plain, and an honest nullifier.

Mr. CLAY said that the President of the United States stated, in his Message, that the people, on two occasions, had shown their opposition to a Bank of the United States; and on this affirmation, he presumed, was this report rested. What had been the course of the Senator? Five days ago, he had reported a negative resolution, stating it to be inexpedient to grant the prayer of the petitioners. The report was laid on the table, where it should have slept, according to the usage of the Senate. Why not have let it remain there until some disposition was evinced by the Senate to pass upon it affirmatively? Not content with that, they seek to pass this negative resolution, with a large majority of the people of the United States in favor of a national bank. He trusted the Senate would say whether the people should have what they wanted or not.

And the question being taken, was decided in the affirmative—yeas 29, nays 15, as follows:

YEAS—Messrs. Allen, Benton, Brown, Buchanan, Clay of Alabama, Fulton, Grundy, Hubbard, Linn, Lyon, McKean, Morris, Nicholas, Niles, Norvell, Pierce, Rives, Roane Robinson, Ruggles, Smith of Connecticut, Strange, Tallmadge, Walker, Wall, White, Williams, Wright, and Young—29.

NAYS—Messrs. Bayard, Clay of Kentucky, Clayton, Crittenden, Davis, Knight, Prentiss, Preston, Robbins, Smith of Indiana, Spence, Swift, Tipton, and Webster—15.

Mr. SMITH of Connecticut said, that as he should have to vote on the question, and that his vote might appear to be inconsistent, he felt disposed to assign his reasons for the vote he should give. He was prepared to vote against the resolution of the honorable Senator from Kentucky, in the shape in which he first presented it; but had he have done so, it might have been supposed that he was unwilling to be governed by the known voice of the people, and to vote in accordance with their wishes. In the first place, he was of opinion that a bank granted by the Government of the United States, would be unconstitutional; and until he should be understood upon that point, he could never consent to give his vote for a bank, in any shape, or under any circumstances. He had been waiting, and had expected to hear the question of constitutionality of the bank discussed by some of the learned, experienced gentlemen on this floor; and until he was convinced of his error by some argument that he had never yet heard, it was unnecessary for him to take into consideration the subject, or to say any thing upon the question of expediency of establishing a bank. The proposition of the Senator from Kentucky was, not that we should now act in obedience to the will, and in accordance with what we consider the wishes, of

the people on this subject, but that the people should have another opportunity of expressing their sentiments, by leaving the question of bank or no bank untouched for the present, so that by again agitating and investigating the subject, public sentiment might, at some future period, be moulded into, and assume a different shape, and be more favorably inclined to a bank. But his opinion was, that that period would never occur, and such an event would never happen, when a majority of the people would be in favor of a United States Bank. To adopt the resolution would be, in effect, to undertake to express an opinion as to what this body would do at some future period in reference to a different state of things, instead of adapting our action to the wants of the people at this time. He maintained that it was difficult to act upon the subject as it now stood; that we should act for the present, and not for the future. He had determined to vote against the proposition of the Senator from Kentucky; and as this might have the appearance of giving a vote against the voice of the people, he was desirous of accompanying his vote with his reasons for it. He had risen for the purpose of giving his opinion frankly, and he would now state, that he was wholly and entirely, on constitutional grounds, opposed to a Bank of the United States. It was his deliberate opinion, too, that the people did not want a bank. He would, therefore, vote against any proposition which stated that it now was, or would hereafter be, expedient to establish a Bank of the United States.

Mr. ROANE said that the moment had most unexpectedly arrived when he found himself constrained to say a few words to the Senate. He was as yet but little acquainted with the rules of that honorable body, nor was he versed in parliamentary law. The subject, as now presented to the Senate, was wrapped in such parliamentary involutions, that perhaps, in the votes he might give, he would be made to assume, in appearance, a position which was not his own. He therefore wished to unfold, in the briefest possible manner, his full and entire opinion.

The amendment now before us requires us to declare that a majority of the people of the United States are in favor of a Bank of the United States, and that, therefore, we ought to give them one. He, for one, declared that he knew not what were the opinions of the people of the United States on this subject. That body had not, in his opinion, that question, in any manner, before them; and if they had, had not, as he conceived, the testimony to enable them to pass a solemn judgment on it. He did not himself believe that such is their opinion—very far from it. Whenever there was a large majority of the people of the United States demanding a national bank, he had no doubt but that they would have one, but not with his consent given here or elsewhere; and this brings me, Mr. President, to declare, that as long as I occupy a seat on this floor, I shall never acknowledge but two criteria by which my votes are to be controlled. The one is the will—the known, ascertained will—of a majority of those who sent me here—my constituents. The other, the dictates of my own conscience. The opinion, then, of the majority—nay, of all the people of the United States, and of all the Senators on this floor—would not control him, as long as his constituents were opposed to a bank. In order that he might not, by possibility, be misunderstood by any of the votes he might give on the amendments now offered—lest he may fall into some of the "traps" which had been spoken of, if indeed any have been set—he would take occasion to go further, and declare that if, instead of being a member of the Senate of the United States, administering and construing our present Constitution, he was a member of a convention of the people of the United States, to remodel their present, or form a new Constitution, he would with manly firmness resist a bank, as composing one of its features. No, sir, never, with my consent, shall a power so potent, either for good or evil, constitute a feature in the Republic under which I live.

Mr. President, if there are any parliamentary "traps" set—if there is any unfairness going on, I know nothing of it. What is the state of the case?



At a very early period of the present session of Congress, petitions coming from large commercial cities, numerously signed, and from Chambers of Commerce, as they are termed, were presented to the Senate, praying the establishment by Congress of a United States Bank. These petitions were referred to the Committee on Finance, who have reported to this their constituent body their opinion, that "the prayer of the petitioners ought not to be granted." He had had some little experience in legislation, and he must declare, that he could not conceive what less the committee could have done, such being their opinion; and that if there was any "trap set," he could not see it in their report. He wished, himself, no amendment to that report; he knew of none that he would agree to, unless it was to insert in it the word "unconstitutional," for he most candidly and emphatically declared it to be his wish to shove away—to put out of sight, and out of hope, that "plank"—that rotten plank, as he thought it—which it was so much desired should be kept floating about in this chamber. He for one was ready and willing boldly to swim his course through the sea of troubles in which we are, and firmly to grasp the solid rock of the Constitution.

Mr. ALLEN said, I understand the question before the Senate to be on the adoption of the amendment submitted by the Senator from Kentucky, [Mr. Clay.] I shall not interpose, in any manner, to reconcile or to sharpen the conflict of opinion between the two Senators from South Carolina. Nor shall I pursue the course which the Senator who sits immediately in front me [Mr. Preston] has deemed it his duty to adopt, by diverging so far from the subject of the pending discussion, in search of topics not very obviously connected with it.

It is my purpose to give, with promptitude and brevity, the general reasons which urge my mind to a conclusion against the amendment. This amendment is objectionable, as involving a bare abstraction, and an abstraction, too, which relates not to what should be the present, but to what ought to be the future action of Congress, upon the occurrence of a remote contingency. The discussion of such a question is not among the objects for which we are assembled, nor is it required by the necessities of the occasion, or justified by the theory or the practice of the Government. It is our business to legislate for the future, but not to prescribe what future legislation shall be.

But, sir, the broad objection to this amendment is, that it asserts a principle destructive of the very existence of this body, absolutely revolutionary in its character, and tending directly to a subversion of the forms of our Government. What is it? It is a proposition which requires this Senate, the representative of the federative principle of our Constitution, to affirm, in advance, that whenever a majority of the people of the United States, told by the head, shall manifest their pleasure favorably to a particular measure, that measure ought for that reason alone to become a law. Thus, by this amendment, the States are treated as things that have ceased to exist, the whole people as being consolidated into one nation, and this body, in which States are represented as subsisting independent sovereignties, is required to proclaim its own dissolution. The establishment of this principle by the Senate, would be the act of a suicide, lifting the knife to his own throat. It would be the Senate annihilating the Senate—the representatives of the States abolishing the States themselves. Why have the States, regardless of their size or numerical strength, an equal representation upon this floor? It is because, as distinct communities, the Constitutional compact has armed the smaller with this check, in order to guard their corporate independence against anticipated dangers from the superior power of the larger. It is not men alone, but men and States combined, in the representation of the two Houses of Congress, that are authorized to give law to the land. But this amendment proposes to dissolve this combination, to fuse the two Houses into one, to make the action of the Senate dependent upon that of the House of Representatives, and to subject the small States, to the doubtful justice or generosity of the larger. Before this amendment is passed, its very principle requires that all the States should have

a representation upon this floor proportionate to their relative population, as in the other branch, because the principle of the amendment is based upon men alone, and not upon men and States combined.

It will doubtless happen again, as it frequently has happened, that a majority of the people, as represented in the other House, will be favorable to a particular measure, whilst a majority of the States, as represented here, will be hostile to it. Shall such a measure become a law? Shall I be expected to vote for such a bill because a majority of the people of the Union may be in favor of it, whilst not only a majority of the States, (Ohio among them,) but every man within her limits, may be opposed to it? Most certainly not; and if not, shall I pledge myself to do so in advance? It cannot be expected; and if so, how can I vote for this amendment? No, sir: I cannot and will not vote for a proposition which proposes at the very outset, as the first of its effects, to annihilate the very body that adopts it, to violate the constitutional compact of compromises between the States, and to subvert, in the end, the liberties of the country.

But again, sir, the amendment of the Senator from Kentucky is, as a matter of fact, vague and indefinite. It proposes, in a particular event, the establishment of a national bank. But what kind of bank is this to be, for which we are now to vote in anticipation? Is it to be established in, and confined to, the District of Columbia, and therefore a creation within the constitutional competency of Congress? or is it to be a bank-stationed at any other point, with power to obtrude its branches within the jurisdiction of the States, with or without their consent? If it is to be of either description, but particularly of the latter, had you not better consult the States here represented in the Senate in the creation of such a bank? And if so, if you are to consult them, how can you pass this amendment, which overlooks the States altogether?

Sir, whatever may be the will of a majority of the people of the Union—whatever may be the wishes of her sister States—Ohio will expect to be consulted before another attempt is made to thrust within her limits the branch of another national bank. She has not forgotten—she will never forget—that on a former occasion a thorn from a kindred tree was planted in her flesh. Yes, sir, and kept there, too, in contempt of her sovereignty, of her people, and of her law!

There is yet, sir, a further objection to this amendment. If passed, it will be received by the friends of a national bank as a direct invitation to them to combine their energies, to enter the political arena again, and to lacerate the public mind for the next four years with their strife for the establishment of such an institution. The consequences of this strife are easily foreseen. But I will not enter at present upon this subject, as it was my single object, in rising, to throw forward, in a word or two, my objections to this amendment.

Mr. TALLMADGE then moved to lay the whole matter on the table.

Mr. KING of Alabama asked for the yeas and nays; and the question being taken, was decided in the negative—yeas 20, nays 27, as follows:

YEAS—Messrs. Bayard, Clay of Kentucky, Clayton, Crittenden, Davis, Fulton, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Preston, Robbins, Ruggles, Smith of Indiana, Spence, Swift, Tallmadge, and Webster—20.

NAYS—Messrs. Allen, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Grundy, King of Alabama, Linn, Lyon, Morris, Niles, Norvell, Pierce, Rives, Roane, Robinson, Smith of Connecticut, Strange, Walker, Wall, White, Williams, Wright, and Young—27.

Mr. RIVES said that if the amendment of the Senator from Kentucky should be rejected, then he would feel himself bound to vote against that of the Senator from New York, and for the reasons which had been so stated by the gentleman from Ohio. The terms of the amendment were objectionable, in his opinion, because they seemed to overlook a fundamental principle in the organic law of the Union. The relation which the States bore in our system, had been so strongly and ably

argued and shown, that he would not say one additional word on the subject. Even if the gentleman from Kentucky were disposed to modify his amendment, so as to read, "that whenever a clear majority of the people and the States should manifest a desire for the establishment of a Bank of the United States, then a Bank of the United States shall be established," then he should be opposed to it as an abstract proposition. We came not here to speculate upon what would be proper to do as to the future, but we came to devise and to adopt such measures as might, in our judgment, meet the existing exigencies of the country. We were responsible for our acts, and we must not do anything of an equivocal character. And, he would say further, that this proposition was not merely abstract, but was nugatory. To say that whenever a majority of the people of the States deem it expedient a bank of the United States ought to be established, was wholly needless, because then, so far as the legislative department of the Government was concerned, it would be established. But, in our Senatorial capacity, we had nothing to do with the collective opinions of the people of the United States. Every member was to look to his particular constituents; he was not to look to the aggregate majority.

He maintained that gentlemen on the other side were bound to meet the issue of a Bank of the United States. The memorials on the subject of a bank had been presented here, and we were bound to discharge our duty and answer them. He would say that it was proper that we should act upon them. It was incumbent upon us to dispose of them.

The honorable Senator from Kentucky had argued that a Bank of the United States was the only remedy for the present distress which pervaded the community. That, he (Mr. Rives) believed, was not the opinion entertained by a majority of the Senate, nor of the other branch of Congress, nor of the States, nor the people. Then how important it was, this being the state of things, that the sense of the Legislature should be expressed in regard to every remedy proposed? We should have a decision upon the Sub-Treasury scheme, in acting upon the bill reported from the Committee on Finance; and also upon the State bank deposit, in acting upon the bill introduced by himself.

Were we, he would ask, to act upon them, and not give any response as to the other remedy proposed, to wit: the establishment of a United States Bank? In his opinion; we should neglect our duty if we pursued this course. For one, he was prepared to give his verdict on it, and he presumed that there was not a Senator on that floor who was not so prepared. If the object of gentlemen was to make an appeal to the nation by discussions on that floor, he would not unduly precipitate the discussion. But he would repeat that he was for meeting the question now. It was an issue in the cause upon which an answer ought to be returned. It was impossible, in the present state of the public mind, that the business of the community could proceed on any satisfactory footing till the legislative authority had spoken on every branch of the subject.

It was for these reasons that he should vote against the amendment of the Senator from Kentucky, and then against that of his friend from New York, which would bring us to a naked vote on the resolution reported by the Committee on Finance, which presented the question of the establishment of a national bank in the simplest and most unequivocal form.

Mr. BENTON expressed his gratification as a North Carolinian, at the auspicious commencement of his Senatorial career by the Senator from Ohio who had just taken his seat (Mr. Allen.) He (Mr. A.) was born in the State of Nathaniel Macon, and delivered sentiments worthy of the school of that great patriot, and delivered in a style to adorn his station. He had the elevated and constitutional view of the subject, and shown himself to be the defender of the compromises on which this Union was founded, and without which it cannot be maintained. The first of these compromises is found in the structure of this Senate, and its participation in the legislative power. Here the States

are represented as sovereign States, and each is equal; and this is for the protection and preservation of the weaker States. Thus, no measure can become law, except by a double sanction—the sanction of the majority of numbers in the House of Representatives, and the sanction of the majority of States on this floor. The proposition of the Senator from Kentucky, (Mr. Clay,) to declare that a national bank ought to be established when a majority of numbers is for it, (which majority, by-the-by, cannot be ascertained by petitions, but by votes,) goes to knock off one leg from the Constitution, and one without which it cannot stand. It goes to the annihilation of the Senate, of the small States, and of the Constitution.

Mr. B. animadverted upon the extraordinary scene of the day—the Bank of the United States manœuvring to avoid a judgment on this floor, and endeavoring to escape the condemnation she has brought upon herself. How does this question come before the Senate? Upon petitions for a national bank. Whence originated these petitions? From New York, where the blank forms were prepared, and despatched to all parts of the Union, with a letter of instructions, to employ active agents to get signatures, and forward them to Congress in September. Such ready-made petitions came to St. Louis—were printed over again—the blanks filled up—and put into the hands of the city tax collector to collect names. This is the way it was done in St. Louis, and doubtless it was done so in other places. Many of the petitions which had come here, he knew to be copies of the New York form. Well, these petitions were referred to the Finance Committee; they report that the prayer of the petitioners ought not to be granted; that report decides nothing unless it is confirmed by the vote of the Senate, and that vote of the Senate is now what we ask, and what the friends of the bank are manœuvring to avoid. The bank is defeated by the people in this attempt to storm a new charter out of Congress. The people have not moved in her behalf; few are the petitions, even thus stimulated from New York, which have come in. The bank is sinking faster than ever. Since May last, she has been plunging into the gulf of perdition. The paucity of the petitions prove it; the vote of this day will prove it; and seeing this fate, her friends are playing out all their skill, exerting all their tactics, to extricate her from the doom of condemnation! condemnation on this floor, where a few years ago she had almost two to one. But she cannot escape; the mortifying doom is at hand. She will be condemned; for these petitions are for her—for the present mis-called Bank of the United States—though nominally for a bank. The whole proceeding, in Congress and out of Congress, is in reference to her; and this is proved by every thing that is said or done.

Mr. B. concurred with the Senator from Virginia, (Mr. Rives) that the Senate ought to reject all amendments, and vote upon the report of the committee alone—even the amendment which had been already adopted—that of the Senator from New York, (Mr. Tallmadge.) He had voted for that amendment, and should still maintain it to be true; but the parliamentary course was to vote upon the report of the committee, because that, and that alone, was a response to the petitions.

Mr. BLACK was understood to say that the petition which he had presented had not been got up by the agency of the Pennsylvania Bank of the United States, but originated with the people themselves. If he had had reason to believe that the petition had not, he, most certainly, would not have presented it.

Mr. BENTON replied: said it was no doubt true that the Senator had not presented any memorials of the character which he [Mr. B.] had mentioned. But he [Mr. B.] had himself presented one from St. Louis, which was copied from the New York petitions, and others of the same description had also been presented here.

Mr. WALKER said he should vote against the amendment, because he was desirous of meeting directly the main question presented in the resolution of the Committee on Finance. He was elected to his present station as the avowed oppo-

nent of the creation by Congress of any Bank of the United States. Since that period he had seen no occasion to change his views on that subject. The creation of a national bank at this time, with a capital adequate to regulate all the State banks of the Union, would but increase the existing embarrassments, by the new demand it would create for more funds and more specie, to put it in operation. Mr. W. also believed that such a bank, with a capital and powers adequate for these purposes, would be dangerous to the liberties of the country. The issue of bank or no bank was made in the pending elections in Mississippi; and he (Mr. W.) both before his departure from the State, and since his arrival here, had been repeatedly threatened with legislative instructions to support such an institution. To such menaces he had ever given but one answer; that if instructed by the Legislature to support the establishment by Congress of such an institution, he would most cheerfully resign his station in the Senate, that the State he represented might choose a Senator who could vote for the creation of a national bank. Deeply, most deeply, as he valued the honor of representing in this body the people of Mississippi, it was an honor not to be purchased by a sacrifice of principles which he believed inseparably connected with the liberties of the American people. Those principles he had fully avowed at the period of his election, and he could not desert or abandon them.

The question recurred on Mr. CLAY'S amendment, and being taken, was decided in the negative—yeas 16, nays 29, as follows:

YEAS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Davis, Kent, Knight, Prentiss, Robbins, Smith of Indiana, Spence, Swift, and Webster—16.

NAYS—Messrs. Allen, Benton, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Morris, Nicholas, Niles, Norvell, Rives, Roane, Robinson, Smith of Connecticut, Strange, Tallmadge, Walker, Wall, White, Williams, Wright, and Young—29.

The question was taken on Mr. TALLMADGE'S amendment, by yeas and nays, and decided in the negative—yeas 3, nays 40.

The question was then taken on the resolution as reported from the Committee of Finance, on which Mr. BUCHANAN had asked for the yeas and nays, and the resolution was adopted—yeas 31, nays 15, as follows:

YEAS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, Lyon, McKean, Morris, Nicholas, Niles, Norvell, Pierce, Rives, Roane, Robinson, Smith of Connecticut, Strange, Tallmadge, Walker, Wall, White, Williams, Wright, and Young—31.

NAYS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Kent, Knight, Prentiss, Robbins, Smith of Indiana, Spence, Swift, Tipton, and Webster—15.

Mr. BENTON rose to say a few words by way of disclaimer to the gentleman from Virginia (Mr. Rives). Mr. B. perceived, in a speech of that Senator published in the Globe of last evening, that he understood him (Mr. B.) to have spoken of the gentleman as having a guide or leader on that side of the Senate. He (Mr. Benton) had risen to disclaim entirely having had any allusion to him.

Mr. RIVES replied, that it had been his misfortune not to have heard very distinctly the speech of the Senator from Missouri, but he had been informed that such an expression had been used by him.

The Senate then proceeded to the consideration of the bill imposing certain duties on public officers as depositories in certain cases. The question pending being on Mr. Calhoun's amendment.

Mr. CALHOUN, at the suggestion of Mr. Morris, made a slight verbal modification of his amendment.

Mr. MORRIS offered the following amendment, which, together with that of Mr. Calhoun, as modified, he moved to have printed and laid on the table, which motion was agreed to.

Strike out all after the enacting clause, and insert the following:

That no bank note of a less denomination than those authorized by existing laws to be paid out by the United States, nor of any bank that shall issue notes of a less denomination than five dollars, shall hereafter be received in payment to the United States for lands, duties, taxes, or other dues, or to the Post Office Department for postage, fines, forfeitures, or on any other account; and the joint resolution entitled "a resolution relative to the more effectual collection of the public revenue, approved thirtieth of April, eighteen hundred and sixteen, shall be so suspended in its operations that bank notes shall cease to be receivable in payment as aforesaid, as follows: from and after the first day of January, eighteen hundred and thirty-eight, not more than three-fourths of any payment to be made to the United States for lands, duties, taxes, or other dues, shall be received in bank notes: after the first day of January, eighteen hundred and thirty-nine, not more than one-half shall be so received: from and after the first day of January, eighteen hundred and forty, not more than one-fourth shall be so received; and from and after the first day of January, eighteen hundred and forty-one, the aforesaid resolution shall be repealed, and all payments to the United States for lands, duties, taxes, or other dues, and all payments to the Post Office Department for postage, fines, forfeitures, or on any other account, shall be in gold and silver coin only, or in such notes, bills, or public securities, issued under the authority of the United States, as shall be directed to be received by law: and from and after the first day of January, eighteen hundred and forty-one, every officer or agent engaged in making payments or disbursements on account of the United States, or of the Post Office Department, shall make such payments or disbursements in gold and silver coin only, or in such notes, bills, or public securities, as shall be authorized by law to be so paid or disbursed; and every disbursing officer, or agent, who shall neglect, evade, elude, or violate the provisions of this section, shall be dismissed from the service, and shall also forfeit all compensation which shall then be due such officer or agent: *Provided, always,* That no bank note shall be received in pursuance of this or any other act of Congress, other than the notes of banks who discharge their liabilities and redeem their notes in specie on demand.

On motion of Mr. LINN, the Senate went into the consideration of Executive business, and when the doors were opened,

The Senate adjourned.

HOUSE OF REPRESENTATIVES,  
September 27, 1837.

GENTLEMEN: In the report, as contained in the *Globe* of this morning, of the debate in Committee of the Whole on the evening of the 25th instant, when the bill to postpone the payment of the fourth instalment of the surplus revenue to the States was under consideration, I observe that I am represented, in the remarks which I made on that occasion, as having "avowed that I could not vote for the bill, without Mr. Pickens's amendment." My remarks on that subject must have been misapprehended by the reporter. No such avowal was intended to be made by me: it would have been contrary to my sentiments. I did urge the adoption of Mr. Pickens's amendment, (as stated in the first part of the report,) as calculated to make the bill more perfect and less objectionable, in my estimation, and because, without it, the act under consideration might, perhaps, be construed to operate as a virtual repeal of the deposit law, so far as it relates to the fourth instalment; but I did not avow any intention to vote against the bill, even without that amendment. Will you do me the favor to correct this error?

I am, gentlemen, very respectfully,

Yours, &c.

ISAAC H. BRONSON,

Messrs. BLAIR & RIVES.

HOUSE OF REPRESENTATIVES,  
September 27, 1837.

GENTLEMEN: My attention has been this moment drawn to a remark in the *Globe* of last evening, purporting to give the proceedings of the House on

Monday evening, in which I find the following statement:

"Mr. FILLMORE resumed and continued his remarks on the subject, with the addition of a lengthy argument in favor of a Bank of the United States."

Passing over some evident misapprehensions of your reporter as to the purport of my remarks generally, I wish to say that he is entirely and most singularly mistaken in saying that I made a lengthy argument in favor of a United States Bank. I made no argument in favor of the United States Bank, nor of a United States Bank; but, on the contrary, expressly disclaimed ever having been the particular friend of the United States Bank, and expressed my sincere doubts whether the incorporation of a new United States Bank, at this time, would relieve the present embarrassments of the community. Will you do me the justice to correct the mistake?

Respectfully, yours,

MILLARD FILLMORE.

MESSRS. BLAIR and RIVES.

#### HOUSE OF REPRESENTATIVES.

TUESDAY, September 26, 1837.

Petitions and memorials were presented by Mr. CHAPMAN of Alabama.

Mr. JOHNSON of Louisiana, having asked the leave of the House to submit a resolution calling for information from one of the Departments—

Mr. CHAMBERS rose and asked if there was a quorum present in the House.

The CHAIR having counted, stated that there was no quorum in attendance.

Mr. CHAMBERS then moved a call of the House, which was ordered.

The roll having been called through, it appeared that there were only 118 members present—no quorum.

The Clerk then proceeded to call the absentees; when,

Mr. HAMER moved that the further proceedings under the call be dispensed with, stating it was very evident that there was a quorum present.

Mr. DUNCAN hoped it would not be dispensed with, as he wished it to be seen, that those who had sat up nearly all night to legislate for the country, were as early on the ground, as those who went home at 6 o'clock in the evening.

The further proceedings under the call were then dispensed with—ayes 79, noes not counted.

Mr. EWING of Indiana asked leave to submit the following resolution:

*Resolved*, That the Secretary of the Treasury be directed, with as little delay as possible, to communicate to this House the quantity of lands sold, the proceeds thereof, and the amount of specie received in part of said proceeds, at the different land offices, during the past year, and embracing up to the last reported returns of the present; and to designate with as precise a description as the reports of the land offices and depositories of public money may enable him, all the paper, of every kind and denomination, received in payment during said period; the dates when received; whether the same or any other part thereof was in the shape of drafts, checks, notes, bills, or orders, by whom made, when and where payable, the amounts severally, at what land office received, by whom paid into the office, and by whom endorsed, if there were any endorsers; also, the names and places of the depositories thereof, or, if any, what other disposition has been made of said paper, or any portion, by order of the department.

Objection being made, Mr. EWING moved a suspension of the rules for this purpose.

Mr. WILLIAMS of North Carolina called for the yeas and nays on this question, which were ordered, and were—yeas 97, nays 76.

So the motion to suspend the rules was determined in the negative, two-thirds not voting therefor.

Petitions and memorials were then presented by Messrs. GOODE and ALLEN of Ohio.

Mr. MENIFFE of Kentucky.

Mr. STANLY of North Carolina.

Messrs. POTTER, TOLAND, and MATHIAS MORRIS, of Pennsylvania.

[Mr. M. MORRIS of Pennsylvania presented the

petition of Samuel Runk, of Bucks county, Pennsylvania, praying for a pension for services rendered during the Revolutionary war.]

Messrs. SLADE and FLETCHER of Vermont.

Mr. HALEY of Connecticut.

Messrs. CALHOUN, BRIGGS, ADAMS, and HASTINGS of Massachusetts.

Mr. FARRINGTON of New Hampshire.

Mr. BIDDLE gave notice that he should on tomorrow ask the leave of the House to submit a resolution on the subject of the report of the Secretary of the Treasury, in relation to the pay of members of Congress in specie, and the discriminations in the payment of public creditors.

Mr. DUNN, on leave, submitted the following resolution; which, by the general consent of the House, was considered and adopted:

*Resolved*, That the Secretary of the Treasury furnish to this House a statement of the probable number of bonds that will be renewed or extended under the operation of the bill which has recently passed the Senate giving further time on duty bonds, should the same become a law; also, what fees or charges, if any, are required on the renewal or extension of such bonds; and whether such fees or charges can with propriety be reduced.

Mr. JOHNSON of Louisiana submitted the following resolution, which, by the rule, lies over one day:

*Resolved*, That the Secretary of War be directed to submit to this House, during the first week of December next, a plan for the protection of the western frontier of the United States against Indian aggression; designating the points to be permanently occupied by garrisons; the auxiliary stations for reserves and deposits of munitions, arms, and other supplies; the routes to be established for the purpose of maintaining a safe and prompt intercourse between the several stations, and from these with the depots in the interior; and finally the minimum force which, in his opinion, will be required to maintain peace among the several tribes, and cause our border settlements to be respected. Also, to report, as far as the same can be ascertained, the number of Indians who will be in the occupancy of the country west and north of the States of Louisiana, Arkansas, and Missouri, and the number of warriors they may, collectively, be able to bring into the field.

#### NATIONAL BANK.

The House then proceeded to the consideration of the following resolution, reported from the Committee of Ways and Means on yesterday, it being the business next in order:

*Resolved*, That it is inexpedient to charter a national bank.

Mr. REED of Massachusetts, who was entitled to the floor, addressed the House on the subject. He thought the resolution submitted by the chairman of the Committee of Ways and Means was extraordinary; and the speech of that gentleman on yesterday as still more extraordinary. The resolution was, that it was inexpedient to establish a national bank. If it had been that it was inexpedient to legislate on the subject of a national bank at the present session, it might have been reasonable, for every body knew that there was not time at this session to go fully into that question. But the gentleman from New York had reported a naked resolution of a committee, and then called upon the House to adopt it without debate, excepting that the chairman himself took occasion to tell the gentleman from Kentucky (Mr. Chambers) that a dark cloud was hanging over the friends of a national bank. It appeared to him as astonishing that this question should be presented to the House in this way. Was it intended by it to present opinions to the country in advance, before it was ascertained that a national bank might be desired by the people, and thus endeavor to forestall public opinion? It appeared to him that it was getting to be the custom of the times to present opinions in advance. Former Presidents had consulted their cabinets in relation to great matters like this, and endeavored to ascertain the wishes of the people of the country in relation thereto; but in these days, the opinions of the President were thrown out in advance; and he could not see the object of this, unless it was to

preclude discussion, and bring Congress to be a mere register of the edicts of the President. He desired to offer an amendment, that it was inexpedient to legislate on the subject of a national bank at the present session of Congress, but he presumed if he submitted it, that it would be cut off by the previous question. If we were to be called upon to vote on this question, we ought to have all the information and light on the subject which could be obtained. It was not his intention to present argument for or against a national bank at present, but he protested against taking opinions and recording votes of gentlemen in advance, without argument, and without information. He therefore moved to postpone this resolution, until the first Monday in December next; when he should be able to meet the chairman of the Committee of Ways and Means on this subject, and he hoped the gentleman would then be able to support it in a better manner than by saying merely that a dark cloud was hanging over the prospects of the friends of a national bank.

Mr. WISE then obtained the floor, but gave way to

Mr. SERGEANT, who addressed the House at considerable length in opposition to the adoption of the resolution reported from the Committee of Ways and Means. He stated that he had been prevented from attending the meeting of the Committee of Ways and Means when this resolution was before them, in consequence of indisposition, which had also prevented him from taking any part in the important debates which had been going on for some days. He never had, and unless new light should come to him, he never could, as a citizen of the United States, agree to this resolution; but he had no complaint to make in relation to the Chairman of the Committee of Ways and Means, or any one else, in relation to this resolution, because he had ample notice that the subject was to be brought up in committee. Even if he entertained doubts on the subject of this resolution, he should still hesitate as to the propriety of adopting it at this time. It was a great measure, upon which he could see no reason why any man, and especially those who were to act here for the people of the United States for two years to come, should be called upon beforehand to express a decided and conclusive opinion. In his humble judgment, the more proper course would be to allow every member of the body to reserve his opinion until the time comes for action; action will be preceded by deliberation and by discussion, and he would ask gentlemen—excepting those who had constitutional scruples on the subject—whether they were prepared now to say, that if within the next two years it should become manifest that nothing else than a bank would restore the prosperity of the country, whether they would during that period vote against a national bank? And he would further ask of gentlemen, if hereafter they can be satisfied that a bank can be employed by the Government, and that that bank was the only thing which would be efficient in restoring confidence in the country, were they prepared now to say they were opposed to it? This would be rash expression of opinion, and therefore he took it that the proposition suggested by the gentleman from Massachusetts was the most discreet one. He would ask what this Congress was called for? It was understood that it was intended to convoke the collected wisdom of the United States, for the purpose of administering, if they could, a remedy for the existing distress. He had regarded that summons as an invitation to remain here but a short time, and the Committee of Ways and Means up to the present day, have continually informed us that there is but a short time for us here; and the general impression of members was that nothing was to be decided on that would not be disposed of without a very protracted debate, but already in the third week in the session, we have been sitting here till midnight, and this he did not consider a proper time to consider and discuss questions of such scope, bearing and consequence as the one which was now before this body. What was the state of affairs existing in the country which has caused the convocation of Congress? There were two kinds of interests which could not be disregarded, and it so happened that these



two united all portions of the country, and they could not be agitated without disturbing the interests of every man, woman, and child in the United States. The fact was, that there was an awful winter before us, when thousands of those who depend on their daily labor for their daily bread are to feel the deplorable condition in which they are placed, by the agitation which has begun with the two great interests—the planting and commercial interests of the country. Mr. S. then went into an examination of these two interests, pointing out the manner in which they bore upon all classes of society, and passing a eulogy upon the merchants of the country, and those connected with the mercantile interests.

In relation to the Treasury notes which were proposed to be issued, he took it that they would be something like the notes of the Tennessee banks were, some years ago, to a tavern keeper's son in Kentucky. A gentleman who was formerly in this House, and was subsequently Secretary of War, had told him a story in relation to the difficulty he had in passing Tennessee money along the road. He had stopped at a tavern in Kentucky, and when he went to pay his bill, the boy who attended to it told what the bill would be in specie, and said he could tell what it would be in the notes of the Commonwealth Bank of Kentucky, which were considerably below par; but he said that these Tennessee notes were neither one nor the other, and he could not tell what they would be worth, and what the bill would be in those notes. Now he imagined that this would be the way with the Treasury notes if they were issued; no one could tell what they would be worth.

He protested against taking a vote on the resolution at this time, because every kind of bank had not been tried; and because they had not, gentlemen ought not to commit themselves against any kind of bank which might be called a national bank. He contended that it was impossible to have a sound and uniform currency from the State institutions, controlled by the different State Legislatures, without some great controlling institution. With regard to the circulation and currency of the country, he thought the people ought to lead the Government and not the Government drive the people; and if the people desired to have paper for circulation and not specie, he thought it was not competent for the Government, according to the genius of our institutions, to tell them that they should not have it; and if the people chose to have banks, he thought it was not for the Government of the United States to tell the people that they should not have them; and he contended further that the Government should receive that kind of currency which the people desired to have. If the people chose to have tobacco for a currency, as had been the case in early times, he would have the Government receive of the people that which they had. In China, they have a currency of bone metals, and if that was the case here, he thought it would be wrong for the Government to refuse to take it; because it would be saying that it would not take that which the people had to give. Mr. S. then read several extracts from a pamphlet published in China, on the subject of the trade of that country, in illustration of the state of affairs existing at present in this country.

Mr. WISE then moved to amend the resolution by adding thereto "at this time." "And be it further resolved that it will be expedient to establish a national bank whenever there is a clear manifestation of public sentiment in favor of such a measure."

Mr. BELL then laid on the table the following, to be submitted as an amendment, which, with the amendment, was ordered to be printed:

"And that the adoption of the plan recommended by the President for the collection and disbursement of the public revenue through the agency of Sub-Treasuries, by means of which the public moneys would be under the unchecked control of officers holding their places at the will of the Executive, and often his mere creatures and dependants, or the establishment of a bank, or any fiscal system in the nature of a bank, founded upon the credit and revenues of the Government, would be in-

consistent with the spirit of a free constitution, and dangerous to the liberties of the country."

Mr. POPE then laid on the table the following amendment, to be proposed whenever in order; which, on his motion, was ordered to be printed:

"Strike out all after the word 'resolved,' and insert 'That to aid the fiscal operations of the Government, the business and commerce of the country, to restore public and private confidence, and to ensure to the nation a sound and uniform currency, it is necessary and proper to establish a Bank of the United States, with such capital as may be deemed sufficient, with such limitations and restrictions in the charter as will ensure an equitable distribution of the stock among the States and citizens of the United States alone, prevent excessive issues of notes, exorbitant profits, all interference with the policies of the country, and reserving to Congress the power of preventing and correcting abuses of the charter.'"

The House, at this stage, on motion of Mr. CAMBRELENG, passed to the orders of the day.

The SPEAKER laid before the House a communication from the Secretary of the Treasury, in answer to certain resolves for all orders issued, and correspondence with the several deposit banks, in reference to the transfer of the payment of the several instalments of deposits to the State Governments, under the deposit act of June, 1836, which, on motion of Mr. BRIGGS, was ordered to lie on the table and be printed.

#### ADJOURNMENT OF CONGRESS.

The House then took up the joint resolution from the Senate proposing an adjournment of Congress on Monday, the 9th of October.

Mr. BELL designated it as of an extraordinary and unprecedented character, in the situation of the public business, when the Senate must have known that the House had not passed upon one single measure referred to it. Was it intended, he asked, that they should have long night sessions? Was it intended they should act by voting instead of discussion? Was it intended as a rebuke upon the House that it was too slow? Were the Senate to be their masters, speaking thus indirectly? Why, there was nothing parliamentary about the resolution but its form—nothing but the mere parliamentary courtesy—every thing else in it was an insult to the House, since the Senate could not but know that they (the House) had not acted on one of the important measures before them.

Mr. B. well knew the interest felt there by many members for an early adjournment; but he trusted the great body of them would still, whatever their private feelings or interests might be, would yield sufficiently to allow time for discussing the important measures introduced into the House. He therefore moved to lay the resolution on the table.

Mr. CAMBRELENG appealed to the gentleman to withdraw the motion.

Mr. BELL refused.

Mr. HAYNES asked for the yeas and nays thereon, which were ordered.

Mr. REED thought it better to refer the subject to a committee.

Mr. MERCER asked leave to offer a resolution connected with the subject.

The CHAIR remarked that it could not be submitted till this question was decided.

Mr. BELL, at the request of Mr. MERCER, withdrew his motion; and the latter gentleman caused his proposition to be read. It was, in substance, that the Clerk of the House furnish a statement of the daily cost of the session of the two Houses, exclusive of their contingent expenses, and the aggregate cost of mileage of members thereof.

Objection being made from various parts of the hall,

Mr. MERCER moved a suspension of the rule, and asked for the yeas and nays. Both motions were rejected; not one-fifth voting for the call; and the latter without a division.

Mr. BELL then resumed his motion to lay the subject on the table.

Mr. HAYNES asked for the yeas and nays; which were ordered, and were yeas 94, nays 121.

So the House refused to lay the subject on the table.

Mr. CAMBRELENG said that under the impression that the House had no disposition to discuss this proposition, he would call for the previous question.

Mr. ADAMS requested the gentleman to withdraw that motion, to enable him to submit an amendment. [Loud cries of "No! no!"]

The House divided, and the Chair announced 90 as seconding the call for the previous question; when

Mr. CAMBRELENG, for the purpose, he said, of avoiding debate at that time, moved to postpone the further consideration of the resolution till Monday next, and that it be made the special order of that day at 11 o'clock. Agreed to.

Mr. ADAMS laid on the table a proposition to amend the resolution, by striking out Monday, the 9th of October, and inserting the first Monday in April next. [Great laughter.]

Mr. MERCER gave notice of his intention, at a proper time, to submit his amendment.

Mr. ROBERTSON laid on the table a project, in the form of a substitute, for several of the bills before the House, which was in the following words:

Sec. 1. *Be it enacted*, That until the first day of January, 1839, one moiety of all the public dues of the United States, of every description, may be paid in the notes of any bank or banks whose notes are receivable in the public dues of the State or Territory wherein the same shall be paid: *Provided*, the current depreciation of such notes, when and where paid, shall not be more than five per cent. below the legal currency of the United States, or if more, that the excess of such depreciation shall be made good to the United States by the person or persons paying the same: *And provided*, that no notes shall be received, the current depreciation whereof as aforesaid exceeds ten per cent.

Sec. 2. *And be it further enacted*, That until the said first day of January, 1839, the other moiety of all public dues, and from and after that date, all public dues, of every description, shall be paid, unless otherwise directed by law, in gold or silver, or in the notes of banks which shall not issue or circulate notes or bills of a less denomination than five dollars, and for whose notes gold and silver are payable, and paid on demand; and not otherwise: *Provided, however*, that this act shall not be construed to prevent the receipts of any kind of land scrip or Treasury certificates now authorized by law to be received for public lands: *And provided*, also, that it shall not be lawful for the Secretary of the Treasury to make any discrimination in the funds receivable between the different branches of the public revenue, except as is provided in this section, nor to make any discrimination in the funds payable to different public creditors, otherwise than shall be by law specially authorized.

Sec. 3. *And be it further enacted*, That all receivers of public money, and postmasters, be, and they are hereby, required to keep safely, without lending or using, all the public money collected by them, or otherwise at any time placed in their possession, till the same by law can be conveniently deposited, or shall be otherwise transferred, paid out, or disposed of according to law.

Sec. 4. *And be it further enacted*, That all marshals, district attorneys, and others having public moneys to pay over, and all patentees or public debtors wishing to make payment to the United States, make the same to the Treasurer in this city, or to the Mint and its branches, when near or convenient; and, when not, may deposit the same with such collector, receiver, or other depository, as may be most conveniently situated, and as may be selected for that purpose by the Secretary of the Treasury, or appointed by law for the reception or safe keeping thereof.

Sec. 5. *And be it further enacted*, That all public moneys in the possession of any collector or receiver shall, without delay, be specially deposited as hereinafter directed: *Provided*, There be convenient depositories provided by law for the reception thereof; and where there are no such depositories, the same shall either be drawn out for payments, or be transferred to the next most convenient depository so provided, for safe keeping, under the direction of the Secretary of the Treasury, or as may be by

law directed, and in the meantime, bonds, new and suitable in their terms, shall in all cases, at as early a day as possible after the passage of this act, be required of all collectors, receivers and depositories, in such sums and form as may be deemed reasonable and secure by the Solicitor of the Treasury, for the performance of all the duties required, or to be required, by law.

Sec. 6. *And be it further enacted*, That the said officers, respectively, may be allowed any necessary additional expenses for clerks, fire-proof chests or vaults, or other necessary expenses of safe-keeping, transferring, and disbursing said moneys; all such expenses, of every character, to be first expressly authorized by the Secretary of the Treasury, whose directions upon all the above subjects, by way of regulation and otherwise, are to be strictly followed by all the said officers, where not otherwise provided by law.

Sec. 7. *And be it further enacted*, That the Secretary of the Treasury shall be, and he is hereby, authorized to cause examinations to be made of the books, accounts, and money on hand, of the several officers charged by this act with the safe-keeping, transfer, or other disposition of the public moneys; and for that purpose to appoint special agents, as occasion may require, with such reasonable compensation as he may allow, or as may be allowed by law; which said examinations, in all cases, if there be any such, where the sum on hand usually exceeds one fourth of the amount of the officer's bond, shall not be made less frequently than once in each year, and as much more frequently, in those and all other cases, as the Secretary, in his discretion, shall direct, or as may be by law required. The agents selected to make these examinations shall be instructed to examine as well the books, accounts, and returns of the officer, as the money on hand, and the manner of its being kept, to the end that uniformity and accuracy in the accounts, as well as safety to the public moneys, may be secured thereby.

Sec. 8. *And be it further enacted*, That, in addition to the examinations provided for in the last preceding section, as a further guard over the public moneys, it shall be the duty of each naval officer and surveyor, as a check upon the collector of the customs of their respective districts; of each register of a land office, as a check upon the receiver of his land office; and of the director and superintendent of each mint and branch mint, as a check upon the treasurers, respectively, of the said mints, at the close of each quarter of the year, and as much more frequently as they shall be directed to do so by the Secretary of the Treasury or the law of the land, to examine the books, accounts, returns, and money on hand, of the collectors, receivers, and treasurers, and to make a full, accurate, and faithful return, on oath, to the Treasury Department, of their condition.

Sec. 9. *And be it further enacted*, That the Secretary of the Treasury shall, with as much expedition and convenience as the public business and the safety of the public funds will permit, withdraw the balances remaining with the late and present depositories of the public moneys, except such deposits as may have been made in the treasuries of the respective States, and confine the safe-keeping, transfer, and disbursement of those moneys to the depositories established by this act.

Sec. 10. *And be it further enacted*, That, for the payment of the expenses authorized by this act, the sum of \$— be, and the same is hereby, appropriated, to be paid out of any money in the Treasury not otherwise appropriated.

Sec. 11. *And be it further enacted*, That all officers charged by this act with the safe-keeping, transfer, and disbursement of the public money, are hereby required to keep an accurate entry of each sum received, and of the kind of money in which it is received, and of each payment or transfer, and of the kind of currency in which they are made; and that if any one of the said officers shall convert to his own use, in any way whatsoever, or shall use by way of investment in any kind of property or merchandise, or shall lend, with or without interest, any portion of the public moneys entrusted to him for safe-keeping, disbursement, transfer, or for any other purpose, every such act

shall be deemed and adjudged to be an embezzlement of so much of the said moneys as shall be thus taken, converted, invested, used, or lent, which is hereby declared to be a high misdemeanor; and any officer or person convicted thereof before any court of the United States of competent jurisdiction, shall be sentenced to imprisonment for a term of not less than two, nor more than five years, and to a fine equal to the amount of the money embezzled.

Sec. 12. *And be it further enacted*, That in all cases where it is made the duty of the Secretary by this act to transfer the public money, or any part thereof, in the hands of public collectors or receivers, to other depositories; and in all other cases where it is necessary or expedient to provide for the safe-keeping of the public money, he shall cause the same to be specially deposited in one or more of the State banks most conveniently situated, which may agree, for reasonable compensation, to receive the same on special deposit, and not as a fund for discounts; to deliver or pay out the same when legally required by the Secretary of the Treasury or the law of the land so to do; to keep an account of the funds deposited, their nature and amount, and to furnish such periodical statements thereof as may be required; *Provided*, it shall be the duty of the Secretary, in making the selection of a bank or banks, in all cases to give the preference to those which may be the depositories of the public money of the respective States or Territories in which they are situated.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, Mr. HAYNES in the chair, and resumed the consideration of the bill to POSTPONE THE FOURTH INSTALLMENT WITH THE STATES.

The question pending was on the amendment of Mr. PICKENS to strike from the bill the indefinite clause "till further provision by law," and insert "the first day of January, 1839," with the amendment of Mr. ADAMS, as given in last night's proceedings.

Mr. MERCER spoke against the bill, and entered at large into a review of, and strictures upon, the report of the Secretary of the Treasury.

Mr. RENCHER had been struck with the singular course some gentleman had taken in their opposition to this bill. They had deprecated the deposit bill. But if it had not been for the deposit law, where would the whole amount of surplus revenue have been at this time. That law had divested Government of its dangerous patronage, and had enabled the States to scatter blessings around them. In his opinion, if the emergency of the country required the passage of the present bill, we had a right to do it. But he must be satisfied that it was absolutely necessary for the welfare of the country, before he would vote for it. But why did they wish to raise a greater sum than the Secretary required? They were about to place at the disposal of the Secretary double the amount he asked. If they postponed the deposits to the States at all, it would be done for ever. It appeared that the whole expenditure for the present year amounted to forty-eight millions, five of which were said to be unavailable. Thus the whole expenditure of this year exceeded the expenditure of the whole term of the administration of the honorable gentleman from Massachusetts (Mr. Adams) who was driven from office by the cry of extravagance. If this bill did not pass, he would vote for the Secretary to have power to issue Treasury notes.

Some gentlemen had opposed the bill on the ground that it would create a national debt; but whether the bill passed or not, a national debt would be created. We were called upon to defer the payment of merchants' bonds. Those bonds would thus be thrown on the revenue of next year; by which time it was to be hoped that commerce would revive and resuscitate its exhausted energies, so as to replenish the Treasury, and enable the Secretary, by the increase of revenue, to absorb the Treasury notes. In two years, at least, the administration would be enabled to redeem those notes, and then we should have no national debt. If the bill did not pass, it was to be hoped that the

Secretary would be able to make available a great portion of the funds which were now said to be unavailable. He was sure that none of the States would refuse to take the notes of their own State banks. He could not vote for the bill, because he believed the State banks would be better able to make arrangements with the States than with the General Government; but the issue of Treasury notes would assist the States, and cause a greater influx of wealth into the Treasury by increasing the revenue, from which means the Secretary would be enabled to redeem them. If the money was not distributed among the States, it was very certain that it would be disposed of by the same extravagant and prodigal expenditures as heretofore. It would be expended in the erection of splendid light-houses, to enable vessels to avoid rocks which the pilots themselves could scarcely see in the daytime. It would be wasted in appropriations for splendid public edifices of no use whatever, or for expeditions to the polar circles for the advancement of science. Yes for an Exploring Expedition, at the enormous expense of two millions, more than had been already appropriated, for the purpose of making scientific researches, and ascertaining the different degrees of latitude and longitude in the southern hemisphere, while the people were suffering from the greatest distress at home. He could not vote for the bill, because he believed it uncalled for by the present condition of the country, and if adopted would not answer the purposes for which it was designed.

Mr. TAYLOR defended the bill, on the ground that it was called for by the exigencies of the Government, and answered the objections urged against it.

Mr. BOND opposed it on the ground that the States would suffer immense losses from the disappointment of their just expectations, in being deprived of that to which they were justly entitled, and which they had every reason to expect. And that although the Secretary might not be able to get specie from the deposit banks, the States would not object to receive the notes of their own banks in payment of their respective shares. He contended that the people were being experimented on in the same way that philosophers experimented on dogs and rabbits, although they frequently died under such experiments.

Mr. BOND continued his remarks. He was in favor of a well regulated national bank for the purpose of regulating the currency. He thought such an institution might be framed, from the experience of the last fifty years, so as to be beneficial to the country. He considered the object of the present Congress was the benefit of the people; but, in his opinion, the bill before them would afford no manner of relief.

[At the close of the gentleman's remarks, a cry of "Question" arose in various parts of the House.]

Mr. CAMBRELENG said, that if they would promise the question should be taken that night, he did not mind how late they remained; but if otherwise, he hoped gentlemen would have some consideration for the health of those who had been deprived of their rest last night.

Mr. WISE wished an opportunity to give his reasons for voting against the bill, but if gentlemen would pledge themselves he should be heard tomorrow, he would defer his remarks till then; but he was rather fearful that he could not rely upon pledges. On many occasions he had received a pledge, but when the time arrived, the previous question popped up like the keys of a piano forte.

Mr. EWING spoke at considerable length against the bill. He adverted to the Specie circular, and said that, had he been permitted to offer his resolution that morning, he would have shown that the Specie circular had been made for the people, but was not binding on the favorites of Government. He wished the Government might be taught a little experience from its recent measures and if it did not learn experience, he was willing to afford it sympathy.

But the course of Government made it obvious that it was determined to take care of itself, and to let the people alone. For his part, he was willing to vote for any measure which would be beneficial to the whole; but he felt prohibited from voting for

any partial measure of relief. Much had been said about the deposite banks having disgraced themselves, as being unable to pay. But there was no disgrace attached to them; they were as well able to pay now, as before they suspended specie payments. No, they had not disgraced themselves; it was the Secretary himself who had brought disgrace and dishonor upon them. There had been much talk about western paper, but he would tell them that so far as Indiana was concerned, for every two dollars of paper issued, she had one dollar in specie. She was ready to pay her debts at any time when the Government thought fit to pay her, and she asked for none of the proposed measures of relief, but was ready to pay her share. He was willing to vote for the amendment proposed by the gentleman from Massachusetts, but he would vote for no partial measures of relief. Why did not the House permit him to introduce his resolution, calling for returns from the land offices? He would then show them that there was one law for the people, and another for the favored few who enjoyed the patronage of Government. As an instance, he would mention a case where an order had been issued from the War Department to an officer, but that order was accompanied with a private letter, informing him that he might disobey the order if he thought proper. It was this state of things which he wished to expose. Again, it had been said that a portion of the money due to the Treasury was unavailable; but they might depend upon it, that although they did not choose to make it available to the people, they would speedily find means to make it available to themselves. They had the power to make it available or unavailable, just as they pleased.

Mr. JENIFER wished to give his views on the bill, but was willing to defer his remarks until tomorrow, provided the Chairman of the Committee of Ways and Means would pledge himself that the previous question should not be taken until late in the day.

Mr. CAMBRELENG said he believed there was an understanding that the question on the passage of the bill would not be taken until late in the day.

The question was then taken on the amendment proposed by Mr. ADAMS, to that of Mr. Pickens, viz:

"And all the balances of public moneys due from all the deposite banks are hereby appropriated to the said payment, and no part of them shall be applied to any other payment whatever; and if the portion of the said balances due by the said deposite banks cannot be recovered in time to enable the Treasury to pay the whole of the said deposite with the States, hereby made payable on the first of January, 1839, then the instalment of debt from the late Bank of the United States for the stock in that institution held by the United States, payable in October, 1838, is hereby appropriated to make up any insufficiency of the sums recovered from the deposite banks, to complete the said payment of the fourth instalment of the deposite with the States. And if the said sums, so appropriated, should still prove insufficient to complete the said payment, the faith of the United States is hereby pledged that provision shall be made by Congress to complete the same."

Ayes 89—noes 104. So the amendment to the amendment was rejected.

The question was then taken on the amendment of Mr. Pickens, viz: to strike out "until further provision by law," and insert "the first of January next"—ayes 65, noes not counted.

So the amendment was rejected.

Mr. UNDERWOOD moved to amend the bill by striking out the whole of it, after the enacting clause, and inserting the following:

"That if the funds set apart to be deposited with the States, in virtue of the act of June 23, 1836, shall prove unavailable or insufficient to any extent to meet the provisions of that act, in such case the Secretary of the Treasury is hereby authorized and directed to sell, and transfer to the purchaser or purchasers, the bonds of the United States Bank of Pennsylvania, or evidences of the debt which the said bank has contracted to pay the United States, for and in consideration of the stock which the United States owned in the late Bank of the United

States, and apply the proceeds of such sale or sales to make up the deficiency; provided, that the said bonds or evidences of debt shall not be sold for less than their par value; and provided, also, that the bonds and evidences of the debt aforesaid, for the first instalment thereof, shall not be disposed of under this act."

The amendment was rejected—ayes 81, noes 107. After the rejection of other amendments offered by Messrs. MASON and MARTIN,

On motion of Mr. CAMBRELENG, The committee rose and reported the bill to the House without amendment.

The SPEAKER presented a Message from the President, forwarding to the House, in compliance with a resolution of the 13th inst. a Report of the Secretary of the Treasury relative to the diplomatic correspondence between the United States and Great Britain, on the subject of the northeastern boundary. Also, copies of diplomatic correspondence between the United States and Brazil.

They were laid on the table, and ordered to be printed.

On motion of Mr. CAMBRELENG, The House adjourned.

## IN SENATE,

WEDNESDAY, September 27, 1837.

Mr. TIPTON presented a petition, praying the revival of the pre-emption law;

Also a memorial from a committee, appointed by a meeting of the citizens of Marion county, Indiana, complaining of the tardy operations on the Cumberland road, and praying the assistance of a superintendent of the road within that State; which were laid on the table.

Mr. M'KEAN presented a memorial from Aaron S. Haines, Thomas Johnson, and one hundred and twelve others, remonstrating against the annexation of Texas; which was laid on the table.

Mr. PRENTISS presented nine memorials from different counties in Vermont, signed by women, remonstrating against the annexation of Texas; which were laid on the table.

Mr. WEBSTER presented a memorial from Laura R. Marsh, daughter of the late Elisha Phelps, of the revolutionary army, for a pension; which was laid on the table.

The resolution submitted by Mr. PRESTON, that the Committee on the Library be instructed to inquire whether the purchase of Mr. Madison's books, authorized by an appropriation of the last session of Congress, has been made, and if so, that the said committee inquire into and report a plan for the publication of the same, was taken up and agreed to.

On motion of Mr. HUBBARD, the petitions of Lieutenants Lang and Rideway, which were presented by him some days since, and laid on the table, were taken up, and referred to the Committee on Naval Affairs.

## SPECIAL ORDER.

The Senate resumed the consideration of the bill imposing certain duties on public officers as depositaries in certain cases—the question pending being on Mr. CALHOUN's amendment.

Mr. WALKER addressed the Senate at some length in favor of the Sub-Treasury system, as a measure the best calculated to relieve the present distressed state of the country.

At the suggestion of Mr. HUBBARD, a verbal modification was made in the amendment of Mr. CALHOUN.

Mr. MORRIS stated that his objection to the amendment of the Senator (Mr. Calhoun) was, that it permitted the reception of bank notes of any description by the Government. He remarked that he was opposed, *in toto*, to that. He had heretofore expressed his opinion that the Government had no right to discharge or receive their dues in any thing but gold and silver. His object, then, in offering the amendment he did last evening, was to obtain a repeal of the law to which he objected, as soon as could conveniently be done. If the Senator should not think proper to modify his amendment, so as to meet his (Mr. M's) views in this respect, he would ask at the proper time, to strike out the amendment of the Senator from South Carolina.

Mr. CALHOUN replied that he had no objection to provide that no notes under five dollars shall be received.

Mr. C. then made a slight modification of his amendment.

Mr. BENTON rose and said that an objection had been urged against the Sub-Treasury system, on the ground that drafts on the Government might be circulated as a currency like gold and silver. He would therefore offer an amendment to meet the objection.

The following was then sent to the Secretary's desk, and after being read, was laid on the table:

"And be it further enacted, That it shall be the duty of the Secretary of the Treasury to prescribe regulations to enforce the speedy presentation of all Government drafts, for payment, at the place where payable; and in case of unreasonable delay in such presentation, payment of the draft so delayed may be made at any other place within the limits of the United States."

Mr. CALHOUN suggested whether it would not be better that the Senate should now adjourn, in order that Senators might give to the amendment of the Senator from Ohio (Mr. Morris) some little reflection. Besides, this body was far advanced in the business before them.

Mr. BUCHANAN hoped that an adjournment would not now take place. It was too early an hour, and we should proceed as fast as possible with the business we had to transact.

Mr. CALHOUN disapproved of the time for the adjournment of Congress being fixed at so early a day. An early decision on the matters before Congress was important, but still it was necessary that discussion should be had on them.

He said he was willing to remain here till December or January next, rather than leave this important question unsettled. He would vote for an adjournment for the reasons which he had stated.

Mr. CRITTENDEN then rose and delivered his views at length in opposition to the bill.

On motion of Mr. WEBSTER, The Senate adjourned.

## HOUSE OF REPRESENTATIVES,

WEDNESDAY, September 27, 1837.

The Hon. JOSEPH L. WILLIAMS, a member elect from the State of Tennessee, appeared, qualified, and took his seat.

Petitions and memorials were presented by Messrs. GRENELL, ADAMS, and CALHOUN, of Massachusetts.

Mr. EVERETT, of Vermont.

Mr. MARVIN of New York.

Mr. BIDDLE asked the leave of the House to offer the following resolution:

*Resolved*, That the report of the Secretary of the Treasury, on the subject of payments in specie, be referred to the Committee of Ways and Means, with instructions to inquire and report how far the discretionary power, now exercised by the Secretary of the Treasury, may, without prejudice to the public service, be subjected to legislative regulation.

Objection being made,

Mr. BIDDLE then moved a suspension of the rules, and called for the yeas and nays.

Mr. CAMBRELENG said, with permission of the House, he would make a suggestion to the gentleman from Pennsylvania.

Mr. MERCER rose and objected.

Mr. CAMBRELENG. All I wanted to say was that the subject has been already reported upon by the Committee of Ways and Means.

Mr. HAMER wished to ask of the Chair when resolutions would be in order.

The CHAIR replied that the rules of the House presented the order of business. After the presentation of petitions and reports from committees, then resolutions would be in order.

Mr. SMITH rose to make a remark—

The CHAIR. It is not in order to entertain a discussion on a motion to suspend the rules.

Mr. SMITH rose to a question of order. This was a subject that had already been reported on, as we had been informed by the chairman of the Committee of Ways and Means; and this being the



# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

MONDAY, OCTOBER 9, 1837.

VOLUME 5.....No. 6.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

[Continued from No. 5.]

case, he wished to inquire if it was in order to open up this subject anew.

The CHAIR said it was in order to move to suspend the rules, and that was the only question he had to decide.

The yeas and nays were then ordered, and the question being taken, was decided in the negative—yeas 85, nays 101, as follows:

YEAS—Messrs. Adams, Alexander, Ayckrigg, Bell, Biddle, Bond, Buchanan, William B. Calhoun, John Calhoun, William B. Campbell, William B. Carter, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Cushing, Darling, Dawson, Davies, Deberry, Dennis, Everett, Ewing, Richard Fletcher, Fry, Goode, James Graham, William Graham, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Henry Johnson, William Cost Johnson, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maury, Maxwell, McKennan, Menifee, Mercer, Milligan, Matthias Morris, Calvary Morris, Naylor, Noyes, Ogle, Patterson, Phillips, Potts, Potter, Rariden, Ridgway, Robertson, Rumsey, Russell, Sergeant, Augustine H. Shepperd, Charles Shepard, Shields, Southgate, Stanley, Stratton, Taliaferro, Toland, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph L. Williams, Christopher H. Williams, Wise, and Yorke—55.

NAYS—Messrs. John W. Allen, Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Bouldin, Brodhead, Bronson, Bruyn, Cambreleng, Casey, Chaney, Chapman, Cilley, Clark, Cleveland, Clowney, Coles, Connor, Craig, Crary, Cushman, Davee, Farrington, Fairfield, Foster, Gallup, Gholson, Glascock, Grandland, Grant, Gray, Haley, Hammond, Hamer, Harrison, Haynes, Holsey, Hopkins, Howard, Hubley, W. H. Hunter, Ingham, T. B. Jackson, J. Jackson, J. Johnson, Kemble, Kilgore, Klungen Smith, Lincoln, Logan, Arphaxed Loomis, James M. Mason, Martin, May, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Moore, Morgan, Samuel W. Morris, Muhlenberg, Noble, Owens, Parker, Parmenter, Patton, Paynter, Pennybacker, Petriken, Phelps, Pratt, Prentiss, Reel, Reilly, Rhett, Richardson, Rives, Sawyer, Shipley, Smith, Snyder, Spencer, Stewart, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagoner, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—101.

Messrs. FRY, NAYLOR, and PAYNTER of Pennsylvania.

Mr. HOWARD of Maryland.

Mr. BOULDIN of Virginia.

Mr. CONNOR of North Carolina.

Mr. POLK, Speaker, of Tennessee.

Mr. GRIFFIN of South Carolina.

Mr. OWENS of Georgia.

[Mr. OWENS presented the memorial of citizens of Camden county, praying the establishment of a mail route from Larysburg to Burnt Port, in said county.]

Mr. MASON of Ohio.

Mr. SNYDER of Illinois.

Mr. LEWIS of Alabama.

Mr. THOMAS, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Committee on the Judiciary be instructed to inquire what laws will expire with the termination of the present session of Congress, and to report a bill to continue in force such as ought to be extended.

Mr. W. C. JOHNSON of Maryland, on leave, submitted the following resolution, which was considered, and adopted:

*Resolved*, That the Commissioner of the Public Buildings be, and he is hereby, requested to lay before Congress the plan of the Treasury building now erecting; showing the whole design of the edifice, and its exact location upon the public ground, and its arrangement with the adjacent streets and avenues; and also in his report to say whether it is intended to take down the building now occupied by the State Department, or whether that building is to form a part of the new edifice.

The following resolutions were submitted, which, by a rule of the House, lie over one day, viz:

By Mr. WILLIAMS of North Carolina:

*Resolved*, That the Postmaster General be directed to report to this House the expense of transporting the Express Mail, the amount of revenue derived from it, and the regulations adopted for the government thereof.

By Mr. STANLEY:

*Resolved*, That the Secretary of the Treasury be requested to furnish this House with a statement of the number of Sub-Treasuries which will be required, if the bill imposing additional duties as depositories, in certain cases, on public officers,

should become a law; and further, how many new offices must be created, if any; how many new buildings to be erected; and what will be, as nearly as he can estimate, the annual expense of the system; what the salaries to be paid the officers, and what will be the commissions to which they will be entitled.

By Mr. MALLORY:

*Resolved*, That the Secretary of the Navy be requested to communicate to this House the cause of the detention in the sailing of the Exploring squadron, together with the correspondence between the Department and the commander, and other officers or persons who are now, or have been at any time, attached to that service; and also report what amount of the appropriation made by Congress for that purpose has been expended, and whether an additional sum will not be required within a short period to carry on the expedition.

Br. Mr. EWING:

*Resolved*, That the Secretary of the Treasury be directed, with as little delay as possible, to communicate to this House the quantity of lands sold, the proceeds thereof, and the amount of specie received in part of said proceeds, at the different land offices, during the past year, and embracing up to the last reported returns of the present; and to designate, with as precise a description as the reports of the land offices and depositories of public money may enable him, all the paper, of every kind and denomination, received in payment during said period; the dates when received; whether the same or any other part thereof was in the shape of drafts, checks, notes, bills, or orders, by whom made, when and where payable, the amounts severally, at what land office received, by whom paid into the office, and by whom endorsed, if there were any endorsers; also, the names and places of the depositories thereof; or, if any, what other disposition has been made of said paper, or any portion, by order of the Department.

## NATIONAL BANK.

The House then proceeded to the consideration of the following resolution, reported from the Committee of Ways and Means on the 25th instant, it being the business next in order:

*Resolved*, That it is inexpedient to charter a national bank.

The question pending was the motion of Mr. WISE to amend the resolution by adding thereto, "at this time. And be it further resolved, that it will be expedient to establish a national bank whenever there is a clear manifestation of public sentiment in favor of such a measure."

Mr. SERGEANT, who was entitled to the floor, stated that he felt greatly indisposed, and would feel obliged if the House would indulge him till to-morrow.

Mr. CAMBRELENG had understood the report on the Mississippi election to be the first thing in order this morning, and he therefore hoped the above would be postponed till to-morrow. At the suggestion of the Chair, Mr. C. varied his motion so as to postpone it till Saturday morning, and give it precedence over all other business; which was agreed to.

Mr. SMITH of Maine, on leave, submitted a motion to print 5,000 extra copies of the Message of the President, communicating the correspondence in relation to the northeast boundary; which was agreed to.

Mr. ADAMS then asked leave to move to print 5,000 extra copies of the correspondence in relation to Brazil; but it was objected to.

Mr. PATTON, from the Joint Committee on the Library, on leave, reported the following resolution; which was considered and adopted:

*Resolved*, That the Committee on the Library be instructed to ascertain, whether the purchase of Mr. Madison's work, authorized by an appropriation at the last session of Congress, has been made; and if so, that the said committee inquire into, and report a plan for the publication of the same.

## MISSISSIPPI ELECTION.

The House then proceeded to the consideration of the business of the morning hour, being the report of the Committee on Elections, which was accompanied by the following resolution:

*Resolved*, That Samuel J. Gholson and John F. H. Claiborne, are duly elected members of the 25th Congress, and as such are entitled to take their seats.

The question was on concurring with the Committee in the above resolution.

Mr. MAURY addressed the Committee at some length in opposition to the resolution. He contended that by the Constitution of the United States, it was made the duty of the Legislature of Mississippi to prescribe the time, places and manner of holding their elections. The Constitution of the United States had made it their specific duty to do so, and if they refused or neglected to exercise the power conferred upon them, it was for Congress to exercise it. It was not in the power of the Governor, he argued, to determine upon the time, places and manner of holding elections; and even if the Legislature of Mississippi had conferred this power upon the Governor, he could not have exercised it legally, because it would have been in contravention of the Constitution of the United States. [He then went into a critical examination of that clause in the Constitution of the United States which says: "When vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies," and of the definition of the word "happen," to show that the vacancy which had occurred by the expiration of the term of the two representatives from Mississippi on the third of March last, was not such a vacancy as that contemplated by the framers of the Constitution when they inserted the above clause.] The above clause, in his opinion, only referred to the contingency of a vacancy happening by the death, resignation, or other inability, of a member from a State, and did not refer to the case of the expiration of the term of service of representatives.

He contended, also, that argument as to time would not lie, because the Governor of Mississippi could have assembled the Legislature and had an election held in time enough in the legal and proper mode. He next referred to cases that he considered cases in point, which had occurred in the Senate of the United States, where seats became vacated by the expiration of the term of Senators, and where the Governor had filled such vacancies; and showed that two decisions had been had by the Senate where it refused to permit such Senators so appointed to qualify and take their seats, because they declared that the Governor of the State had no power to make a temporary, where the regular term of the member had expired.

Mr. M. concluded by moving to strike out all after the word "*Resolved*," and inserting "that Samuel J. Gholson and John F. H. Claiborne, not being duly elected members of the House of Representatives, are not entitled to seats on this floor as such."

Mr. PENNYBACKER gave the reasons at some length which had operated upon his mind, as well as that of the majority of the committee, in coming to the conclusion he did. The facts of this case had been set specially by the committee, in their report, and they were briefly and simply these. Messrs. Claiborne and Gholson were members of the 24th Congress. Their term of office expired with that Congress, which was on the 3d of March last. By the election laws of the State of Mississippi, it was provided that the general election for members of Congress, as well as other public functionaries, should take place at the times and places, and in the mode therein specified. The time fixed by that law for the election of representatives to the Congress of the United States, was the first Monday in November biennially. Then the first Monday in the coming November would be the day it would have taken place, if it had not been for a state of things which was entirely unexpected.

There would have been no necessity whatever for an extraordinary election to have taken place, had not the President deemed it proper to issue his proclamation convening Congress on the first Monday in September. The Governor, seeing that the State of Mississippi would not be represented in the extra session of Congress, in virtue of the power he conceived conferred upon him, authorized an election to be held at an early day. The election was held in the month of July; but the Governor, in issuing his proclamation and writs of election, limited the period for which these gentlemen were to be elected to the first Monday in November; and this question would come up as to how far he was authorized to do so. The Governor had claimed this authority under that clause of the Constitution of the United States which had been referred to by the gentleman from Tennessee, which was, that "when vacancies happen in the representation of any State, the Executive shall issue writs of election to fill such vacancies." Mr. P. contended that this was the plain and simple construction of the Constitution, and that it must be so construed. We must take the plain and simple meaning of words, and not place forced constructions upon them. In the very nature of things, all language must be defective; therefore we must endeavor to ascertain what was meant by those who made use of this language. It seemed to him, from the state of the facts given, and the literal meaning of words, that it was self-evident that such a vacancy had happened in this case as was contemplated by the Constitution. The office of representative was created by the Constitution of the United States, and was as much an office and as much one created by the Constitution, as the office of Judge of the Supreme Court, President or Vice-President of the United States, or any other office created under the Constitution. The tenure of that office was two years, and it expired on the third day of March, and consequently the office became vacant on the fourth day of March, and remained so until it was filled.

Mr. P. then went into an examination of the word "happen," and contended that the gentleman had placed altogether too narrow a construction on the word. He came to the conclusion that the language was sufficiently broad to comprehend this case, and authorize the Executive of Mississippi to issue his writs of election, directing an election to be held in July last. It was necessary, from the very nature of the case, that this power should be exercised by the Executive to have the interests of the State represented at the present session. We must place a practical construction upon the Constitution, and in doing so it would be found that the same reason existed for issuing his writ directing an election to be held, as in the case of death or removal from office. Mr. P. then referred to a variety of cases in illustration of his position, and came to the conclusion that such a vacancy had happened as was contemplated by the clause in the Constitution which had been referred to.

Mr. MAURY made a few additional remarks in explanation of the position he had taken.

At this stage Mr. CAMBRELENG interposed, and called for the orders of the day.

The bill from the Senate to remit the duties upon certain goods destroyed in the late conflagration in the city of New York, was taken up, read twice, and, on motion of Mr. CAMBRELENG, referred to the Committee of Ways and Means.

The bill from the Senate, entitled an act making an additional appropriation for the suppression of Indian hostilities in Florida, having been read twice,

Mr. CAMBRELENG remarking that this bill was identical with one already before the Committee of the Whole on the state of the Union, he moved that this bill be also committed thereto; which was agreed to.

#### DEPOSITE ACT.

The House then proceeded to consider the "bill to postpone the fourth instalment of deposit with the States," reported last night, without amendment, from the Committee of the Whole.

Mr. JENIFER opposed the bill. If, however, it were to pass, he preferred it with the amendments of Messrs. Pickens and Adams, but con-

demned the proviso introduced in the bill by the Senate.

Mr. MENIFEE followed on the same side, on the ground that the deposit act, in its character, partook of the solemn and inviolable obligation of a treaty, of far more binding force than even a positive contract, and the passage of this bill was not justified on financial grounds.

Mr. FRY said it was well known to the House that it was very seldom he troubled the House with any remarks. He generally contented himself with giving a silent vote upon every question presented to him. But, sir, so many gentlemen seem disposed to induce the belief that this bill of June, 1836, was conceived in a spirit of distribution, that I feel called upon to say that I know better. Sir, I was a member of the Congress that conceived and brought to perfection this deposit bill; and, sir, I appeal to every gentleman who acted with me at the time, to say whether it was not, in every sense of the word, clearly a deposit bill; a bill, the object of which was to secure the public moneys, to give safety to the funds of the Government, and an enlargement of the system of deposit commensurate with the immense augmentation of its funds. To show that it was considered a distribution act, the gentleman from Kentucky, who just addressed the House, has cited the speeches of two gentlemen from New York, and one from Pennsylvania. It is well known that each of these gentlemen was opposed to the passage of that bill; and they took the ground with a view of defeating the measure. Sir, let me turn the attention of the gentleman from Kentucky to a speech which was delivered while the bill was under consideration by the distinguished gentleman of Virginia, (Mr. Mercer), who addressed the House yesterday: "Mr. Mercer was astonished that gentlemen should consider the two propositions distinct. He would not vote for the one unless united with the other—it was a proposition to reduce the amount of deposits in the banks, from thirty-eight millions to five millions—it was an important part of the subject regulating the deposits, and indissolubly connected with it—it made the States responsible for the repayment of the money, and ought not to be called a distribution." Here are the remarks of a gentleman who participated in the debate at the time, who knew well the spirit and meaning of the act. Sir, what is a distribution? A distribution must have an object in view. If this money was distributed among the States, for what purposes was it distributed? Was it a donation to the States? If it was, why the necessity for any provision for its repayment? Was it a loan to the States? If we turn to the proceedings of the Senate upon that bill, you will find that upon a motion to strike out the words "deposit with the States," and insert "loan to the States," there were but five out of forty-five votes in its favor. It then clearly was not a loan, nor a donation, and not a distribution in the sense which it is endeavored to be sustained here. Sir, I know the act was a deposit act, and I know it was not until the bill, when it came into this House, was stripped of every feature that would characterize it as any thing else than a deposit bill, that those who eventually supported it could be united in its support.

Sir, suppose Congress had at that time passed a bill to deposit thirty-seven millions of the money in the Treasury with the Bank of the United States, and suppose a fourth instalment was claimed by that bank, under the same circumstances, as gentlemen now claim for the States. Does any gentleman think the bank could claim? Or suppose the Secretary of the Treasury in counting up the balance in the Treasury, on the 1st of January last, had made a mistake of ten millions, and that, consequently, three instalments would have absorbed the whole Treasury, should Congress borrow money merely to make that deposit with the States? It cannot seriously be thought of. Sir, it was a deposit bill; the States have nothing to claim; they entered into no contract about the money; they had merely to say whether they were willing to become the depositories of a part of the Government funds or not. If the appropriations made by law since the passage of that bill had much over-reached the income of the Government, and to meet those

appropriations, the Secretary had withheld one or two instalments, without any legislation on our part, he would have been justified before the country. No man can or will deny it. Then how idle to contend that the Secretary of the Treasury shall make this fourth instalment with the States, and let the General Government borrow the money and tax the people, so that the instalment can be made. Sir, the people would not justify this House, if we should borrow money with a view to give it to the States. Sir, a distinguished colleague of mine, (Mr. Biddle) I understood a few days ago to say, that he could not return to his constituents, and say that he had relinquished Pennsylvania's share of this money. Sir, I am as willing, and I have always contributed what I could to my native State, and under proper circumstances, that is, if this money was here and not wanted, I should be the last man to withhold any thing from that State. But, sir, the people of Pennsylvania are too high-minded to beg from the General Government. Sir, the people of Pennsylvania, besides their industry and economy, have abundant resources without depending upon help from the General Government, especially when the General Government wants all it has for its own use.

I beg to differ from my colleague in one particular. I understood him to say, that it was the firmness and sagacity of the present Executive of Pennsylvania, that that State was in a condition not to require this fourth instalment. Sir, I have no fault to find with the veto message upon the Improvement bill passed at the last session of the Legislature of Pennsylvania. But, sir, whether the policy of that message is to be attributable to the foresight and sagacity of the present incumbent, is what I doubt. That veto message, written in Philadelphia, as was generally supposed, was transmitted to Harrisburg, vetoing the whole bill, as it was expected it would pass. Unfortunately, however, before the message reached its destination, two or three material items of appropriation were struck out of the bill just before its final passage. Our worthy Governor, however, signed the message, and sent it to the Legislature, vetoing the whole bill, including the items that had been struck out. I do not recur to this epoch in the history of Pennsylvania politics with a view to derogate from the character of the Executive of Pennsylvania; nay, I respect him as the Governor of that great and growing Commonwealth, and he has friends here for whom I cherish the kindest feelings, and who I am proud to own as Pennsylvanians; but I recur to the fact to show that it was not so much to be attributed to the sagacity of the Executive of Pennsylvania, as my colleague was wont to show, that that State was in a condition to do without this fourth instalment.

Sir, it was stated here on yesterday by a gentleman from Massachusetts, [Mr. Cushing,] that the amendment which was introduced into the deposit bill by a then colleague of mine, [Gen. Anthony,] was written in, or came from, one of the departments, and that my colleague acted as the instrument of one of the Executive officers in submitting it, and said he could prove it. Sir, I know not where that amendment came from, I know Gen. Anthony presented it, and it was the only course that we could at that time unite upon. If the gentleman was in his seat, I would suggest to him that it probably would be better to justify that charge, with the proof which he has at hand.

Sir, I am opposed to making this deposit of this fourth instalment, because I am opposed to the measure of issuing Treasury drafts. I wish the Government to get along without a resort to an increase of paper circulation of any kind at this time. Sir, the banks, since the suspension of specie payments, have been gradually reducing their discounts, so that their condition, at this time, is infinitely improved to what it was when the suspension took place. If now the Government issue twelve millions of Treasury notes, they necessarily will find their way into the banks—the banks will discount upon them to at least double their amount, and when the time arrives for their redemption, you will find that by this act we have added twenty-five or thirty millions

to our paper circulation without adding a dollar to the specie basis. Then, sir, when redemption takes place, the amount now issued will come in, and all that is issued upon it will fall to the ground, and another revulsion in our money affairs will take place, and every revulsion brings us near to a national bank. Moreover, if this issue takes place, and the consequent discounting upon by the banks, we will have the channels of trade bloated and inflated with a paper currency, as much and as dangerously as they were when the suspension took place. Sir, I am for collecting the money due the Government before I will resort to such a measure to raise money. Gentlemen here denounce the Sub-Treasury system, and laud the deposit bank system for the collecting and disbursing of the public money. Sir, if the banks are safe depositories for the public money, then they are able to pay the Government what they owe it, and we need not resort to that issue of Treasury bills. Sir, I think it is due to the people of this country, at least, to make an effort to collect some of the money in these banks, and owing by the merchants, before we authorize the issue of any paper money, without it be upon a specie basis. No doubt the Government is amply able to redeem all the Treasury notes that may be issued, but it is still objectionable, and I think exceedingly so, in consequence of adding to, and consequently disturbing the present state of our paper currency. Sir, the amount of paper money in circulation has diminished to a very considerable extent, which to that extent is an improvement in its value; and now for the Government to commence issuing paper drafts, or money, is only to throw the paper circulation into the same unhealthy state from which it is now recovering. With this view I am opposed to any addition whatever to the paper circulation of this country, without a corresponding acquisition to our hard money. Sir, I am also opposed to an extension of credit for duty bonds due the Government. Sir, I believe this Government ought to require cash duties upon all importations into this country, to be paid as soon as a cargo is discharged.

Sir, if we extend the time of paying those bonds that are due to the Government, and ought to be paid, what will follow? Why, sir, immense importations. Our merchants have been gradually reducing their debts abroad; importations have in a measure ceased; goods have accumulated in the hands of foreigners; they are anxious to sell—our merchants are anxious to import; and if they can get Congress to trust them, our markets will soon be so overstocked with foreign goods that our own manufactures will suffer; and what is to follow that? An increase of the tariff. Sir, I am opposed to legislating money into the pockets of any class of citizens. It is the duty of the Government to require the taxes to be paid as they fall due. The farmers of the country cannot get credit from year to year for their taxes, and you ought not to extend to others, or to any, what you cannot extend to all. Before I leave the subject, I will answer an argument made use of here, which was intended to show that the immense increase of bank capital within the last few years was owing to the destruction of the United States Bank. Sir, I agree that there may have been some increase of the banking capital of this country when the recharter of the United States Bank was refused; but, sir, I put it to the candor of gentlemen to say whether the greatest extension of our paper currency did not take place after the Legislature of Pennsylvania, of 1835, with the present Executive of that State, by some kind of political galvanism, again resuscitated the dying Bank of the United States. Sir, it was then that the States took the alarm at the position of Pennsylvania, in granting a charter of thirty-five millions to a bank; and it was then that State jealousy caused an immoderate increase of banking capital.

I hope the House will pass this bill, and we have this amount of money towards defraying the ordinary expenses of the country. Let us collect the money due upon the bonds given for duties. Gentlemen say if we collect it now we will lose it. If it can't be collected, I am willing to lose it. I want the people of the country to know what they have

to expect. I want the Government to collect what is due it, and then if it be not sufficient, the people are at all times ready every one to contribute his part to the support of his Government.

Mr. POTTER expressed his views in support of the bill at considerable length. He contended that the present measure was one calculated to promote the interests of the people, and to afford them time to restore their prostrate credit. His remarks will appear hereafter.

Mr. WISE opposed the bill, because it would be a fraud upon legislation, expressing one thing and meaning another; for, by the word "postpone" was intended to mean "repeal." Mr. W. addressed the House at length on the subject.

Mr. HAMER concluded his remarks, and Mr. DAWSON followed, but without concluding, gave way to

Mr. CRAIG, on whose motion

The House adjourned at half past seven o'clock, p. m.

#### IN SENATE,

THURSDAY, September 28, 1837.

Mr. SWIET presented a memorial from 117 women of the town of Vergennes, in Vermont, against the annexation of Texas to the United States; which was laid on the table.

Mr. PIERCE presented a petition from O. H. Bliss, widow of Capt. John Bliss, late of the United States army, praying for pecuniary aid from the Government. Also, a petition from Polly Robertson for a pension on account of the services of her husband, Peter Robertson, during the revolution; which were laid on the table.

Mr. CALHOUN offered a resolution proposing to amend the 47th rule of the Senate in order to admit Judges of the Supreme Courts of any of the States on the floor of the Senate, and asked its consideration.

Being taken up, it was so modified as to read "judges in law and equity."

The resolution was then adopted.

#### SPECIAL ORDER.

The Senate resumed the consideration of the bill imposing certain duties on public officers as depositories in certain cases—the question pending being on Mr. CALHOUN'S amendment.

Mr. WEBSTER spoke against the bill, occupying the floor for several hours.

Mr. HUBBARD followed, and addressed the Senate in favor of the bill as reported by the Committee on Finance.

Mr. BUCHANAN intimated his intention to address the Senate, but as the hour was late, he moved the Senate to adjourn.

At the suggestion of Mr. GRUNDY, Mr. B. withdrew his motion, to enable the Senator to make a motion.

Mr. GRUNDY then moved that the resolution fixing the hour of meeting at 10 o'clock, be rescinded, in order that the Senate should hereafter meet at 11, as that hour would better suit the convenience of Senators; which was agreed to.

The Senate then adjourned.

#### HOUSE OF REPRESENTATIVES,

THURSDAY, September 28, 1837.

Petitions and memorials were presented by Mr. CRARY, of Michigan.

[Mr. CRARY presented the petition of Daniel H. Deming, and 83 other citizens of Lenawee county, Michigan, against the annexation of Texas to the United States.]

Messrs. WEBSTER and HAMER, of Ohio.

Messrs. SERGEANT, NAYLOR, FRY, PLUMER, BIDDLE, LELAND and PAYNTER, of Pennsylvania.

Mr. STRATTON, of New Jersey.

Messrs. MARVIN and HOFFMAN, of New York.

Messrs. REED, GRENELL, BORDEN, and ADAMS, of Massachusetts.

Mr. ADAMS asked the leave of the House to submit a resolution calling on the Secretary of the Treasury to report to this House, at the commencement of the regular session of Congress, the number of slaves exported from, and imported into, the several ports of the United States, by the coasting

trade, for the last two years, and discriminating between the two years; but it was objected to by many members.

Mr. TOLAND asked the leave of the House to submit the following resolution:

*Resolved*, That the Secretary of the Treasury be directed to communicate to this House copies of all correspondence between the department and all individuals, banks, or other corporations, relative to a bill now before Congress to authorize the President of the United States to cause the issue of Treasury notes, and relative to the disposition of such notes; together with copies of all documents or papers on file in the department relative thereto.

Objection being made—

Mr. TOLAND moved a suspension of the rules for the purpose of offering said resolution; which motion was disagreed to.

Mr. SNYDER submitted the following resolution, which, by the rule, lies over one day:

*Resolved*, That the Secretary of the Treasury be instructed to inform this House what amount of specie the Bank of the State of Missouri had in its vaults on the 5th of July, and on the 16th of August, 1837.

Mr. SHERROD WILLIAMS of Kentucky, on leave, submitted the following resolutions, which were read, laid on the table, and ordered to be printed:

1. *Resolved*, That it is expedient immediately to establish a Bank of the United States, for the purpose of affording to the people of the United States a fixed, uniform, and certain currency; that it is important and highly expedient to have such an institution as a fiscal agent for the Government, in the collection and disbursement of the revenue of the nation.

2. *Resolved*, That in the creation of a Bank of the United States, the charter should be so constituted as to exclude foreigners from holding stock in the same; and to hold the stockholders responsible and liable, out of their private and individual property, according to the amount held by each, for the redemption of the notes issued, and debts and liabilities of said bank.

3. *Resolved*, further, in the opinion of this House, That a Bank of the United States is the only safe, certain and sure means by which a uniform, fixed and permanent paper currency can be obtained.

#### MISSISSIPPI ELECTION.

The House then proceeded to the consideration of the business of the morning hour, being the report of the Committee of Elections, which was accompanied by the following resolution:

*Resolved*, That Samuel J. Gholson and John F. H. Claiborne, are duly elected members of the 25th Congress, and as such are entitled to take their seats.

The question pending was the motion of Mr. Maury to strike out all after the word "resolved," and insert "that Samuel J. Gholson and John F. H. Claiborne, not being duly elected members of the House of Representatives of the Twenty-fifth Congress of the United States, are not entitled to seats on this floor as such."

Mr. HARLAN addressed the House at some length in opposition to the report of the Committee of Elections, contending that there was no such vacancy existing between the 4th of March last and the coming November, in the Mississippi representation in Congress, as was contemplated by the framers of the Constitution of the United States, in the clause declaring that "when vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies." He argued that the case was that of an original appointment and not a vacancy, and being such, could only be filled at the time and in the manner provided for by the laws of the State of Mississippi, and that it was a usurpation on the part of the Executive to attempt, in opposition to the laws of the State, to fill these vacancies by issuing his writ directing these elections to be held.

Mr. BRONSON replied to the arguments of the gentleman from Tennessee, (Mr. Maury,) and the gentleman from Kentucky, (Mr. Harlan,) at some length. He first inquired whether a vacancy had happened on the 4th of March last in the represen-



tation of the State of Mississippi? It was clear that the State of Mississippi had no representatives in Congress on the 4th of March last. That being the case, he apprehended there was a vacancy, and such a vacancy as was contemplated by the framers of the Constitution of the United States, which the Governor was authorized to fill by special election. He then went into an examination of the meaning of the word "happen." Horne Tooke had said that words of doubtful meaning were made the everlasting engines of fraud and oppression; but he hoped that the State of Mississippi was not to be made the victim of scholastic technicalities. If this word was of doubtful meaning, the most liberal construction should be placed upon it; and fraud and oppression should not be practised upon the State of Mississippi in consequence thereof. But he contended that the word was not one about which there was much doubt; because almost all lexicographers agreed on this point, that *whatever comes to pass, whether in the course of things or out of the natural order, happens*. Others placed this definition on the word "happen": "to intervene," "to fall out." The only question which appeared to be raised, was, whether a vacancy had "happened." Then had it intervened, had it fallen out, had it come to pass, that there was a vacancy in the representation of the State of Mississippi? He contended that it had, and held that "happening" might refer as well to a thing foreseen or foreknown, as to a thing not foreseen or not foreknown.

Mr. B. then referred to a case of vacancy which occurred in an office which was to be filled by the Executive under the following clause of the Constitution, as a parallel case: "The President shall have power to fill all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session." The vacancy had occurred during the session of the Senate, but, from some cause or other, was not filled up; and the Executive having some doubts as to whether he had the right to fill the vacancy, took the opinion of Attorney General Wirt on the matter, and he placed this construction upon the word "happen." His opinion was, "that the President had the right to fill any vacancy which might happen to exist in the recess of the Senate." There was another case in which the gentleman from Massachusetts, (Mr. Adams,) while President, had filled the office of Navy Agent under similar circumstances. In the case of Gwyn there was also an able opinion of the Attorney General of the United States on this subject; and the ground taken in that opinion was, "that if it falls out that any office is found to be vacant, then the President may fill it." Thus it appeared to be the common construction of this clause, that if there happened to be a vacancy during the recess, the President might fill it.

He contended further that the laws of Mississippi could not deprive the people of Mississippi of a part of the rights which were guaranteed to them by the Constitution, and went into an examination of a variety of cases to rebut the arguments adduced by the gentlemen who opposed the report, and in support of the position he had taken.

At this stage of the proceedings, without taking the question, the House, on motion of Mr. CAMBRELENG, passed to the orders of the day.

#### DEPOSITE ACT.

The House then proceeded to consider the "bill to postpone the fourth instalment of deposits with the States," reported last night, without amendment, from the Committee of the Whole.

Mr. DAWSON who was entitled to the floor, yielded it to Mr. CAMBRELENG, for the purpose of enabling that gentleman to make an explanation in reference to an interrogatory addressed to him by Mr. D. last night on the condition of the New York banks.

Mr. CAMBRELENG, having the permission of the gentleman from Georgia, said he would explain more fully his answer to one of that gentleman's questions, last evening, concerning the condition of the banks in the State of New York. He did not mean to be understood that any of them, strictly speaking, were insolvent, or that they could not ultimately pay all their notes.

Mr. C. had referred to the Dry Dock Bank, which was placed by the Chancellor in the hands of receivers, and to the heavy losses sustained by many of the banks in the late revulsion. By reference to the Treasury report, it would be seen that one of the city banks alone had \$1,200,000 of suspended debt; yet even that bank would, in a few years, restore its capital to its original amount, by its collections and profits. He had merely intended to express that the actual capitals of many of the banks had been diminished during the revulsion. He begged to be understood as entertaining no hostile feelings towards the gentlemen interested in those institutions, nor to look as the mere agents of trade, but to that legislation which is perpetually and improperly interfering with this, as well as other branches of trade. His hostility was exclusively directed to this mischievous and corrupting interference with the business of men, which was not among the legitimate duties of Government.

Mr. DAWSON then concluded his remarks in opposition to the bill, and went on to point out what he conceived to be its partial effects.

Mr. TOWNS replied to his colleague on the particular points referred to by that gentleman.

Mr. GRAVES spoke at length against the bill till about 3 o'clock, when he gave way to

Mr. PHILLIPS, who moved that the House take a recess for one hour.

Objection being made,

Mr. PHILLIPS moved a suspension of the rule.

Mr. PETRIKEN moved a call of the House.

Lost.

The motion to suspend the rule was not ageed to—ayes 63, noes 24; no quorum.

After some suggestions from Messrs. JOHNSON of Maryland, GLASCOCK, and GRAVES,

Mr. PHILLIPS moved a suspension of the rule for the purpose of moving that the House take a daily recess from 3 to 4 p. m.; which was not agreed to—ayes 74, noes 15; no quorum.

Mr. PATTON moved an adjournment.

Mr. HAYNES called for the yeas and nays; whereupon,

Mr. PATTON withdrew the motion, and Mr. CHAMBERS of Kentucky renewed it.

Mr. HAYNES again called for the yeas and nays; which being ordered,

Mr. CHAMBERS again withdrew the motion.

After a few words from Messrs. CHAMBERS and GHOLSON,

Mr. HARRISON of Missouri moved a call of the House: lost.

The CHAIR then counted the House, and ascertained that 111 members were present—no quorum.

Mr. POPE moved an adjournment.

Mr. GHOLSON called for the yeas and nays, which being ordered, the former gentleman withdrew his motion.

The CHAIR again counted the House, when there appeared to be 119 members present, wanting two of a quorum, which appeared a moment afterwards.

Mr. PHILLIPS renewed his motion for a daily recess of one hour, from 3 to 4 o'clock.

The rule was suspended, 89 to 37.

Mr. PATTON moved to amend the motion, by confining its operation to this day: lost.

Mr. BELL moved from half past three to five o'clock: lost.

Mr. REED moved to change it from two to three o'clock: lost.

Mr. MARTIN moved to change it from half past two to four o'clock, which was agreed to—ayes 81, noes not counted.

Mr. GRAHAM said that as a third of the members had gone home and returned from their dinners, he moved to strike out so much as referred to this day: lost.

The resolution, as amended, was then agreed to, and the House accordingly took a recess for one hour.

#### EVENING SESSION.

Upon the assembling of the House at half past four o'clock, there being but very few members present,

Mr. McKAY moved a call of the House; and, upon taking the question, there appeared ayes 38, noes 38; the Chair voting in the affirmative, the call was accordingly ordered, and a quorum having appeared, its further proceedings were dispensed with.

#### DEPOSITE LAW.

The House resumed the consideration of the "bill to postpone the fourth instalment of deposits with the States."

Mr. GRAVES concluded his remarks in opposition to the bill, and to the policy of the administration generally, on the subject of finances. He denied that the bills proposed would afford any relief to the country, but on the contrary, that, under the guise of relief, they would have no other effect than to augment the pressure. On this position he dwelt at length, and entered into a variety of statements, drawn from the condition of the banks and the course of trade, especially in the west, to substantiate it.

Mr. CUSHMAN rose and remarked that this question had long been very considerably and very fully discussed, and, he believed, to the satisfaction of every gentleman of the House. He believed that any further discussion of it would be entirely useless, and the House was worn down with the debate. Still, he confessed, he should be very happy if the House would then pass upon the several amendments submitted in Committee of the Whole, if it could be done without further delay. He rose for the purpose of asking whether it was not the sense of the House that the discussion had been carried as far as it ought to be? whether the subject had not been fully and fairly debated—sufficiently debated? In the full belief that it had, it was his intention to call for the previous question; but although he had risen for that purpose, he would make this proposition—

Mr. ROBERTSON. I call the gentleman to order. The previous question cannot be debated.

Mr. CUSHMAN. I am going to make this proposition. If it meets the general approbation of the House to close the debate, I should be willing to have the vote taken upon every amendment, and give the movers of them an opportunity of calling for the yeas and nays on each. For the purpose, however, of testing the sense of the House to bring this discussion to a close, I move the previous question.

Mr. HAYNES moved a call of the House.

Mr. RIVES expressed his willingness to assent to the proposition of the gentleman from New Hampshire, and he presumed it would be generally assented to by the House.

It was true they had had a very protracted debate upon this subject, and he had been anxious to reach this vote. There had been various amendments presented to the bill under consideration. It was a subject of vast importance, and there were some gentlemen who would prefer the bill with some of the amendments, to having it without. There were others who preferred it in its original shape. But in order that each gentleman's views should be distinctly understood, especially of those who preferred amendments, he would wish the proposition of the gentleman who moved the previous question to be assented to, provided the House would permit the question to be taken on each amendment without further discussion. [*Agreed, agreed, from many voices.*] Mr. R. added that, before he took his seat, he hoped no one would take the floor for the purpose of entering into an argument.

Mr. MASON of Virginia said he could not offer his amendment on those terms.

Mr. UNDERWOOD said he should be very glad to move his amendment upon the terms suggested.

Mr. OWENS then asked for the yeas and nays on the motion for a call of the House, which were ordered, and were—ayes 112, nays 100.

So the call was ordered.

After proceeding till it was ascertained that the members were present, on motion of

Mr. HAYNES, all further proceedings in the call were dispensed with.

Mr. SMITH arose, and commenced by saying: Mr. Speaker, I believe there can be now effected a

general assent on the part of the House. [Mr. S. was here interrupted by loud cries of "order!"]

The demand for the previous question was then seconded by the House, tellers having been appointed—ayes 107, noes 78.

Mr. REED called for the yeas and nays on the question, Shall the main question be now put? which were ordered, and were—yeas 124, nays 102, as follows:

**YEAS**—Messrs. Anderson, Andrews, Atherton, Ayckrigg, Beatty, Beine, Bicknell, Birdsall, Boon, Borden, Bouldin, Brothead, Bruyn, Buchanan, Bynum, John Calhoun, Cambreleng, Timothy J. Carter, Casey, Chaney, Cilley, Cleveland, Coles, Connor, Craig, Crockett, Curtis, Cushman, Deberry, DeGraff, Dennis, Dromgoole, Edwards, Farrington, Fairfield, Isaac Fletcher, Fry, Gallup, Haley, Halstead, Hammond, Hamer, Harrison, Hawkins, Haynes, Henry, Holsley, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Thos. B. Jackson, Jabez Jackson, Joseph Johnson, William Cost Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingsmith, Leadbetter, Logan, Arphaxed Loomis, Mallory, May, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Milligan, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petriken, Phelps, Plumer, Potter, Pratt, Prentiss, Randolph, Reilly, Richardson, Shaffer, Charles Shepard, Shields, Shipley, Smith, Snyder, Spencer, Stewart, Stratton, Taylor, Thomas, Toucey, Towns, Turney, Underwood, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whitlesey, Sherrod Williams, Jared W. Williams, Christopher H. Williams, Worthington, Yell, and Yorke—124.

**NAYS**—Messrs. Adams, Alexander, Herman Allen, John W. Allen, Bill Biddle, Bond, Briggs, Bronson, William B. Calhoun, William B. Campbell, John Campbell, William B. Carter, Chambers, Cheatham, Claiborne, Clark, Clowney, Corwin, Crary, Cranston, Crockett, Curtis, Dawson, Daves, Davis, Dunn, Elmore, Evans, Everett, Ewing, Richard Fletcher, Foster, Rice Garland, Gholson, Glascock, Goode, James Graham, William Graham, Grantland, Grant, Gray, Grennell, Griffin, Hall, Harlan, Harper, Hastings, Hawes, Herold, Hoffman, Robt. M. T. Hunter, Jenifer, Henry Johnson, Legare, Lewis, Lincoln, Andrew Loomis, Lyon, Marvin, James M. Mason, Martin, Maury, Maxwell, Mercer, Mathias Morris, Calvary Morris, Naylor, Ogle, Patterson, Patton, Pearce, Peck, Phillips, Pickens, Potts, Rariden, Reed, Rencher, Rhett, Ridgway, Robertson, Rumsey, Russell, Sergeant, Augustine H. Shepherd, Sibley, Slatte, Southgate, Stanley, Taliaferro, Thompson, Tillinghast, Tins, Toland, Albert S. White, John White, Eliza Whitlesey, Lewis Williams, and Joseph Williams—102.

So the House determined that the main question be now put.

The main question, being on ordering the bill to a third reading, then recurring—

Mr. BRIGGS asked for the yeas and nays thereon, which were ordered, and were—yeas 119, nays 117, as follows:

**YEAS**—Messrs. Anderson, Andrews, Atherton, Beatty, Beine, Bicknell, Birdsall, Boon, Bouldin, Brothead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, T. J. Carter, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Cushman, Daves, De Graff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, I. Fletcher, Foster, Fry, Gallup, Gholson, Glascock, Grantland, Grant, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Holsley, Holt, Howard, Hubley, William H. Hunter, R. M. T. Hunter, Ingham, T. B. Jackson, J. Jackson, J. Johnson, N. Jones, John W. Jones, Kemble, Kilgore, Klingsmith, Legare, Leadbetter, Lewis, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, McKay, Robt. McClellan, A. McClellan, McClure, McKim, Miller, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmenter, Patton, Paynter, Pennybacker, Petriken, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reilly, Richardson, Rives, Sawyer, Shaffer, Shipley, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whitlesey, Jared W. Williams, Worthington and Yell—119.

**NAYS**—Messrs. Adams, Alexander, Herman Allen, John W. Allen, Ayckrigg, Bill Biddle, Bond, Borden, Briggs, William B. Calhoun, John Calhoun, W. B. Campbell, John Campbell, W. B. Carter, Casey, Chambers, Cheatham, Childs, Clowney, Corwin, Crary, Cranston, Crockett, Curtis, Cushing, Darlingston, Dawson, Daves, Deberry, Dennis, Dunn, Elmore, Evans, Everett, Ewing, Richard Fletcher, Fildore, Rice Garland, Goode, James Graham, W. Graham, Graves, Gray, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herold, Hoffman, Hopkins, Jenifer, H. Johnson, W. C. Johnson, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samuel Mison, Maury, May, Maxwell, McKennan, Menefee, Mercer, Milligan, Montgomery, Mathias Morris, Calvary Morris, Naylor, Noyes, Ogle, Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Rencher, Rhett, Ridgway, Robertson, Rumsey, Russell, Sergeant, Augustine H. Shepherd, Charles Shepard, Shields, Sibley, Slatte, Smith, Snyder, Southgate, Stanley, Stratton, Taliaferro, T. Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Eliza Whitlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—117.

So the bill was ordered to a third reading.

Mr. PICKENS, having voted in the majority, moved to reconsider the above vote, which motion lies over for to-morrow. Mr. P. then gave notice that he should then submit his amendment.

On motion of the same gentleman,

The House adjourned at 7½ p. m.

## IN SENATE,

FRIDAY, September 29, 1837.

Mr. McKEAN presented a memorial from citizens of Towanda, Pa.—one from citizens of Wy-

sox, Pa.—one from citizens of Montgomery county—and one from citizens of Philadelphia county, remonstrating against the annexation of Texas to the United States; which were laid on the table.

Mr. McKEAN also presented two petitions from citizens of Montrose, Pa. praying for the immediate abolition of slavery in the District of Columbia.

Mr. CALHOUN having objected to the receiving of these petitions, they were, on his motion, laid on the table.

Mr. LINN presented a petition from Henry Perrine, late United States Consul at Campeachy, in relation to the introduction of tropical plants; which was ordered to lie on the table and be printed.

Mr. WEBSTER offered the following resolution:

*Resolved*, That the Committee on the Judiciary report to the Senate what fees are due by law on the renewal of merchants' bonds, and whether any further legal provisions on that subject be required.

Mr. WEBSTER said that he had been given to understand, and had received several letters from respectable merchants in New York, complaining of the large fees demanded of them in the renewal of bonds. He knew not whether it was a statute regulation, or a regulation of the Secretary of the Treasury. He had learnt, from a source which was entitled to much credit, that in a renewal of a bond of \$6,000, the fees amounted to twelve per cent. on that sum. Of course he need not comment on such an exorbitant charge, until the facts were ascertained beyond a doubt by the Committee on the Judiciary.

Mr. W. asked that the resolution might be now considered.

Mr. KING of Alabama hoped that the resolution would now be considered. He had himself received information on the subject from New York. He thought that some action, on the part of Congress, should be had immediately on it.

Mr. GRUNDY apprehended that the Committee on Finance was the more appropriate committee to refer the matter to, as doubtless they had had it before them.

Mr. WEBSTER considered that as this was a matter of fee, it came more within the scope of the powers of the Judiciary Committee than those of the Committee on Finance. He expressed his fears that unless the immediate intervention of Congress should be called to this matter, and proper means adopted, the measure of relief which had been passed by Congress, would give an opportunity for exorbitant fleecing.

The resolution was then considered, and adopted.

## SPECIAL ORDER.

The Senate resumed the consideration of the bill imposing certain duties on public officers as depositors in certain cases—the question pending being on Mr. CALHOUN'S amendment.

Mr. BUCHANAN delivered his views at large in reference to the bill and the amendments under consideration. He professed himself in favor of the Sub-Treasury system, in preference to any other plan which had been brought forward, or heretofore tried, and he concluded his speech by declaring, that the frank and manly manner in which the President of the United States had expressed his sentiments in regard to the causes of the present distress of the country, had challenged the admiration even of his political opponents.

Mr. PRESTON then rose, and after addressing the Senate some time in opposition to the bill, gave way on a motion of Mr. BUCHANAN for an adjournment.

## HOUSE OF REPRESENTATIVES,

FRIDAY, September 29, 1837.

Petitions and memorials were presented by Messrs. BORDEN and ADAMS of Massachusetts.

Mr. TILLINGHAST of Rhode Island.

Messrs. POTTS, FRY, SERGEANT, and TOLAND, of Pennsylvania.

Messrs. SHIPLEY and LEADBETTER of Ohio.

Messrs. RARIDEN and HEROD of Indiana.

Mr. CRARY of Michigan.

[Mr. CRARY presented the petition of undry citi-

zens of Livingston county, Michigan, against the annexation of Texas to the Union.]

Mr. THOMAS, from the Committee on the Judiciary, reported the following bill, which was read twice and referred to a Committee of the Whole on the state of the Union:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That all acts and parts of acts, or provisions contained within any, which, by the terms thereof, are made to expire at the termination of the first session of the Twenty-fifth Congress, be, and the same are hereby, declared to continue in force to the end of that session of Congress which shall commence, or shall be in session, on the first Monday of December, 1837.

Mr. CAMBRELENG, from the Committee of Ways and Means, by unanimous consent, reported a bill making additional appropriations for the year 1837; which was read twice, and committed to a Committee of the Whole on the state of the Union.

Mr. TOLAND, on leave, submitted the following resolution, which, under the rule, lies over one day:

*Resolved*, That the Secretary of the Treasury be directed to communicate to this House copies of all correspondence between the department and all individuals, banks, or other corporations, relative to a bill now before Congress to authorize the President of the United States to cause the issue of Treasury notes, and relative to the disposition of such notes; together with copies of all documents or papers on file in the department relative thereto.

On motion of Mr. STANLEY, the following resolution, submitted by him on a former day, was taken up, considered, and adopted:

*Resolved*, That the Secretary of the Treasury be requested to furnish this House with a statement of the number of Sub-Treasuries which will be required, if the bill imposing additional duties as depositories, in certain cases, on public officers, should become a law; and further, how many new offices must be created, if any; how many new buildings to be erected; and what will be, as nearly as he can estimate, the annual expense of the system; what the salaries to be paid the officers, and what will be the commissions to which they will be entitled.

Mr. EWING moved a suspension of the rules for the purpose of submitting a resolution calling on the Secretary of the Treasury for information in relation to the quantity of public land sold, and amount of funds of various denominations received therefor, within the last two years: disagreed to.

## MISSISSIPPI ELECTION.

The House then proceeded to the consideration of the business of the morning hour, being the report of the Committee of Elections, which was accompanied by the following resolution:

*Resolved*, That Samuel J. Gholson and John F. H. Claiborne are duly elected members of the Twenty-fifth Congress, and as such are entitled to take their seats.

The question pending was the motion of Mr. MAURY to strike out all after the word "resolved," and insert, "that Samuel J. Gholson and John F. H. Claiborne, not being duly elected members of the House of Representatives of the Twenty-fifth Congress of the United States, are not entitled to seats on this floor as such."

Mr. TURNEY addressed the House at some length in support of the report of the Committee of Elections. He went into an examination of the two clauses of the Constitution, in relation to filling vacancies in the Senate and House of Representatives. In the clause in relation to the filling of vacancy of Senators, there was a limitation of restriction on the word happen. The clause reading "if vacancies happen by resignation or otherwise, during the recess of the Legislature of any State, then the Executive thereof may make temporary appointments." In the case of Mr. Sevier of Arkansas, which had been alluded to the other day, the decision of the Senate was, that the words "by resignation or otherwise," embraced not only the cases of death, resignation, or removal, but that it embraced every variety of case which was unforeseen, and thus the term otherwise might be made to comprehend a case which had expired,

in case the expiration of the term was unforeseen by the State of Arkansas, and his term of service being determined by lot was unforeseen by the Legislature of Arkansas. The clause of the Constitution, in relation to the House of Representatives, was without this limitation and restriction, and being so, he contended that it comprehended all cases of vacancy which might occur. This, he contended, was the plain evident meaning of the framers of the Constitution. If this was not the meaning of the framers of the Constitution, why was there a distinction between the two claims. The great principle of our Government is, that the people are capable of self-government, and he argued that whether the election was held under the forms prescribed by the law of the State, or under the writ of the Governor, it was equally valid. In his view of the case, he believed that the framers of the Constitution placed limitations and restrictions upon the clause in relation to filling the vacancy of Senators, because that they were to be appointed by the Governor of the State; but had left the clause in relation to representatives unrestricted, because they went back and received their appointments from the source of all power—the people; and the framers of the Constitution, very properly had placed no restrictions or limitations upon the people. He argued that the Constitution contemplated that the Legislature of the several States should make general provision for the holding of elections; but the laws of the States provided for the holding of special elections; and, from the very nature of things, this cannot be regulated by law, because it cannot be foreseen. This case, then, could not be foreseen by the Legislature; and therefore it was nothing more than justice to the people of Mississippi that they should be represented on this floor. The people of the State had chosen Messrs. Claiborne and Gholson as their representatives, and it was not for us to tell them that they were to have no representatives in the House of Representatives.

Mr. TOWNS dissented from the report of the committee, on the ground that the Legislature of the State alone had the right to prescribe the times, places, and manner, of holding elections; and failing to do so, it was the duty of Congress to provide for the case. He took it for granted that there must be some uniform rule by which members were to be elected, and known here as members of this House. He contended that where there was a law affecting that subject, that law must control the subject. There was a law, then, of the State of Mississippi, declaring that the election for members of Congress should take place on the first Monday in November, biennially; and the members here claiming seats were not elected under that law. He had examined this subject with his feelings favorable to the gentlemen from Mississippi, but his judgment told him they were not elected in pursuance of law, and, consequently, were not entitled to seats on the floor of the House.

Mr. ROBERTSON contended that the proclamation of the Governor was illegal, and consequently the election must be illegal; and argued, that if the Governor had the power to fill the vacancies by issuing his writs of election, that the Legislature could not exercise the power.

Mr. CAMBRELENG then called for the orders of the day, but withdrew the call at the request of

Mr. GHOLSON, who moved that the report of the Committee of Elections be postponed to Monday next, and be made the special order for that day after 12 o'clock. He made this motion with the hope that by that day every gentleman would have his mind made up one way or the other, and that the question might then be decided.

Mr. CLAIBORNE said it was desired by himself and colleague to have an early decision of this question. He did not merely ask it for themselves, but they considered it as due to the people of Mississippi, that this question should be acted upon. He hoped, inasmuch as this was not an ordinary contested election, but depended entirely upon a question of constitutional law, that all parties in the House would consent to have the subject made the special order of the day for Monday, and then decide upon it finally.

The motion to postpone to Monday, and make

the report the special order for that day, was agreed to.

The SPEAKER laid before the House a report from the Secretary of the Treasury, of the probable number of bonds issued, renewed, or extended, under the operation of the bill recently passed the Senate of the United States; and also upon the subject of fees of district attorneys thereupon; which,

On motion of Mr. CAMBRELENG, was laid on the table, and ordered to be printed.

#### DEPOSITE LAW.

The House then took up the "bill to postpone the fourth instalment of deposit with the States." The question pending was the motion of Mr. PICKENS to reconsider the vote by which it had been ordered to a third reading last night.

Mr. PICKENS said it was not his desire to occupy the attention of the House for any length of time, for he was perfectly certain that its patience must be exhausted by the discussion that had already taken place. He wished first to inquire of the Chair whether he was authorized to discuss the merits of his amendment and the bill?

The CHAIR replied that upon a motion to reconsider the whole merits of the subject were open. No amendment being pending, of course its discussion would not be strictly within the rules, but the whole merits of the bill were open.

Mr. HOWARD inquired whether, on a motion to reconsider a bill, ordered to a third reading under the operation of the previous question, the bill was not still under that operation.

The CHAIR. Certainly not. The previous question has expended itself by the vote of the House under it, and the bill is placed precisely in the situation it was before the previous question was moved.

Mr. PICKENS resumed. He repeated that he did not desire to occupy the attention of the House, except to present in a brief manner, the main points that had presented themselves to his mind for consideration. I desire, said he, to reconsider the vote, because every gentleman must be aware that, under the peculiar and technical operations of the previous question, a majority of this House had not been brought to vote upon the amendment proposed. Sir, I consider the amendment which I had the honor to propose as important, both in principle and in policy. I desire the House to be brought to a distinct vote upon that amendment, and it is with that view I moved to reconsider the vote ordering this bill to a third reading; and, in presenting that, I beg gentlemen to reflect upon the course which they are disposed to pursue.

Mr. Speaker, suppose you reject this bill, what will be the effect? You leave the deposit act of 1836 in full operation. You make it imperative upon the Secretary of the Treasury to distribute the fourth instalment under the terms of that act. There is no discretion left to your Secretary. Now gentlemen have assumed the position, I believe with considerable truth, that the present administration, and particularly the Secretary of the Treasury, were at first opposed, in principle, to this deposit act. And they also assume, and I believe with much truth, that, in the execution of that act, so far as the payment of the three instalments has been made, they have executed it so as to produce embarrassment.

Sir, either from ignorance or intention, I will not now attempt to explain, but in the execution of the payment of those three instalments, which would have been, if executed upon proper commercial principles, a relief to the commercial community, we all know that, instead of producing relief, it has produced, to a certain extent, very great embarrassment. Now, sir, I put it to gentlemen whether they are disposed to leave the fourth instalment in the hands of the Secretary of the Treasury for execution, without discretion, and without limitation? These being his feelings, these his sentiments, how will he execute the payment of that fourth instalment? Sir, I have not seen his plan: I have not discussed this matter with a single officer of the Government, nor any friend of the administration. I have had no consultation with, nor have I ever seen, on the subject, a single officer of the Government, nor have I ever lauded one,

from the President down; but I venture to predict, that if this fourth instalment be left to the execution of this officer—I say I venture to predict, that its execution will produce far more embarrassment than its suspension can.

Mr. Speaker, the provisions of that act—the deposit act of 1836, I mean—are peculiar. They give, in certain contingencies, power to the Secretary of the Treasury to call back the three instalments already distributed, under certain limitations. Sir, it is a power which you yourself, by the very act which you desire to enforce by refusing to pass this bill, place in the hands of the Secretary of the Treasury. What will be the result then of defeating this bill? Why that you leave it a claim upon the Treasury, and that by solemn discussion, and solemn vote rejecting this bill, you make it the imperative duty of the Secretary to execute the deposit act to its very letter.

Now, sir, look at the proposition. They say the Treasury is embarrassed, that it is reduced, and that it will want funds, then how will the deposit act be executed? Why the Secretary must, of necessity, call upon the States for the three instalments already made. But suppose, as gentlemen say, that the Treasury is full, and that there are ample funds in its hands. If this be true what a spectacle will be presented to the American people! That your Secretary of the Treasury, your authorized officer, has presented a set of statements to this House and to the country which are utterly false! Can any administration stand under the scorn and indignation this would produce amongst an outraged people, when Congress meets in December and find his statements a thorough delusion! But I doubt it, sir. It is my sincere impression that the Treasury is embarrassed, and that if you reject the bill on your table, you place not only the States, and the treasuries of the States, but the State banks also, which gentlemen wish to protect, at the mercy and under the control of the Secretary. Now, sir, I put this to gentlemen: are they prepared to see this deposit act executed to its letter, and especially under the existing pressure? Are they prepared to pay back the three instalments? Under this specific provision of that act, I know the course the Treasury will pursue—or, at least, what I believe it will pursue. It is this. That it will, if the fourth instalment be paid over at all, throw the expenses of this Government upon the States, by drawing upon them for the three other instalments; and the inevitable result will be, that you compel the Treasury to rely upon the States to support and sustain the General Government. This will produce more pressure than will be produced by the suspension of the act of 1836, than could possibly be by withholding the fourth instalment. Let gentlemen from the West look at this. The deposit banks of Alabama, Mississippi, Louisiana, Kentucky, Indiana, and Ohio, have, at this time, nearly seven millions of dollars on deposit out of the nine and a half required to pay the fourth instalment. What will be the result? You will compel the Secretary of the Treasury to call upon those banks to pay up so as to enable him to execute that payment. Look at Ohio, having more now than she is entitled to under the fourth payment. Do you suppose the paper of the Ohio banks, though perfectly good and current in that State between man and man, will be received at par in Pennsylvania, which is to draw a million? Or do you suppose the funds of Alabama banks will be taken by Georgia for her instalment, when perhaps they are from ten to fifteen per cent. below par there, and then pledge its faith to refund—in what? in specie, or in available funds equivalent to specie, to this Government? Would this be a sound financial operation on the part of Georgia, or would her Government assent to it?

Again, sir, suppose this bill be not passed, what will be another result? That you call upon the Secretary of the Treasury to enforce the law, or distribute the fourth instalment, and where are the means you put in his control? Do you not see that, under such an operation, you inevitably compel him to execute the law to the letter, and that, to do so, he must draw contributions from the



States to distribute back to them. Is this sound policy?

Now, sir, look at the Treasury note bill. Will it relieve the Treasury from embarrassment? If that bill should pass the House in its present form, as passed by the Senate, paying interest on its notes, what will be the result? Why, the moment you throw them out, they will be taken up by capitalists, as the very best investment, as stock, under existing circumstances. There are, at this time, millions of capital lying idle in the vaults of banks, watching the operations of this Government, and ready to take stock in a Bank of the United States, if such an institution should be created. Yes, sir: these very capitalists, the moment you throw out your ten millions of treasury notes, bearing interest, will seize upon them, and instead of serving for a circulation, they will be invested as stock. It will only then afford temporary relief, and the final effect will be, to all intents and purposes, to create a debt. How are these notes, with interest, to be redeemed? By taxation, sir. And are we prepared to incur that debt? Now, if you throw into circulation ten millions of certificates, receivable only for public dues, not bearing interest—(but I much question whether you will ever get a majority in this House to pass such a bill as that, for the simple fact that, the moment the Government throws into circulation such bills as that, the notes of the Bank of the United States of Pennsylvania, will be excluded to that extent from circulation in the southwest, when they have been at five and ten per cent.)—I say if you throw into circulation such certificates, their circulation would spread through the country, and might relieve the present embarrassment, and could be redeemed in future dues. But there is an interest struggling against this—the banking interest of the country.

Now, sir, some gentlemen suppose the notes I have referred to will fall below par. How can that be? If they be receivable for the revenues of the Government, and no more be issued than enough to meet the payment of those revenues, they will be above par, or, at least, equal to gold and silver. Nothing can depreciate them but an issue beyond the amount of the revenue of the country, and it is even questionable if that would. But, sir, can we pass such a bill as that, viz: without interest, and throw no more into circulation than the amount necessary for the public dues? It is very doubtful whether this House would.

But throw out \$10,000,000 of notes, bearing interest, and at the end of the year the Government will be called on to redeem them, or they will run on at interest, thus creating a debt in its most odious and objectionable form. Capitalists in stocks are deeply interested in such an issue. Whatever this Government makes receivable in dues is, to all intents and purposes, money, and such a circulation, limited to the amount of expenditures, would be equivalent to gold and silver, and relieve the commercial community in collection of customs. It would in fact be a currency resting upon the credit of Government. And this is all the Government could do, even though a bank endorse the notes or loan its credit.

Now, sir, I repeat, we are not prepared for the state of things that will ensue upon the rejection of this bill. You will press upon the Secretary of the Treasury, and compel him to execute that fourth instalment, and the result will inevitably be that you compel this Government to create a debt, which debt you are bound to pay in the revenues of the country, and how these revenues are collected we all too well know!

Who receives the distribution? Do you distribute it according to the payment of taxes? Many suppose that we consume according to population, and pay taxes according to consumption. If this be true, we do not receive our proper distribution, for two-fifths of a certain class of our population, under our representation, will be excluded. Are gentlemen prepared to carry out this system permanently, or create a debt by distributing this instalment.

Take another proposition, not far from the truth, that consumption is in proportion to capacity to consume, and what will that proposition

lead to? Why, that the exports of the country purchase its imports, and, directly or indirectly, those who produce exports consume imports. For the imports through New York, if even consumed in non-exporting sections, they are enabled to do so from their internal trade with the exporting region. Under this system you indirectly collect two-thirds of your import duties from the exporting interest of this Confederacy. And if you distribute, you distribute to those who raise one-fourth of the exportations two-thirds of the fund. Yet, sir, this is the inevitable result if gentlemen should reject this bill, and compel the Secretary of the Treasury to execute the fourth instalment. It is under this apprehension that I have made the motion to reconsider this bill, and I can assure gentlemen that it was from no hasty or excited feeling of the moment. I voted, to be sure, with those I have been unaccustomed to vote with on this floor; and I here take occasion to say that I voted from mature deliberation, and with reference, also, to the peculiar interests I, in part, represent. Sir, let it not be supposed that, from any party tie or from any party feelings, I am disposed to sustain the bill on your table. No, sir. When gentlemen ask me in relation to my present position, I can only say to them that I am precisely where I have been educated to be, upon those great principles, which I deem to be identified with the Constitution and liberties of my country. There is a conflict of interests upon this floor. There is a conflict of interests in all communities; and when gentlemen talk about this class depending upon another class, and all being beautifully blended in one whole, I can admire the theory. It appears interesting on paper. It is interesting to contemplate the parts of a great empire—all depending upon one great combination of the whole. I can understand it, sir, but I know there is a conflict of interests in all societies. Why is it that we see the world deluged with blood? Is it not from a supposed division of interests in society? Why is it that revolution after revolution has swept over the fairest portion of this habitable globe? Is it not because one class or one interest in society are found struggling with or endeavoring to trample down another class or interest? This is nature—this is man, as found organized in all society.

Sir, let not gentlemen suppose I am actuated by party ties or party feelings. No. I ask no favors, and I scorn and defy power, whether it come from the Executive, or from the banking interests of this country. Sir, I know the conflict that is about to arise on this floor. I see and hear the rushing of the elements, and I stand prepared to meet it in advance. I confess I am prepared to meet it, and let not gentlemen suppose they are to call up interests in this country powerful enough to dictate laws and government to us. No, sir. If they do produce this conflict, I say I am prepared to meet it. It has been said, that in meeting this contest, we are prepared to break down the banking institutions of the States. Sir, I repel this insinuation with scorn and contempt, as a vile slander for party effect. I, sir, will sustain, to the last, the institutions of my own State, and the banking interests she has organized. But, sir, when I am called upon to identify them with this Federal Government, I will not do it. I will not bring them under its subjection, and place the credit and banking system again at the mercy of a lawless and despotic Government here, to yield the destinies of this country. We have seen and felt too much of it. We have seen this union of the banks with Government for the last three or four years, producing the most disastrous effects upon the policy of the country. Sir, it was this very union that brought the present Executive into office. It was this union which has done more, in my opinion, than any thing else to break down the freedom of elections. I stand where I did as to the manner of the election: I am actuated by no other desire but to promote equal liberty to all classes; and when men in power choose to assert right principles of liberty and of the Constitution, by separating the banking institutions of the country from the Government of the country, I am prepared, thus far, to go with them. Sir, no issue shall ever separate me, in a conflict of this kind, from the

great interest I have always supported. But I entreat gentlemen to pause in this most career, because the conflict will be fatal even to the banking institutions of the States themselves if they urge it on. I desire they shall be sustained by the States upon bona fide capital—sustained free from the influence of this Government; and it is because I desire they should be sustained that I am in favor of their separation. Sir, in conclusion, permit me to say, that I stand where the republican party stood in 1798, in 1826, '27 and '28, and where the State Rights party stood in 1832 and '33; and upon those principles I am prepared to stand, and the power of a combined press, or the whole interest of banks, shall never drive me from it.

Mr. Speaker, the view I had in introducing the amendment was, that if there be any surplus remaining in 1839, then let it be deposited; and I thought at the time, and still think, it would meet the assent of a majority of the House. The tendency of this would be to produce economy in the appropriations for next year, under the hope of receiving the deposit then. Upon all the other questions presented by gentlemen in this debate, discursive as they were in their character, "*de omnibus rebus et quibusdam aliis*," I desire to reserve myself for the great bill—for I call that the great measure of the session—the divorce bill, I mean. That bill I hold myself prepared to defend, and I fear no consequences.

Mr. ADAMS opposed the bill on two grounds. Ist, that it was, in effect, a repeal of the fourth instalment, and 2d, that it involved a proposition to raise revenue, and should have originated in the House, and not in the Senate. He said he would vote for the bill, if the amendment of the gentleman from South Carolina, together with his own, were engrafted upon it.

Mr. GRAY remarked that he had opposed the passage of this bill in its present objectionable shape, from its introduction to the present time, in the hope, that before its final passage, an opportunity would be afforded to try the sense of the House upon the amendment which had been proposed by the gentleman (Mr. Pickens) from South Carolina, which would postpone the deposit until the first of January, 1839, instead of an indefinite postponement, as proposed by the bill. He said it was highly important that the laws of Congress, in reference to the interests of the States, should be carried into effect strictly, according to their evident meaning, and especially where, as in the present case, the States, relying upon their immutability, have anticipated their beneficial results. He did not consider the act of June, 1836, as a deposit act only; exclude its title, and judge of it from its provisions, which alone must govern its character, and he apprehended that no one would view it in the light of a deposit act, or as a distribution act, as some had contended. The bill provides that when the money shall be wanted, that it shall be called for in "rateable proportions from the different States, in sums not exceeding \$10,000 in any one month, without previous notice of thirty days for every additional sum of \$20,000." Under this provision, it had been claimed that the whole amount could be drawn within a short period of time. Such a construction (he said) was irreconcilable with the act: \$30,000 was the largest amount that could be drawn in any one month from the State having the largest amount of the deposits, and from the other States in proportion; and, in confirmation of this opinion was the opinion of the Secretary of the Treasury, who, in his report, laid before the House, says: "that, under the limitation of the act of June, 1836, the whole amount that could be legally recalled during the ensuing quarter, would not exceed \$650,000;" thus showing that to be the basis of his calculation; and showing, too, that the amount that could be recalled would encroach but little, if any, upon the principal sum. It is then a matter of importance to the States, as they could always enjoy the use of the money by paying the interest, and is therefore a loan, rather than a deposit law. It is an interest which the States would be unwilling to surrender, unless some paramount emergency should demand it. It has been shown clearly that the wants of Government required the fourth instalment to be withheld

for the present; and he regretted that the bill had not provided for a definite instead of an indefinite postponement; that the bill, without the amendment, presented but a choice between two great evils—the one an indefinite postponement and virtual repeal of the fourth instalment of the deposit law; the other its defeat, which requires of the Government the performance, on their part, of a gratuitous proposition, with which they cannot, with the present limited and unavailable means in their Treasury, comply. The opponents of this bill, with the proposed amendment, ask you to let your Government take care of itself. From those who contend that this is not a Government of the people, and have condescended to the remark that the Government desired to separate itself from the people, such a position was to be expected. Suppose this to be the Government of one man, and he acting in reference to his interests, would he take the means indispensably necessary to its operations? This, thank heaven! is not the Government of one man; it is the Government of the whole people, having a common and united interest in sustaining their Government, act as one man. Let the appeal, then which has been made to the interests of the States go on; let it extend to the people of the States, and they will respond, in a voice not to be mistaken, and caution those who are so disposed not to take this first step in the retrograde to anarchy.

Mr. G. further remarked, that for the purpose of passing the bill with the proposed amendment, he had, since the House had resolved itself into Committee of the Whole, and after the bill had been several days discussed, and the mind of each member, as he presumed, fully made up, voted uniformly against rising without report; and, that the sense of the House might be taken upon the amendment, he had voted against the previous question, which cut off all amendments not previously adopted; and, notwithstanding the previous question has prevailed, an opportunity is now afforded to reconsider, and he hoped the motion would prevail, and the sense of the House be tried upon the amendment. If this motion should not prevail, and the bill pass its final vote, the opponents of the bill must take the responsibility of its objectionable feature. They profess to be less opposed to it with than without the amendment. A large portion of the friends of the bill desire that the amendment be added, but the course taken by its opponents in the unlimited range of discussion, and its continuance persisted in, has compelled the necessity of moving the previous question, at the expense of the exclusion of the amendment by so large a majority; if, desired, however, the motion should not prevail, he should prefer the lesser evil, and vote for the bill. It has seemed somewhat singular, that a question like the present, in which there exists three principal conceded facts, viz: the passage of the deposit law of June, 1836, its acceptance by, and action on the part of the States, and the inability of Government, out of present available means to make the anticipated deposit, should have produced a discussion so unlimited in its range, upon subjects having not the remotest relation to the bill under consideration. The venerable gentleman from Massachusetts (Mr. Adams) very properly remarked that many things had been said in the course of the discussion, in regard to Government abuses, that were not believed. This, however, seems to have been the least possible consideration. No one, in or out of this House, supposes the speeches were made to have effect upon this floor, but to send among the people, under the mistaken impression that the people were less wise than themselves, and would believe the oft refuted matter sent forth to them. In this, however, little success could be anticipated; times past had showed that the assumed difference between the intelligence of the people and their representatives did not exist. This is a peculiar case in for the opponents of the administration. He was sure they would not feel ungrateful that the President had convoked them. It is a peculiar crisis; (although much to be regretted,) there is a pressure; it is their political aliment; they do not prosper during the people's prosperity; it is only when embarrassment and dismay pervades all classes that they thrive. No speeches are made calculat-

ed to encourage exertion in business; all are calculated to create distrust, and produce despondency. The times, notwithstanding, are growing easier, and business becoming more sound; and it might seem, therefore, uncourteous, when public calamity is so nearly ended, to move the previous question, leaving so many speeches in embryo.

Mr. EVERETT addressed the House in opposition to the bill.

Mr. LOOMIS then said as this subject had been debated both in Committee of the Whole and in the House, at very great length, he took it that gentlemen must be prepared to vote upon the question; but he withdrew the motion at the request of

Mr. TOUCEY, who desired to present his views to the House. Mr. T. then gave way to

Mr. LYON, who made an explanation in relation to the bank of Mobile; when

The hour of half past two having arrived, the House, in pursuance of the order of yesterday, took a recess until 4 o'clock.

#### [EVENING SESSION.]

The House resumed the consideration of the motion submitted by Mr. PICKENS, on yesterday to reconsider the vote on the bill to postpone the fourth instalment of deposit with the States.

Mr. TOUCEY said he had risen for the purpose of stating very briefly the reasons which induced him to support the present bill. He was one of the number by whose agency, in the last Congress, the act regulating the deposits of the public money had become a law. It was well known to every one, to the whole country, that the great object of that law, so far, at least, as regarded the deposit with the States, was to dispose of a large and inconvenient surplus, which had accumulated in the Treasury. It was admitted on all sides, that this accumulation was a great and alarming evil. It was deposited in banks through every State in the Union; was used as banking capital for the benefit of stockholders; and stimulated the spirit of overbanking, overtrading, and excessive speculation, which then raged throughout the country. Its tendency was strongly felt and distinctly visible here, to encourage extravagant appropriations and wasteful expenditure of the public money. This surplus was the evil to be remedied. It pressed with disastrous weight upon the great interests of the country. The object, acknowledged and avowed on all sides, was to remove it. That object had been fully and entirely accomplished. There was no longer any surplus in the Treasury. The reason of the law had ceased to exist.

Mr. T. said that the condition of the Treasury, about which so much had been heard, could not be concealed from any one. The most ordinary understanding could readily comprehend it. It was clearly disclosed in the Treasury report, and in the Message of the President. The amount in the Treasury beyond the sum to be deposited with the States, was, on the first of January last, about six millions and a half. The income during the present year would be twenty millions, and the expenditure thirty-two millions and a half. No one could fail to see, therefore, that the receipts for the year would fall short of the expenditures for the year twelve millions and a half, and, after applying the whole sum in the Treasury, on the first of January last, there would be a clear deficiency of six millions of dollars. One million of dollars is appropriated by law for the uses of the mint, and is indispensably necessary for its operations, pre-eminently so at this crisis, in the efforts of the Government to restore a currency of gold and silver. To say nothing of the charge upon the Treasury, arising from the extraordinary convention of Congress, the further sum of a million and a half is called for, and will doubtless be appropriated without opposition, for the immediate exigencies of the Florida war, increasing the deficiency from six to eight millions and a half. If the fourth instalment, therefore, directed to be deposited with the States, should be retained in the Treasury, amounting to nine millions and a third, and applied to the service of the current year, the Treasury would be exhausted; exhausted—for so it was with less than a mil-

lion of dollars on hand, and a charge upon it of more than fifteen millions of unexpended or unsatisfied appropriations. This was the condition of the Treasury, if all its funds, wherever deposited, in banks or elsewhere, were immediately available in gold and silver. At the end of the year, if the present bill became a law, and the fourth instalment should be withheld from the States, all the money in the Treasury, including that instalment, and the deposits in the suspended banks, whether available or not available, and making the legal allowance for the mint, would be absolutely exhausted within less than a million of dollars, and leave fifteen millions of out-standing appropriations, unsatisfied and unprovided for, to be thrown upon the resources of the following year.

It had been said that the five millions in the hands of disbursing officers, should be applied to diminish this deficiency. But that was a manifest error. That sum had already once been taken into the account, and constituted a part of the twenty-four millions already expended; was considered as expended when paid out of the Treasury, and was in the progress of disbursement. It was too manifest to require illustration, that after that sum had been paid out of the Treasury, and regarded as having extinguished charges upon it to that extent, it could be again applied to extinguish the charges which still remained.

But this was not the worst aspect of our financial condition. By the Treasurer's report of the 30th of August last, we had twelve millions deposited in suspended banks, of which nine millions were in the western and southwestern banks, whose bills were at a discount, varying from ten to fifteen per cent. It was notorious that these banks could not immediately respond to the demands of the Government, and a bill had already been sent here from the Senate giving them time. These funds were, therefore, deemed unavailable; not lost, but at present not available; and to supply the deficiency, the temporary deficiency, arising from this source, Treasury notes were to be resorted to. Those funds had already been drawn upon to the extent of about five millions, but these drafts had not been paid, and most of them would be chargeable upon our future revenues. It seemed very obvious, therefore, that a debt must be created, either in the form of drafts or Treasury notes, or a direct loan, to the extent of eighteen or twenty millions of dollars, if the present bill should not receive the sanction of Congress—in other words, if the fourth instalment, which was directed to be deposited with the States upon the mistaken estimate that the revenue of the current year would be at least equal to the expenditure, instead of falling short of it, near thirteen millions of dollars, should, notwithstanding this mistake, still be ordered to be made. The object of the law and the intention of Congress had been fully accomplished. The entire actual surplus had been deposited. The letter of the law directed the further sum of nine millions to be deposited, which subsequent events had shown, were no part of any actually existing surplus; and if the law be now executed literally, you go counter to the designs of those who framed it; you create a debt of nine millions, for the purpose of depositing nine millions with the States.

This Mr. T. said presented the issue, upon which he was willing to go before the country, and he denied that Congress could constitutionally and rightfully borrow money, or raise it by taxes in any form, for the purpose of depositing it with the States. They might go through with the forms of law, but it was a perversion and abuse of the powers of this Government to raise money for any such purpose.

Another alternative had indeed been suggested by an honorable member from Tennessee, (Mr. Bell,) that certain appropriations for the public works, for armories, for arsenals, for ships of war, for armament of fortifications, arming the militia, and other like purposes, might be diminished or suspended, that the fourth instalment might be deposited with the States. This presented another issue for the country: this would be even worse than had been predicted. It had been apprehended by many, very many, that a deposit of the Federal

treasure with the States would tend to defeat appropriations for the constitutional purposes of this Government; the very purposes for which it was called into existence. Worse than this had now already been witnessed. It had been recommended upon them, to recal or suspend appropriations which a former Congress had made for proper and necessary constitutional objects; that the sum of nine millions of the public moneys, put into the hands of the Federal Government for those very objects, might be withdrawn from them and deposited with the States. Such a course could not receive his sanction: it would be contrary to his convictions of duty; and he had formed a very erroneous estimate of the intelligence and patriotism of the American people, or it would not meet with their approbation.

Mr. CAMBRELENG thought the House would agree with him when he said there had been sufficient discussion on this subject. For his part, he was most anxious for a short session, as were many others. With that view, he now proposed to the House that the question be taken on the subject before it. He believed it was the general desire of all parties that the previous question should be demanded. He, therefore, called for it, but he had no objection to a call of the House, if it was required.

At the suggestion of several members, Mr. C. also made the latter motion; which prevailing, the Clerk proceeded to call the roll, and 215 members having answered to their names,

Mr. MUHLENBERG moved that all further proceedings in the call be dispensed with.

Mr. CAMBRELENG, with a view of affording the absent members time to resume their seats, moved that the yeas and nays be taken on that proposition; which being ordered, resulted as follows—yeas 128, nays 74.

So the motion prevailed.

The previous question was then seconded without a division.

Mr. CLARK called for the yeas and nays on the main question; which being ordered, resulted—yeas 149, nays 81, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Beatty, Bell, Biddle, Bond, Borden, Briggs, Bronson, Bruyn, William B. Calhoun, John Calhoun, William B. Campbell, John Campbell, William B. Carter, Casey, Chambers, Chaney, Chatham, Childs, Claiborne, Clark, Cleveland, Clowney, Connor, Cray, Crausdon, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Duncan, Dunn, Edwards, Elmore, Evans, Everett, Ewing, Richard Fletcher, Filmore, Foster, Rice Garland, Gholson, Glascock, Goode, James Graham, William Graham, Grantland, Grant, Graves, Gray, Greenell, Griffin, Hall, Hammond, Hamer, Harlan, Harper, Hastings, Haynes, Jenifer, Herod, Hoffman, Holsey, Hopkins, Jabez, Jackson, Jenifer, Henry Johnson, Nathaniel Jones, Kilgore, Legare, Leadbetter, Lewis, Lincoln, Andrew W. Loomis, Lyons, Mallory, Marvin, Samson Mason, Maury, May, Maxwell, McClure, McKim, McKennan, Menefee, Mercer, Milligan, Montgomery, Matthias Morris, Calvary Morris, Murray, Naylor, Noyes, Ogle, Patterson, Peck, Pettikin, Phillips, Pickens, Pope, Potts, Prentiss, Rariden, Read, Reacher, Rhett, Richardson, Ridgeway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine II. Shepperd, Charles Shepard, Shickle, Shipley, Sibley, Slide, Smith, Snyder, Southgate, Stanley, Taliaferro, Thompson, Tillinghast, Titus, Toland, Towns, Underwood, Vail, Vanderveer, Albert S. White, John White, Elisha Whitlessey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, Worthington, and Yorke—149.

NAYS—Messrs. Anderson, Andrews, A'hearn, Ayckrigg, Belme, Bicknell, Birdsall, Boon, Brodhead, Buchanan, Cambreleng, Timothy J. Carter, Chapman, Cilley, Coles, Craig, Cashman, Daves, DeGraff, Dromgoole, Farrington, Fairfield, Isaac Fletcher, Fry, Gallup, Haley, Halstead, Harrison, Hawes, Hawkins, Holt, Howard, Huxley, William H. Hunter, Robert W. T. Hunter, Ingham, Thomas B. Jackson, Joseph Johnson, William Cost Johnson, John W. Jones, Kemble, Klingensmith, Logan, Aphraxad Loomis, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, Miller, Moore, Morgan, Samuel W. Morris, Muhlenberg, Noble, Owens, Palmer, Parker, Parmenter, Patton, Paynter, Pennybacker, Phelps, Plumer, Randolph, Reily, Rives, Sheffer, Spencer, Stewart, Stratton, Taylor, Thomas, Toucey, Torney, Wagener, Webster, Weeks, Thomas T. Whitlessey, and Jared W. Williams—81.

So the question to reconsider prevailed.

Mr. PICKENS then submitted his amendment to strike out of the bill, "until further provision by law," and insert, "until the first of January, 1839." In submitting this amendment, he would merely say that it was not his intention to debate it further, and he hoped and trusted that we might be enabled to take the vote without much further debate, because he was satisfied that the House must be exhausted and the subject thoroughly understood. He hoped gentlemen would not protract the discussion, and that the previous question

might not again be moved until a vote was taken upon this amendment.

Mr. HAYNES suggested to Mr. Pickens to accept as a modification of his amendment the following: "To be made according to the provisions of the deposit act of June 23, 1836, provided there should be a sufficient surplus in the Treasury." In which Mr. Pickens expressed his entire concurrence, but declined accepting on account of the objections of gentlemen around him.

Mr. HAYNES then offered it as an amendment, on the ground that the amendment proposed by Mr. Pickens created an unconditional obligation upon the Treasury, whether it was in the possession of funds or not; but he subsequently withdrew it at the solicitation of others.

Mr. ADAMS then submitted the following as an amendment to the amendment:

"And all the balances of public moneys due from all the deposit banks are hereby appropriated to the said payment, and no part of them shall be applied to any other payment whatever; and if the portion of the said balances due by the said deposit banks cannot be recovered in time to enable the Treasury to pay the whole of the said deposit with the States, hereby made payable on the first of January, 1839, then the instalment of debt from the late Bank of the United States for the stock in that institution held by the United States, payable in October, 1838, is hereby appropriated to make up any insufficiency of the sums recovered from the deposit banks, to complete the said payment of the fourth instalment of the deposit with the States."

Mr. PHILLIPS, from what had been manifested in the House, concluded that there was now no intention to act otherwise than merely to postpone the payment of the fourth instalment of the deposit. Then the only question before the House was that of time, or, in other words, the way of doing business. So far as the Government was concerned, it was, in effect, the same as to whether Treasury notes were issued, or the bill before them was carried. The point that Government was under the obligation of paying the fourth instalment, had been conceded. He was in favor of adopting measures of relief, but thought it could be better accomplished by Government availing itself of other resources than the one in contemplation.

Mr. PATTON gave his reasons for dissenting from the amendment proposed by the gentleman from Massachusetts. He could not vote for the bill with that proviso attached, the tendency of which would be to prevent our ever getting the money again from the States. He hoped they would not make a law, binding on their successors, to raise money by taxes to pay the deposit.

Mr. LOOMIS suggested to Mr. Adams an amendment, striking out the word "pay," and inserting "deposit." Mr. A. refused to receive it.

Mr. ROBERTSON was opposed to the amendment and the bill. He did not see how the Government could pass it without a manifest breach of faith. In this instance, the United States Government, by the deposit law of 1836, had pledged itself, and in his opinion it was bound, to perform what it had promised. He would like to know how it was that the money which had been laid apart for this purpose had been disposed of. On the 1st of January, 1837, the amount was actually in the Treasury; and he wished to know what law justified the Secretary to lay his hands on a single dollar of this special deposit. If the Secretary had used it for other purposes, he had offended against the law of the land. No man had a right to use what had been destined for a specific object. It had been said that the money was in the banks, and not available, and that the States would not like to accept it in the paper of those institutions. But that was the concern of the States. They were willing to receive it in any way it could be given; and he was sure that Kentucky, Massachusetts, and other States, could make those notes available. Let the Government pay them with what it had; they asked no more.

Mr. BOULDIN said he had taken no part in the debate, but had voted for the bill, and against its reconsideration. He had done so with some doubt as to the propriety of such a vote. The only doubt he had, arose from a question in his mind, whether

we had not better make sale of the stock, or rather the bonds, which he understood to be due for the sale of stock in the late Bank of the United States. Perhaps they would bring their nominal amount, or might bring something less. The money received into the Treasury, as well as all sums of money in times of great speculation, and especially when there is a great proportion of paper money in circulation, was in a degree fictitious. It seems, he said, that we are now returning to more reasonable valuations of every thing, and he did not know why the Government should not suffer some loss as well as its citizens, when they all seem to have acted under the same delusion. Perhaps the people would be less distressed by a loss on these bonds than in any way that they could make a sacrifice. Mr. B. did not believe, however, that there would be any loss upon them if sold.

But the Secretary of the Treasury had said the money is wanting, and it seemed that there was no probability of getting it in any way by a vote of this House, unless it is by withholding this fourth instalment. Mr. B. had been willing, along with his friends, to vote for the bill.

If the money is needed, he is sure his vote can be justified. If it be not wanted, he cannot see how the bill can be justified, in his view of the matter. As the bill now stands, it withholds the fourth instalment, and gives up the first three which are paid. Mr. B. voted for the proposition of last session, proposing to deposit, only on the ground that we had got the people's money, either by mistake or wrongfully, and that we ought to restore it to them. He thought we could have done so more equally and justly by stopping the sales of the public lands, and taking off some of the taxes. He thinks so still. He views this fourth instalment as a mere essay to restore so much money to the true owners, but very unequally. If then the money be wanting here, the people must in some way, at some time, be taxed to raise it. It is much cheaper to pay their taxes with what we have, than to raise the same sum by taxing the people again for it; and then it goes back into the pockets it came out of. By the deposit law, few of the true owners from whom it was taken will ever get much of it. To raise ten millions by any kind of taxes will require something like twelve millions tax, to include expenditures. To pay ten millions of public dues, with that sum of the people's money in hand, will cost nothing more than that sum. No expense; no commissions; no losses. Why, then, not pay it if it be wanting? If not, why withhold it? Mr. B. wanted no bonds on the States. We have an execution, or that which is equal, against every particle of property of every citizen, and command of his personal services, and even of his life, if the public necessities require it. We can levy duties and taxes, which are equal to an execution, and why prefer a bond? Mr. B. could not vote for any thing to be attached to this bill that would leave any after-claps. He wishes to settle as he went. He wished the Government to have as much as it needed, and not one cent more. He had said on the passage of the deposit bill, that unless we get rid of these vast sums entirely, they would ruin us. If we keep them here, they will ruin every thing. If we place them about in any way in the States, reserving any discretionary control over them, they will ruin us. It is impossible not to see and to feel the solicitude now produced by this call. Men are obliged to feel that the calling for, or not calling for, this sum, must affect the interest of their constituents. Public works are undertaken in consequence of these deposits and promises to deposit. Is it not manifest that this power to call or not call, puts, to a great extent, into the hands of the Federal Government that controlling power over the States, and the representatives of the people of the States, for which they have been so long, and in so many ways, reaching?

Mr. B. wanted to settle finally, and leave each Government free of the other, exactly in that condition in which the Constitution of each placed them.

Mr. B. had often said in this House, and would repeat it, that the greatest difficulties we had to encounter, arose from having, or having had, or having supposed we had, these great sums. Collect



them, said he, in gold and silver, and place them in strong boxes, and guard them with bayonets; and who will keep the bayonets off them? Deposit them, and we see what it comes to!

But, said Mr. B. collect no more than you want, and pay as soon as you get it, and this trouble is over. Ten times the amount of the proper revenue of the United States is collected every year by deputy sheriffs and constables, and all paid over, or with very little loss. And, why, sir? It is because there is a carping, anxious plaintiff, or creditor, ready to receive it in any money that is paying. So it would be with us, if we collected no more than we had use for.

Mr. B. said he would conclude by saying that his great dread was, if we leave this money to be collected and paid hereafter, about the time the tariff compromise was about to expire, we should be told we must keep up a high tariff to pay this money. How else can it be paid? the quarters from which most of these propositions came being mostly high tariff, he could not but feel sure that this would be the end of it. He would vote again for the bill if unaltered; but against it if any provision for after-claps were attached to it. He wanted to strike a balance now; and if hereafter we should get such sums as we had, or supposed we had, we can easily open a new account, and pass another deposit law should we find it necessary, which God forbid!

The question was then taken on Mr. ADAMS'S amendment, and decided in the negative—yeas 94, nays 136, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, Bell, Bond, Borden, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, Wm. B. Carter, Casey, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Cushing, Darling, Davies, Deberry, Dennis, Dunn, Evans, Everett, Ewing, Richard Fletcher, Filmore, Rice Garland, Goode, Wm. Graham, Graves, Grennell, Hall, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Henry Johnson, William Cost Johnson, Lincoln, A. W. Loomis, Mallory, Marvin, S. Mason, Maury, May, Maxwell, McKennan, Menefee, Mercer, Milligan, Matthias Morris, Calvary Morris, Naylor, Noyes, Ogle, Wm. Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Reacher, Ridgeway, Robertson, Rumsey, Russell, Sergeant, Augustine H. Shepperd, Sibley, Slade, Snyder, Southgate, Stanley, Stratton, Tillinghast, Toland, Underwood, Albert S. White, John White, Elisha Whitelessey, Lewis Williams, Joseph Williams, and Christopher H. Williams—94.

NAYS—Messrs. John W. Allen, Anderson, Andrews, Atherton, Ayckrigg, Beatty, Bicknell, Birdsall, Boon, Bouldin, Brodhead, Bronson, Bruyn, Buchanan, Cambreleng, John Campbell, T. J. Carter, Chaney, Chapman, Cilley, Claiborne, Cleveland, Clowney, Coles, Connor, Craig, Cushman, Dawson, Davee, DeGraff, Dromgoole, Duncan, Edwards, Elmore, Farrington, Fairfield, Isaac Fletcher, Filmore, Rice Garland, Gholson, Glascock, James Graham, Grandland, Grant, Gray, Griffin, Haley, Halstead, Hammond, Hamer, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, Wm. H. Hunter, R. M. T. Hunter, Ingham, Thos. B. Jackson, Joseph Johnson, N. Jones, J. W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Paynter, Pennybacker, Petriken, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reilly, Rhet, Richardson, Rives, Sawyer, Sheffer, Charles Shepard, Shields, Shipley, Smith, Spencer, Stewart, Taylor, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whitelessey, Sherrod Williams, Jared W. Williams, Wise, Worthington, Yell, and Yorke—132.

Mr. HAYNES renewed his amendment, stating that it was intended to avoid the conclusion first mentioned by him, that it would create an unconditional charge upon the Treasury. That there was no difference in principle between the amendment of the gentleman from South Carolina, and an immediate deposit by the issue of Treasury notes, payable on the 1st of January, 1839, as had been conclusively shown by the honorable gentleman from Massachusetts, (Mr. Phillips.) Further, he offered it as a direct expression of what had just been indirectly expressed by the vote upon the amendment of the honorable member from Massachusetts, (Mr. Adams;) that this House will not, in any form, make an appropriation to meet the pledge contained in the amendment of the honorable gentleman from South Carolina, Mr. Pickens.

Mr. WILLIAMS, of North Carolina, then moved to lay the bill and amendments on the table.

Mr. COLES called for the yeas and nays, which were ordered, and were—yeas 101, nays 132, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, Ayckrigg, Bell, Biddle, Bond, Borden, William B. Calhoun, John Calhoun, W. B. Campbell, Wm. B. Carter, Casey, Chambers, Cheatham,

Childs, Corwin, Cranston, Crockett, Curtis, Cushing, Darling, Dawson, Davies, Deberry, Dennis, Dunn, Evans, Everett, Ewing, Richard Fletcher, Goode, James Graham, Wm. Graham, Grennell, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Henry Johnson, William Cost Johnson, Lincoln, A. W. Loomis, Mallory, Marvin, S. Mason, Maury, May, Maxwell, McKennan, Menefee, Mercer, Milligan, Matthias Morris, Calvary Morris, Naylor, Noyes, Ogle, Wm. Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Reacher, Ridgeway, Robertson, Rumsey, Russell, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Snyder, Southgate, Stanley, Stratton, Tallaferro, Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Elisha Whitelessey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—101.

NAYS—Messrs. John W. Allen, Anderson, Andrews, Atherton, Beatty, Boime, Bicknell, Birdsall, Boon, Bouldin, Briggs, Brodhead, Bronson, Bruyn, Buchanan, Cambreleng, John Campbell, Timothy J. Carter, Chaney, Chapman, Cilley, Claiborne, Clarke, Cleveland, Clowney, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraff, Dromgoole, Duncan, Edwards, Elmore, Farrington, Fairfield, Isaac Fletcher, Filmore, Foster, Fry, Gallup, Rice Garland, Gholson, Glascock, Grandland, Grant, Gray, Griffin, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, Wm. H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Jennifer, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Paynter, Pennybacker, Petriken, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reed, Reilly, Rhet, Richardson, Rives, Sawyer, Sheffer, Shields, Shipley, Smith, Spencer, Stewart, Taylor, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whitelessey, Jared W. Williams, Worthington, and Yell—132.

So the motion to lay on the table was decided in the negative.

Mr. BELL moved to recommit the bill and amendments, to a Committee of the Whole on the state of the Union, with the following instruction, to strike out all after the enacting clauses, and insert the following:

"That the payment of the fourth instalment required to be deposited with the States, by the act of the 23d of June, 1836, be postponed until the first day of October, 1840; and that moneys to that amount, now in deposit to the credit of the Treasurer, and other public officers, in any of the deposit banks, be, and the same are hereby, appropriated for the payment of the same.

Sec. And be it further enacted, That it shall be the duty of the Secretary of the Treasury, as soon as may be after the first day of October next, to proceed to tender and transfer to the several States, his drafts and orders to pay their respective portions of said moneys, and that it shall be lawful for any State, which may be willing to accept such drafts or transfers in payment of its proportion of said instalment, according to the terms of said act of the 23d of June, 1836, to receive the same; provided, nevertheless, that any bank or banks upon which such transfers or drafts shall issue upon the condition of paying to the States holding the same, interest at the rate of five per cent. per annum, quarterly, shall be required to pay the principal only in the following instalments, to wit: one third on the first day of October, 1838; one third on the first day of October, 1839, and the remainder on the first day of October, 1840.

Messrs. ADAMS and THOMAS made a few remarks in explanation; when

Mr. BELL again spoke at some length in support of his proposition.

Mr. HAYNES said that his intercourse with the House would forbid the suspicion that he could intend any disrespect towards it. But, lest such an inference might be drawn from the remark he was about to make, he utterly and entirely disclaimed any such intention. He said that the course of our discussion looked like we were addressing a petit jury, or playing at the game common among boys, when he was a boy, of seeing who of us could get the last tag.

The question was then taken on the motion to commit, and decided in the negative—yeas 64, nays 149, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayckrigg, Bell, Biddle, Bond, Borden, John Calhoun, William B. Campbell, Wm. B. Carter, Chambers, Cheatham, Corwin, Cranston, Crockett, Curtis, Darling, Davies, Deberry, Dunn, Ewing, Goode, James Graham, Graves, Grennell, Haley, Harlan, Harper, Hawes, Henry, Herod, Henry Johnson, Wm. C. Johnson, Mallory, Samuel Mason, Maury, Maxwell, Menefee, Milligan, Calvary Morris, Naylor, Ogle, Phillips, Pope, Randolph, Ridgeway, Rumsey, Russell, Sergeant, Slade, Southgate, Stanley, Stratton, Tallaferro, Tillinghast, Toland, Underwood, Albert S. White, John White, Elisha Whitelessey, Joseph Williams, C. H. Williams, and Yorke—64.

NAYS—Messrs. Anderson, Andrews, Atherton, Beatty, Beime, Bicknell, Birdsall, Bouldin, Briggs, Brodhead, Bronson, Bruyn, Buchanan, William B. Calhoun, Cambreleng, Timothy J. Carter, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Clowney, Coles, Connor, Craig, Cushman, Dawson, Davee, DeGraff, Dromgoole, Duncan, Edwards, Elmore, Evans, Everett, Farrington, Fairfield, Richard Fletcher, Foster, Fry, Gallup, Rice Garland, Gholson, Glascock, William Graham, Grandland, Grant, Gray, Grennell, Griffin, Haley, Hammond, Hamer, Harrison, Hastings, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, William H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Lincoln, Logan, Arphaxed Loomis, A. W. Loomis, Lyon, Marvin, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, McKennan, Miller, Montgomery, Moore, Morgan, Matthias Morris, Samuel W. Morris, Muhlenberg, Murray, Noyes, Owens, Palmer, Parker, Paynter, Patterson, Paynter, Pennybacker, Petriken, Phelps, Pickens, Plumer, Potts, Potter, Pratt, Prentiss, Reed, Reilly, Rhet, Richardson, Rives, Robertson, Sawyer, Sheffer, Augustine H. Shepperd, Charles Shepard, Shields, Shipley, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Thompson, Titus, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Lewis Williams, Sherrod Williams, Jared W. Williams, Worthington, and Yell—143.

Mr. TOLAND then moved that the House adjourn: lost.

Mr. PHILLIPS then moved to commit the bill to the Committee of the Whole on the state of the Union, with instructions "to strike out all after the enacting clause, and insert a provision for issuing Treasury notes, payable with interest at the rate of five per cent. per annum, on the first day of January, 1839, to an amount equal to such proportion of the fourth instalment, as cannot be paid in drafts, payable in specie, or in such drafts as may be accepted by the States, upon the deposit banks."

Mr. EVERETT called for the yeas and nays, but the House refused to order them, and the motion was lost.

The amendment of Mr. HAYNES was disagreed to without a division.

Mr. HARLAN then moved to amend the amendment by adding thereto "that the public faith is hereby pledged that no further or other postponement of the fourth instalment of deposit with the States shall take place," which was disagreed to.

The question was then taken on the amendment of Mr. PICKENS, and decided in the affirmative—yeas 130, nays 90, as follows:

YEAS—Messrs. Heman Allen, John W. Allen, Anderson, Andrews, Atherton, Beatty, Bicknell, Borden, Briggs, Bronson, Bruyn, Buchanan, William B. Calhoun, John Calhoun, Cambreleng, William B. Campbell, John Campbell, Timothy J. Carter, William B. Carter, Casey, Chaney, Cheatham, Cilley, Claiborne, Clark, Cleveland, Clowney, Connor, Corwin, Craig, Crockett, Cushman, Davee, Deberry, DeGraff, Duncan, Elmore, Fairfield, Foster, Gallup, Rice Garland, Gholson, Glascock, Grandland, Grant, Gray, Griffin, Hall, Hammond, Hamer, Hastings, Hawkins, Henry, Herod, Holsey, Howard, Robert M. T. Hunter, Ingham, Jabez Jackson, Jennifer, Henry Johnson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kilgore, Legare, Leadbetter, Lewis, Logan, Andrew W. Loomis, Lyon, Martin, Maury, Maxwell, Robert McClellan, McClure, McKim, Menefee, Montgomery, Morgan, Matthias Morris, Samuel W. Morris, Murray, Naylor, Noble, Owens, Palmer, Parker, Paynter, Petriken, Phelps, Pickens, Plumer, Pope, Potts, Potter, Pratt, Prentiss, Rariden, Randolph, Rhet, Richardson, Ridgeway, Rumsey, Russell, Sawyer, Sergeant, Sheffer, Augustine H. Shepperd, Charles Shepard, Shipley, Slade, Smith, Spencer, Taylor, Thomas, Thompson, Titus, Towns, Vail, Vanderveer, Wagener, Webster, Weeks, Albert S. White, Elisha Whitelessey, Thomas T. Whitelessey, Sherrod Williams, Worthington, and Yell—130.

NAYS—Messrs. Adams, Ayckrigg, Beime, Bell, Biddle, Birdsall, Bond, Bouldin, Brodhead, Chambers, Chapman, Childs, Coles, Crary, Cranston, Curtis, Cushing, Darling, Dawson, Davies, Dennis, Dromgoole, Dunn, Edwards, Evans, Everett, Ewing, Farrington, Richard Fletcher, Filmore, Fry, Goode, James Graham, William Graham, Graves, Grennell, Haley, Halstead, Harlan, Harrison, Harper, Hawes, Haynes, Hoffman, Holt, Hubley, William H. Hunter, Thomas B. Jackson, William Cost Johnson, Kemble, Klingensmith, Lincoln, Arphaxed Loomis, Mallory, Marvin, James M. Mason, Samuel M. Mason, McKay, Abraham McClellan, McKennan, Mercer, Milligan, Miller, Moore, Calvary Morris, Muhlenberg, Noyes, Ogle, Patterson, Paynter, Pearce, Peck, Pennybacker, Phillips, Reed, Reilly, Rhet, Rives, Robertson, Shields, Sibley, Snyder, Southgate, Stanley, Stewart, Stratton, Tallaferro, Tillinghast, Toland, Toucey, Turney, Underwood, John White, Lewis Williams, Jared W. Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—90.

Mr. MASON of Virginia then submitted the amendment which he had submitted in Committee of the Whole, the effect of which was a repeal of the deposit law of 1836, so far as related to the fourth instalment to be paid under that act; and addressed the House briefly in support of the amendment.

Mr. M. called for the yeas and nays on the adoption of his amendment, which were ordered.

After some remarks by Mr. READ, Mr. ROBERTSON moved to commit the bill to a Committee of the Whole, with certain instructions, which he sent to the Chair, and called for the

years and nays; but the House refused to order them.

Mr. PETRIKEN then moved the previous question; but it was not seconded by the House.

After someremarks by Mr. EWING, the motion to commit was disagreed to without a division.

Mr. TURNEY then moved to amend the proviso to the bill, by striking out the words, "until further provision by law," and insert, "until the 1st of January, 1839."

After some remarks by Mr. McKAY,

Mr. HAYNES said that it would afford him the greatest pleasure to vote for the amendment proposed by the honorable gentleman from Virginia, (Mr. Mason,) and show thereby that he sustained the principles of his native State, but for the conviction that there was but one mode of closing this debate. He moved the previous question, which was seconded by the House, ayes 117, noes not counted; and the main question was ordered to be put.

Mr. REED called for the yeas and nays on the main question, (which was on ordering the bill to a third reading,) which were ordered, and were—yeas 118, nays 106, as follows:

YEAS—Messrs. Anlerson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdall, Borden, Broadhead, Bronson, Bryn, Buchanan, Cambreleng, John Campbell, Timothy J. Carter, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Clowney, Coles, Connor, Craig, Cushman, Davoe, DeGraff, Dromgoole, Duncan, Edwards, Elmore, Farrington, Fairfield, Foster, Fry, Gallup, Gholson, Glascock, Grantland, Grant, Gray, Griffin, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Halsey, Holt, Howard, Hubley, William H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Parker, Parmenter, Paynter, Penhysbacker, Petriken, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reily, Rhett, Richardson, Sheffer, Shipier, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—118.

NAYS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayerrig, Bell, Biddle, Bond, Bouldin, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, William B. Carter, Casey, Chambers, Cheatham, Childs, Corwin, Crary, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Evans, Everett, Ewing, Richard Fletcher, Filmore, Goode, James Graham, William Graham, Graves, Grinnell, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herold, Hoffman, Jenifer, Henry Johnson, William Cost Johnson, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maxwell, McKennan, Menefee, Mercer, Milligan, Matthias Morris, Calvary Morris, Naylor, Noyes, Ogile, Patterson, Pearce, Peck, Phillips, Pope, Potts, Riden, Reed, Rencher, Ridgway, Rives, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Shields, Sibley, Slade, Smith, Snyder, Southgate, Stanley, Stratton, Tallafiero, Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—106.

So the bill was ordered to a third reading at this time.

The bill being read a third time,

Mr. RICE GARLAND moved to postpone the further consideration of the bill until Tuesday next.

Mr. G. advocated his motion on the ground that he did not wish the deposit banks in his State to be left at the mercy of the Secretary of the Treasury; and he therefore wished to defer the postponement bill till the bill to settle with the deposit banks was acted on.

Mr. CAMBRELENG said, for himself, he was disposed to deal as generously with those banks as circumstances would admit; for, though no friend to the banks, yet he was willing to afford them every indulgence, for the sake of the people who were indebted to them.

Mr. DAWSON and Mr. MASON of Ohio, designated this as a bargain between the two gentlemen, and made some strictures thereon.

Mr. GOHLSON said he was in favor of this motion. Sir, I have been the friend of this bill at every and all stages of its progress. I have been here for the last 22 days, giving my aid to this bill; but, sir, now that the struggle is over, I, as one of the friends of this bill, and as one of the Representatives of the State of Mississippi, in which is one of the deposit banks, having a large amount of public money, about which so much has been said during the progress of this debate, by gentlemen on this floor, think it impolitic to permit this bill to pass out of our reach until we have had the action of this House on the bill to regulate the settle-

ment of the Government with the deposit banks. Sir, as much as the interest I have felt for the passage of this bill has been, I feel more interest in the protection of the deposit banks, for the obvious reason that, by the protection of the banks, I protect those indebted to the banks. Mr. Speaker, the gentleman from Ohio (Mr. Bond) appears to be willing, as usual, to make the Chairman of the Committee of Ways and Means (Mr. Cambreleng) the scapegoat, and on his head to place the sins of all of us. He says that the Chairman of the Committee of Ways and Means is willing to grant indulgence to those banks, because they are located in the States favorable to this administration, and intimates that this is bargainings contrary to the course that should be pursued here. Sir, I wish, once for all, to inform that gentleman and all others, that I stand here ready prepared to bargain, whenever I can do so honorably, and by that means promote the interest of my constituents. Sir, that gentleman cries out against the chairman of the Committee of Ways and Means, and the friends of this administration, because he says we say we care nothing for the banks, but feel great interest for the people. Now I presume that there is nothing inconsistent with the principles of honorable legislation in this. I am one of those that feel but little for these banks, in their corporate capacity; but I feel a great disposition to grant them as long indulgence as may be, for the reason that by so doing I extend indulgence to the people, who are the debtors of these banks. Now we have in Mississippi, in the deposit bank, about \$1,767,000 of deposits; I know, sir, although our banks cannot at this time redeem their circulation in specie, yet, sir, the banks in Mississippi are as solvent as any banks in the Union having on hand a like sum of money as deposits. Now, sir, much has been said about relief. Again and again have we heard that nothing is proposed by the friends of this administration for the relief of the people. Now, so far as I can understand what is meant by relief, any measure that will relieve the banks will relieve the people. Sir, we of Mississippi owe a large debt, but we have the means of paying a larger debt than any people in the United States; but we can pay only once in the year; we can only pay when we receive the annual returns of our cotton crops. And I have no doubt but we can, if we are indulged until we can realize the proceeds of another cotton crop, in addition to the one we are now gathering, pay our debts. Now, sir, by the bill on your table from the Senate, in relation to the settlement with these banks—they propose to grant us the relief of four, six, and nine months, upon our complying with certain conditions. Now this is such relief as we do not want. We do not want less than twelve months; and unless we can obtain this much time, much as we have suffered, and are suffering, we prefer that the Government should commence its suit against us; for it is impossible for us to comply with these conditions. Now, sir, it is something remarkable to me, that at the same time that it is proposed to give us this four, six, and nine months' relief, the same body proposes to give the merchants indulgence of twelve months on their bonds. Now, sir, we are the debtors of the Government as well as they, and should have the same indulgence extended to us.

Mr. Speaker, the gentleman from South Carolina (Mr. Thompson) says it is not the intention of this administration to collect this money. He says this money is to be kept in the doubtful States, Alabama, Mississippi, and Louisiana, for the purpose of corrupting the people, and bringing them over to this administration. Now, sir, that gentleman would take it as extremely unkind if it were to be said that the people that he represents could be thus corrupted. He should recollect, then, that I know the people of Mississippi too well not to know that they cannot be corrupted in this way; and I will give the gentleman an undoubted reason for this; and that is, that these banks, controlling this immense sum of money, have been at all times, and still are, opposed to the party in power in Mississippi. Then, sir, if this money could have corrupted them, or bought them up, would not this have been already effected? Have we not already passed

through as great pecuniary embarrassment as we are likely ever to have to contend with? Mr. Speaker, it is now eleven o'clock, p. m. and I am unwilling to detain the House longer. Entertaining these views, I believe I should be recreant to my constituents to let this bill pass out of the reach of this House until the action of this House can be had upon the other bill. Let me ask this House to remember, that this money was received by the banks, for the Government, in paper; that paper has since depreciated, and we are now to pay this money to the Government, when we do pay it, in specie. Now, sir, if gentlemen are not disposed to give us reasonable relief, let them order a suit; let them collect this if they can. This I know cannot be done, for we cannot pay this money until the debtors of the banks can have time to pay their debts. It is then with a view to favor the people who are the debtors of these banks, particularly, that I have sustained this motion, and for the further reason, that if the Government relieves any of debtors, it should relieve them all equally.

The motion to postpone was then disagreed to—ayes 74, nays 97.

Mr. CHAMBERS of Kentucky, after addressing some remarks to the House, moved an adjournment. Lost.

Mr. McKIM then moved the previous question, which was seconded; and the main question having been ordered, the bill was read a third time, and passed.

On motion,

The House adjourned at 11 o'clock, p. m.

## IN SENATE,

SATURDAY, September 30, 1837.

Mr. YOUNG presented a memorial from ten individuals relative to pre-emption of public lands; which was laid on the table.

Mr. BUCHANAN presented three memorials from citizens of the county of Philadelphia, against the annexation of Texas to the United States; also, a memorial from a number of citizens in Bucks county, Pennsylvania, praying that Texas may not be admitted; which were laid on the table.

Mr. PRESTON objected to their reception. He rose for the purpose of saying, in regard to the presentation of petitions on the subject of slavery, and as the public mind was running in that direction, that an attempt would be made to exclude them from the halls of Congress. He would take leave to say, that the southern delegation and the southern portion of the Union, intended to disallow the prayer of petitions of this character, if, by any possibility, it could be done; and, at an early day, consistent with the proceedings of Congress, a motion would be made for the purpose of testing the opinion of the country and of the two houses of Congress in reference to the presentation of these petitions; and he stood pledged to bring forward the question here.

The petitions were then laid on the table.

## SPECIAL ORDER.

The Senate resumed the consideration of the bill imposing certain duties on public officers as depositaries in certain cases. The question pending being on Mr. CALHOUN's amendment—

Mr. PRESTON traced the ill that have befallen the country to the action of the late Executive bill, in relation to the removal of the deposits, and Treasury circular. He contended, that so far from the banks being the cause of the distress, that they were the conservatives of commercial prosperity and agricultural interest; that the General Government had seduced the banks into the connection, and now wanted to throw its victims back upon the people.

Mr. BROWN followed Mr. P. replying at length to the remarks of that gentleman. Mr. B. expressed his astonishment that the State banks, which before had been denounced as unsafe, and unworthy depositaries of the public revenue, were now lauded as worthy of all Government patronage—of all parental care. He defended, with much zeal, the late President from the aspersions thrown upon him as the cause of the general distress, and said, that the conduct of that illustrious individual, so far from deserving the censure cast upon him as the cause of the present distress, would go down

to all after ages as a patriot and statesman worthy of the country that elevated him to the station.

On motion of Mr. BAYARD, the further consideration of the subject was postponed till Monday.

On motion of Mr. WRIGHT, the "bill to postpone the fourth instalment of deposits with the States," which was returned from the House with an amendment, was taken up; when

Mr. WRIGHT stated that the Committee on Finance had examined the amendment, and recommended its adoption.

Mr. TIFTON rose and stated that he was opposed to the bill as it passed the Senate, and could not favor its passage as amended by the House. He considered this Government pledged to make the deposits with the States in strict conformity to the deposit act of 23d June, 1836. The States had a right to expect it, and in most instances made arrangements for the disposal of the money. The State from which he came, had appropriated the three instalments received, and created expectations for the appropriation of the fourth instalment, and would be disappointed and embarrassed if Congress postponed or withheld the fourth instalment as proposed by the bill returned to us from the House of Representatives.

The deposit act of 1836 made it the duty of the Secretary of the Treasury to ascertain and state the amount of surplus that would be coming to each State on the first of January, 1837. He had done so, and had paid three instalments; and now Congress were to step in, and say to the States, we expected to be able to deposit the sum stated by the Secretary of the Treasury, but we were mistaken; times have changed, you must do without it; the Government will be embarrassed if we make the deposits.

He considered it a relief measure to make the deposits in good faith. This Government can not make a more deadly stab at the interests of the Western States, and the western people, than induce them to expect money, and then withhold it from them. The western banks had a large amount of public money deposited in their vaults, and if we permit the deposit to be faithfully executed, the banks would now transfer the public money to the States. It will remain and enter into circulation amongst the western people; the Legislatures can indulge the banks, and the banks will be enabled to favor, thereby making it a prominent relief measure.

Should we withhold the fourth instalment, and force the silver from the western banks into the Treasury of the United States, the consequences must be most ruinous to the interests of the new States, check their internal improvements now going successfully on, and distress the people.

This bill passed the Senate, some days ago, soon after he reached the city, when the state of his health prevented him from expressing his objections to the bill; he now took occasion to say that the effects of this measure would be most fatal to the people of the State which he had in part the honor to represent here.

The question being on concurring with the House in the amendment,

Mr. TIFTON asked for the yeas and nays thereon, and being taken, the amendment was concurred in—yeas 30, nays 2, as follows:

**YEAS**—Messrs. Allen, Bayard, Benton, Black, Brown, Buchanan, Calhoun, Clayton, Fulton, Grundy, King of Alabama, King of Georgia, Linn, Lyon, Morris, Nicholas, Niles, Norvell, Prentiss, Roane, Robinson, Smith of Connecticut, Strange, Swift, Walker, Wall, White, Williams, Wright, and Young—30.

**NAYS**—Messrs. Pierce and Tipton—2.

Mr. GRUNDY, from the Committee on the Judiciary, reported a bill to regulate the fees of district attorneys. [It provides that no district attorney shall receive a fee of more than five dollars for renewal of a bond.]

The bill was read a first time and ordered to a second reading.

Mr. BLACK offered a resolution, which was adopted, directing the Secretary of the Senate to send ten copies of a compilation of public documents to the Land office.

On motion of Mr. BAYARD,  
The Senate adjourned.

## HOUSE OF REPRESENTATIVES,

SATURDAY, September 30, 1837.

Petitions and memorials were presented by Mr. ALLEN of Ohio.

[Mr. ALLEN of Ohio presented a remonstrance from citizens of Medina county, against the admission of Texas; and two petitions, one for the abolition of slavery in the District of Columbia, and one to abolish the slave trade between the States.]

Mr. JONES of Virginia.

Messrs. NAYLOR, SERGEANT, MORRIS, PAYNTER, and FRY, of Pennsylvania.

On motion of Mr. TOLAND, the following resolution, offered by him yesterday, was taken up on its adoption:

**Resolved**, That the Secretary of the Treasury be directed to communicate to this House copies of all correspondence between the department and all individuals, banks, or other corporations, relative to a bill now before Congress to authorize the President of the United States to cause the issue of Treasury notes, and relative to the disposition of such notes; together with copies of all documents or papers on file in the department relative thereto.

Mr. HAMER moved to strike out the word "individuals," for he did not think the House wanted to go into the private or confidential correspondence of the Secretary of the Treasury.

Mr. TOLAND did not want to see the private correspondence of any one, but the letters from individuals to the Secretary of the Treasury, on a subject like this, did not partake of that character.

Mr. WHITTLESEY of Ohio, suggested a modification, by the insertion of the word "official," before correspondence.

Mr. HAMER had himself risen to suggest the same modification.

Mr. TOLAND accepted it; and so modified, the resolution was agreed to.

Petitions were further presented by

Mr. HALSTEAD of New Jersey.

Mr. ALLEN of Vermont.

[Mr. ALLEN of Vermont, presented the petition of Luther Cole and 45 others, citizens of Montgomery, in the county of Franklin, and State of Vermont, against the annexation of Texas to the Union.]

Mr. PARMENTER of Massachusetts.

Mr. CAMBRELENG, on leave, from the Committee of Ways and Means, reported, without amendment, the bill from the Senate to remit the duties on certain goods destroyed by the late conflagration in the city of New York, and the same was committed to a Committee of the Whole on the state of the Union.

Mr. CAMBRELENG, from the same committee, reported an amendment to the Senate's bill to postpone the payment on duty bonds; which was committed to the same Committee of the Whole, having charge of the bill on the same subject.

On motion of Mr. DUNN, the report from the Secretary of the Treasury, in reference to the further postponement of duty bonds, and the fees of district attorneys thereon, was taken up and referred to the Committee on the Judiciary.

## NATIONAL BANK.

The House then proceeded to the consideration of the following resolution, reported from the Committee of Ways and Means on the 25th instant, it being the business next in order:

**Resolved**, That it is inexpedient to charter a national bank.

The question pending was the motion of Mr. WISE to amend the resolution by adding thereto, "at this time. And be it further resolved, that it will be expedient to establish a national bank whenever there is a clear manifestation of public sentiment in favor of such a measure."

Mr. SERGEANT continued his remarks, but, without concluding, gave way to

Mr. CAMBRELENG, on whose motion the House passed to the orders of the day.

Mr. ROBERTSON gave notice of his intention to move an amendment to the amendment as follows:

"Nor ought such an institution to be chartered at any time hereafter, unless by an amendment to the Constitution, which the United States shall specially express, by delegating to Congress the power to do so."

## TREASURY NOTES.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, Mr. CONNOR in the Chair.

Mr. CAMBRELENG moved to take up the bill from the Senate "To authorize the issuing of Treasury notes."

Mr. BELL and Mr. ADAMS objected to taking up the Senate's bill, on the ground that it was a money bill, and should be first considered in the House.

Mr. WISE moved that the committee rise and report to the House that objections had been made to the bill in Committee of the Whole, on the ground of its being a money bill, and consequently ought to have originated in the House.

Mr. CAMBRELENG said it must be within the recollection of many gentlemen here, that the compromise act of 1833, was sent from the Senate to this House, with a very large increase of tax, which would have made the very same objections now raised, lie against that bill. This bill did not propose a tax; it proposed no public debt; as our means were ample, but not at this time available. It was merely a measure to enable the Government to anticipate resources already in its possession. Gentlemen had said a great deal about this bill originating in the Senate. The cause of this was that the Senate's Committee on Finance was organized four days before the Committee of Ways and Means in the House, and consequently their bills were sooner brought forward, and acted upon by the Senate. Beside the Senate's committee had not the obstacles thrown in their way which had been thrown in the way of the Committee of Ways and Means of the House. We have had obstacles thrown in our way day by day, and if we were now to have a grave constitutional question to be settled, we may as well have the question postponed until the first day of the regular session of Congress. On to-morrow the merchants' bonds all expire, and he hoped gentlemen would permit the business to progress at this time.

After a few words by Messrs. MERCER and ROBERTSON,

Mr. CAMBRELENG withdrew the motion to take up the Senate's bill, and moved to take up the bill reported by the Committee of Ways and Means of this House.

After some conversation between Messrs. WISE, MERCER, WILLIAMS, HAYNES, and GLASCOCK, as to whether it was in order to withdraw this motion, and submit another at this time—

The question was taken, and decided in the affirmative.

The House bill was then taken up, and read through by the Clerk.

Mr. CAMBRELENG said that, when he presented the first bill to the consideration of the Committee, he had presented a statement of the condition of the Treasury on the 1st of October. As we now proposed to issue Treasury notes, based on the existing resources of the Treasury, he would submit to the committee an estimate, founded on the best information that could now be obtained, as to our resources and liabilities on the 1st January next. Mr. C. then submitted the following

Estimate of the state of the Treasury, and of its outstanding resources and liabilities, on the 1st of January, 1838; excluding the amount deposited with the States, and assuming that ten millions of Treasury notes will have been issued, and that all the custom-house bonds and claims upon the banks be postponed till the next year.

Estimated to be in the Treasury on the

1st of October—	
In money	- \$1,000,000
In the Mint	- 500,000
	\$1,500,000

Estimated receipts in the last quarter

from lands and customs - 2,000,000

From Treasury notes - 10,000,000

13,500,000

Expenditures in the last quarter, including new appropriations made at the present session for the Florida war, the expenses of the session,



the payment of debentures, &c. - 10,500,000

3,000,000

#### Outstanding resources—

Probable amount which will remain unpaid by the banks, and payable in 1838 - 7,000,000  
Custom-house bonds payable in 1838 - 6,000,000  
Bonds in suit - 1,000,000  
Bonds due from the sufferers by the fire in New York, payable in 1839, '40, and '41 - 1,000,000  
Instalments due from the Bank of the U. States in 1838, '9 and '40, exclusive of interest - 6,000,000

21,000,000

24,000,000

#### Liabilities—

Outstanding appropriations, deducting the amount which may probably be curtailed 12,000,000  
Treasury notes - 10,000,000  
22,000,000

Mr. C. alluded also to the fact, that there were seven or eight millions of outstanding, appropriations at the end of every year, which might be considered permanently outstanding. It would thus appear that our money and resources probably amount to twenty-four millions and a half. We were not called upon to authorize a loan or to create a public debt. There was no occasion for a stock, however desirable it might be for investment or for remittance to Europe. All that was now proposed, was to anticipate our actual resources by an issue of Treasury notes. The material question was, whether the notes should bear interest or not. In the present extraordinary condition of the country, he should think notes without interest an important auxiliary to aid in the collection of the revenue, and in relieving our internal circulation? He believed it quite as important to adjust the balance between the southwestern and northwestern portions of the country, as it was to pay off our foreign debt. If there was a current revenue coming into the Treasury, such an issue might be safely made and sustained in circulation, and would not, like the small notes issued in 1815, interfere with the currency. Gentlemen denounced notes of this description as paper money; they perform the office of exchange, and not of currency, and at the same time were convenient for making payments into the Treasury, and for our public expenditures. The currency of France, with her four hundred and fifty millions of gold and silver, had not been disturbed by the issues by the Bank of France of notes of about a similar denomination. The demands of commerce alone will not, however, sustain Treasury notes, without interest, in circulation. We must also be in receipt of a current revenue. Since the extension of time to the merchants and the banks, all the payments into the Treasury were thrown into the next year, and for some months very little would be coming into the Treasury. Under such circumstances, there was reason to fear that the notes would be depreciated. He had, therefore, adopted the principle of the Senate's bill, allowing an interest. He was not in favor of issuing Treasury now, or at any time, whether with or without interest; but, although our resources are ample, we are compelled to anticipate them, in order to give indulgence to the debtors of Government. In relieving them, and giving means to the Treasury, it is fortunate that we can afford to the southwest a medium of remittance, and at the same time, aid the merchants on the Atlantic to pay off their foreign debt. It was the prospect of this issue of ten millions of Treasury notes which had already considerably reduced the price of specie. Mr. C. then moved an amendment to the bill, by proposing substantially the provisions of the Senate's bill, authorizing an issue of Treasury notes, bearing interest not exceeding six per cent.

Mr. RHETT addressed the House at some length in support of the bill for the issue of Treasury notes, but contended that they should not bear interest, as that would have the effect to keep them out of circulation. If they bore five per cent. interest, he contended they would be bought up by capitalists and held as stock. He opposed the union of the Government with banks, and said that he, as a nullifier, would never consent that this Government should be allied with the great moneyed institutions of the country. Mr. R. concluded by moving to amend the amendment by inserting "or bills receivable," after the words "Treasury notes," wherever they occur, and striking out all that part relating to interest.

Mr. RICE GARLAND raised a question whether it was in order for the Chairman of the Committee of Ways and Means to move the Senate's bill as an amendment to this bill.

Mr. CAMBRELENG then modified his amendment so as to bring it within the rules of the House.

Mr. BELL made some remarks in favor of taking up the bill for the extension of duty bonds, and pass upon it before this bill was passed, so that they might actually know what the amount of deficit in the Treasury would be. He thought it a novel proceeding to take up this bill before the passage of the other bill, because the amount of deficit would depend in some measure upon the passage of the bill to extend the merchants' bonds. When that bill was acted upon, we could tell what the deficit in the Treasury would be, and then we could act accordingly.

Mr. CAMBRELENG said he did not hold himself responsible for the very extraordinary delay in the passage of the bill to postpone the fourth instalment which passed last night. But gentlemen would not drive him from the course he had taken in bringing these bills before the House. The first object of the Committee of Ways and Means was to bring the bill to postpone the fourth instalment before the House, and have it acted upon. Their next object was to supply the deficiency in the Treasury to enable it to go on with its disbursements; and with great deference to the gentleman from Tennessee, (Mr. Bell,) who had become very lately the advocate of the merchants, he must say, that he must provide for the wants of the Government before he did any thing else. We have been told but yesterday by the gentleman from Pennsylvania, (Mr. Sergeant,) and it was repeated again to-day, that he could not obtain, for a friend of his, the payment of a draft for \$811. He would not budge from the position he had taken, and he felt very confident that this committee would not do so. Gentlemen understood this question perfectly. It was simply whether Congress would authorize the issue of Treasury notes *with* or *without* interest. The bill was printed in various forms, both in this House and the Senate; and gentlemen would make up their minds on the subject as well now as a month hence.

Mr. BELL made a few remarks in explanation, contending that the course he had suggested before was the proper course now to be pursued.

After a few remarks by Messrs. HAYNES and MERCER,

On motion of Mr. BELL, the committee rose and reported.

The SPEAKER having resumed the Chair,

On motion of Mr. PICKENS, the amendments to the bill were ordered to be printed.

Mr. ADAMS, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of the Treasury be directed to transmit to this House copies of the monthly returns from the receivers of public moneys to the Treasury Department, required by the circular order of the 11th of July, 1836, specifying the amount received by them, respectively, of gold and silver, and of bills authorized by the said circular order to be received; and also copies of all the certificates of deposits received at the Treasury from the late deposit banks, with the annexed proportions of gold and silver, and of bank notes, required of the said banks by the said circular order.

The SPEAKER laid before the House the following report from the Secretary of the Treasury:

TREASURY DEPARTMENT,  
September 30, 1837.

SIR: This report is submitted in compliance with the following resolution, passed on the 28th instant, and received at the department this day:

*Resolved*, That the Secretary of the Treasury be required to furnish this House with a statement of the number of Sub-Treasuries which will be required, if the bill imposing additional duties as depositories in certain cases on public officers should become a law; and further, how many new officers must be created; if any, how many new buildings to be erected, and what will be, as nearly as he can estimate it, the annual expense of the system; what the salaries to be paid the officers, or what will be the commissions to which they will be entitled."

In answer to the first inquiry, I would state that I have had recurrence to the printed bill of the House of Representatives, "imposing additional duties as depositories in certain cases on public officers and for other purposes," and which is supposed to be the bill referred to in the resolution. Under that bill, if in its present form it should become a law, I should not feel authorized to appoint any number of "new officers," whether called Sub-Treasurers, or otherwise, and created either to keep or disburse the public money. The bill seems merely to impose further duties as depositories on the officers now existing and employed in the collection of the customs and lands, and in the Post Office and Mint. The number of those in each of these establishments, if that information be desired, appears, with a few exceptions, and more accurately than could otherwise be stated without delay, in the last Biennial Register, published by the State Department under the direction of Congress, and to which I would respectfully refer for that purpose.

As to the second inquiry, it may be observed that in one of the plans suggested by this Department in the report at the commencement of the session, it was proposed that from four to ten "new officers," separate from, and independent of, those now in existence, might be authorized to act as commissioners, or keepers of the public money, at these important points where it should accumulate much beyond the current expenditures.

But that plan does not appear to be incorporated into the bill before me.

In reply to the third question, I would state, that no "new buildings" seem to be contemplated by this bill, nor have any been considered necessary by this Department.

In answer to the fourth inquiry, "what will be, as nearly as he can estimate it, the annual expense of the system—what the salaries to be paid to the officers—or what will be the commissions to which they will be entitled?"—the following statement is presented:

As the bill now stands, in the fourth section an allowance exists which covers all the additional expenses authorized by its provisions.

That allowance is not considered as sanctioning any commissions, or any new salaries to any of the keepers of the public money.

But if independent commissioners or agents had been authorized, as proposed in one of the plans submitted by the Department for consideration, it was estimated that their number need be only from four to ten, and their salaries not exceed on an average \$2,000 annually, without commissions.

That plan not being adopted, the only additional expenses of the system annually, as permitted by the above section in the present bill, would be "for clerks, fire-proof chests, or vaults, or other necessary expenses of safe-keeping, transferring, and disbursing said moneys."

It is computed that, in all, from ten to twenty additional clerks may be necessary at the most important points of collection and disbursement. As the warrants paid at the places of the greatest receipts and disbursements do not generally exceed four or five per day, that number of clerks will probably be amply sufficient.

Fifteen at \$1,000 salary per year will be \$15,000; and it is not supposed that the compensation need, on an average, exceed that amount.

At a similar number of places, additional iron chests, safes, or vaults, may be necessary. But, as they now exist at several ports and land offices, and the first cost of them will not have to be renewed annually, it is computed that the yearly expense for these will not exceed the sum of \$10,000.

The only other additional expenses contemplated will be some small items for blank books, transfers, etc. But the last will probably not amount to any thing beyond, if it equal, what is now paid for conveying money to the banks from the land offices.

Should the Treasurer, as recommended in my recent report on the finances, be permitted to receive money in advance for lands, at such points as may be selected by him for public convenience, little or no expense whatever will occur in transfers.

The whole additional expense under the bill mentioned is, therefore, computed not to exceed yearly the aggregate of \$25,000.

Respectfully, yours,

LEVI WOODBURY,  
Secretary of the Treasury.

HON. JAMES K. POLK,

Speaker of the House of Representatives.

Mr. CAMBRELENG, at the request of several members, moved the printing of the statement which he had submitted to the House; which motion was agreed to.

On motion of Mr. PICKENS,

The House then adjourned.

#### IN SENATE,

MONDAY, October 2, 1837.

Mr. ROANE presented a petition from the heirs of Everard Meade, for interest on commutation; which was ordered to lie on the table.

Mr. MORRIS presented a memorial from a number of citizens of Jefferson county, Ohio, against the annexation of Texas to the United States;

Also a memorial from citizens of Hanibal county, New York, against the annexation of Texas; which were laid on the table.

Mr. ALLEN presented a memorial from a number of citizens of Columbiana county, Ohio, against the incorporation of a national bank, and praying an increase of the circulation of gold and silver; which was laid on the table, and ordered to be printed.

Mr. GRUNDY expressed a desire to call up the bill reported by him on Saturday last, (and ordered to a second reading,) in relation to regulating the fees of the district attorneys in cases of renewal of merchants' bonds. He was the more desirous that it should be taken up to-day, because, if the House of Representatives adopted the joint resolution for adjournment on the 9th instant, there would not be an opportunity of passing it this session, and it was a measure greatly needed.

The bill not having been printed, the second reading was delayed, and the Senate passed to the order of the day, viz: the bill imposing additional duties on public officers as depositories in certain cases.

Mr. PRESTON gave notice that, when in order, he would prepare an amendment to the bill making the State banks the special depositories of the accruing revenue.

Mr. BAYARD rose, and spoke near three hours in opposition to the bill, and as not calculated, in any way, to remedy the distress under which the nation labored. He contended it was the imperative duty of Congress, under the Constitution, to furnish a sound metallic currency, and if it did not, the representatives were recreant to their duty; and went into a long argument to show the power delegated under the Constitution. He maintained that the powers of the Government were trust powers for the benefit of the people at large, and not for the purpose of establishing salaries for the President and Secretaries, the mere tools by which the people worked the machinery of Government. The great object of the Union was for the purpose of regulating commerce, and having a sound and uniform currency established. A divorce from the banks he held, under the present state of things, as utterly impracticable, and that it was the bounden duty of Congress to control and regulate those institutions. He maintained that Congress had the power to impose a duty on notes of less than five

dollars, if it saw fit to restrict the issues to notes of a less denomination than ten dollars. He thought the Sub-Treasury system dangerous to the safe-keeping of the public funds, and read a statement of defalcations to show, that under all the restrictions imposed, Government was liable to imposition; and under the system brought forward by the committee in their bill, there were not checks sufficient to guard the public treasure from the hands of such a corrupt agent.

A message was received from the House of Representatives, stating the passage of the joint resolution fixing the day of adjournment on the 9th October, with an amendment, in which the concurrence of the Senate was asked.

Mr. GRUNDY asked the Senate to take up, informally, the "bill regulating the fees of the district attorneys in the renewal of merchants' bonds." No objection being made, the bill was taken up and read a second time.

The bill is as follows:

A BILL to regulate the fees of District Attorneys, in certain cases.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That upon every extension of a custom-house bond, granted under the instructions of the Solicitor of the Treasury, the district attorney shall be entitled to the sum of five dollars, to be paid by the person applying for and obtaining such extension; and no other charge or compensation whatever shall be made or allowed to any district attorney for his services in any case of the extension of a custom-house bond.*

Mr. G. briefly explained the views of the committee in relation to the bill before them. The object was to fix some uniform price for the services of district attorneys in such cases. The fees varied materially in some of the different States, and in some he believed no compensation was allowed. The present sum Mr. G. thought was, according to his judgment, about a fair equivalent. Filing up a bond was not the only duty performed by the district attorneys; they had to look into the conditions of principal and sureties, &c.

Mr. WEBSTER was of opinion that the bill as reported would not reach the mischief—it did not probe deep enough for that. The fees of the Government officers at New York were ten times greater than those of Boston, Baltimore, or Charleston, and he was desirous that they should be restricted within some reasonable limits, for at present they were beyond all reason. The office of the District Attorney of New York produces more than the salary of the President of the United States, and the clerk received more than would pay the annual salary of the Chief Justice of the United States. There was not only gross enormity, but gross inequality in this business, which the bill, in his estimation, was not calculated to cure.

Mr. GRUNDY was of opinion that the bill as reported, covered all that the resolution of the Senator from Massachusetts had referred to. The Senator should have attended to the subject when before the committee. It could not be expected that a full examination of the modes of taking fees as regulated in the different States, would be gone into at a juncture like the present. The committee had prepared an adequate remedy, in its opinion, for the evil complained of. Mr. G. expressed his willingness, however, at a proper time, to go into the subject, and have a thorough reformation of the whole business of fees.

Mr. WEBSTER then proposed the following amendment, which he thought would cover all the ground:

SEC. 2. And that no suit shall be brought, or costs incurred, on any bond, for the renewal of which provision is made by law, unless the party or parties shall neglect to apply for such renewal for more than twenty days after the maturity of such bond.

Mr. BUCHANAN thought the matter required more consideration, and moved to postpone it until to-morrow; which motion was agreed to.

Mr. WRIGHT then rose and delivered his views in relation to the Sub-Treasury bill. Mr. W. met at length the several objections urged against the

system, and vindicated the President, the Secretary of the Treasury, and the Committee on Finance, from the reflections cast upon them, in desiring every thing for the Government, and nothing for the people. He asked if the extension of time on the merchants' bonds was for the good of the Government alone? if extending the time of settlement with the deposit banks did not carry with it relief to the people? He maintained that the bill did not increase the patronage of the General Government, and instanced the case of the collector at New York. Did it increase the patronage because that officer keeps the money himself, instead of paying it over to the banks? The President would have no more control over that officer under the contemplated law, than he has now. So far from increasing Executive patronage, its tendency was to increase Executive responsibility. Mr. W. occupied the floor until near four o'clock.

Mr. CALHOUN moved that the Senate adjourn; he subsequently withdrew his motion at the suggestion of Mr. Walker, who moved to take up the resolution relative to the adjournment, as amended by the House of Representatives, viz: to strike out the 9th and insert the 16th October.

Mr. HUBBARD expressed his dissent from the amendment. He thought the 9th was the proper time, and it was well known, that when the day was definitely fixed there was always a better disposition to get through the business. He therefore hoped the Senate would adhere to the resolution as originally passed.

Mr. GRUNDY was for concurring with the House in their amendment, and giving them to the 16th. It was well known they were behind the Senate in legislation, and it was but reasonable to concur.

Mr. KING of Alabama thought it would be better to wait a day or two before acting on the amendment. If the bill under discussion before the Senate were passed, the 16th would not be time enough for the other House to act on it; on the contrary, if it were not passed, the 9th would be the proper time for adjournment. He would prefer that the matter be laid on the table, though he would not make a motion to that effect.

Mr. BUCHANAN asked gentlemen to consider what might be the effect of sending back the resolution. We might then be kept until the 29th October, or probably not adjourn at all. He thought, therefore, the Senate had better concur at once with the amendment.

The question being taken on concurring with the amendment of the House, it was carried; and

The Senate then adjourned.

#### HOUSE OF REPRESENTATIVES,

MONDAY, October 2, 1837.

The Hon. JOAB LAWLER, a member elect from the State of Alabama, appeared, qualified, and took his seat.

Petitions and memorials were presented by

Messrs. INGRAM of Connecticut.

Mr. LINCOLN of Massachusetts.

Mr. FLETCHER, SLADE, and EVERETT of Vermont.

Mr. TOLAND of Pennsylvania.

Mr. W. C. JOHNSON moved a suspension of the rules for the purpose of submitting a resolution in relation to returning to the Senate the bill for the issue of Treasury notes, on the ground of its being a revenue bill; but the motion was negatived.

Mr. WHITE of Indiana.

[Mr. WHITE of Indiana, presented the petition of James Gregory and others, citizens of Indiana, praying that Madison Collins be placed on the pension roll.]

Mr. LAWLER of Alabama.

Mr. CRARY of Michigan.

#### NATIONAL BANK.

The House then proceeded to the consideration of the unfinished business of the morning hour, being the resolution reported from the Committee of Ways and Means, as follows:

*Resolved, That it is inexpedient to charter a national bank.*

The question pending was the amendment of Mr. WISE, to add to the end thereof "at this time.

And that it will be expedient to charter such a bank whenever the clearly expressed will of the people shall be in favor of the same."

Mr. SERGEANT, who was entitled to the floor, addressed the House in opposition to the adoption of the resolution, until cut off by a motion for the orders of the day, which prevailed.

#### ADJOURNMENT OF CONGRESS.

The House then took up the joint resolution from the Senate fixing the adjournment of the present session of Congress on this day week, the 9th inst.

Mr. HAYNES moved to strike out Monday the 9th, and insert Thursday the 12th.

Mr. JOHNSON of Maryland preferred the amendment, but he was not prepared to vote for any adjournment till Congress had acted on all the measures before it, and afforded some relief to the country. If there were gentlemen whose private interests or public calls of duty called them imperiously home, they could get leave of absence. Mr. J. moved to lay the whole subject on the table.

Mr. PICKENS appealed to the gentleman to withdraw that motion.

Mr. JOHNSON refused.

Mr. BOON thought it extraordinary, if not unprecedented, for a gentleman to make a considerable argument against a proposition, and then deprive any one else of the opportunity of replying, by making a motion that cut off debate.

The motion to lay on the table was lost by a very large majority, there being but very few voices in the affirmative.

Mr. PICKENS adverted to the importance of the great question to be decided at this time, the divorce of the Government from banks, and hoped the House would not adjourn before, if possible, that question was settled. At any rate, he hoped they would extend the time at least another week beyond the period fixed by the Senate.

Mr. CAMBRELENG concurred entirely in the view of the gentleman from South Carolina. It was necessary to do something during this session, and he suggested to the gentleman from Georgia to modify his amendment to Monday the sixteenth instant. He was convinced they could not get through earlier, but he hoped they might by that time.

Mr. HAYNES accepted the suggestion, and modified his motion accordingly. He also expressed his entire concurrence with the views of Mr. Pickens in the necessity of acting upon the great measure he adverted to, and stated that, as a question of economy, the daily pay of the members, from the 16th of October to the first Monday in December, would exceed their travelling pay, and that, for his part, he did not believe the session would be shortened a single hour by adjournment next summer, if they should remain there until the regular time of meeting in December.

Mr. SMITH was opposed to any change of the resolution as it came from the Senate, for if it went back to that body amended, it was impossible to tell when it might return. As for waiting till the "divorce bill" passed the House, if they were to do so, they would have to wait for weeks and months.

Mr. ADAMS moved to amend the amendment by inserting the first Monday in April, 1838, and supported his proposition at length, adverting to the various propositions before the House.

Mr. PATTON could not vote for the last amendment; for it was entirely too early to fix the adjournment of the general session; especially as they had lost all the time of the present session in the general public and private business of the country, by the adoption of the order to take up and consider nothing but what was contained in, or recommended by, the President's Message. He contended, however, that the time proposed in the amendment of the gentleman from Georgia was too short for the deliberation of a measure of such importance as the one adverted to. The Senate, consisting of only fifty members, had been discussing this very bill, the Sub-Treasury scheme, for about three weeks, while a single fortnight was only to be allowed for the discussion not only of that measure, but of the resolution on the subject of a national bank, the Mississippi election, the State bank project, and all, in a body of nearly two

hundred members, consisting of the direct representatives from the people.

Mr. P. moved to postpone the further consideration of the whole subject till Monday next.

Mr. THOMPSON of South Carolina preferred going home as soon as possible, so that members might have an opportunity of consulting their constituents upon a measure which contemplated a change as great in the financial affairs of the country as the invention of gunpowder had wrought in the art of war.

Mr. BOON said if gentlemen were sincere in their desires, and he had no doubt they were, that action was necessary for the well-being of the country, they would sustain him in the motion he should make of demanding the previous question.

Mr. CAMBRELENG hoped not.

The House refused to second the motion—ayes 72, noes 102.

Mr. CAMBRELENG wished to move a suspension of the rules, so as to enable the House to take the question on the amendments without debate.

The CHAIR decided that that motion could not be made.

Mr. WISE did not believe it was the intention of the administration to take up the Sub-Treasury scheme, and he inquired of the Chairman of the Committee of Ways and Means if such was their intention, whether the day of adjournment was fixed for the 9th or the 16th.

Mr. CAMBRELENG would answer the gentleman. He could assure him that he would take the earliest opportunity to call up what the gentleman was disposed to call the Sub-Treasury bill, and, so far from fearing to meet that question, I apprehend, said Mr. C. that gentlemen will find no flinching here upon that subject, and we will see whether the gentleman from Massachusetts, as in a celebrated letter, will "toe the mark." Let us see what the gentleman will do. Let us have no non-committalism.

In conclusion, he assured the gentleman, that whether they sat there for one week or two weeks, or even for six months, he should take the earliest opportunity of bringing that measure forward, after having disposed of the different measures of relief proposed for the country.

Mr. WISE was still convinced that there was no serious intention of acting on the Sub-Treasury bill.

In reference to the adjournment, Mr. W. said he came there to administer relief to the people; and, with the gentleman from Massachusetts, was ready to remain there not only till the first Monday in April next, but for twelve months if necessary. He said that every movement made there convinced him that the administration had no intention of carrying out that plan. He hoped that the opposition, conservative and all, would unite in remaining there until it was fairly demonstrated that it was the friends of the administration who adjourned without giving relief to the country.

Mr. GLASCOCK, after some preliminary remarks, expressed himself in favor of the 12th; and if that did not prevail, he should prefer adjourning on the 9th. He hoped, however, the motion to postpone would be rejected.

Mr. HAMER adverted to the several relief bills on the Speaker's table, and considered that two weeks would afford ample time for a reasonable discussion upon every one of them.

The motion to postpone was then put, and disagreed to; and the question recurring on the proposition to insert the 16th instead of the 9th—

Mr. SMITH asked for the yeas and nays thereon, which were ordered, and were—yeas 115, nays 103, as follows:

YEAS—Messrs. Alexander, Heman Allen, Anderson, Andrews, Atherton, B. Atty, Bell, Bicknell, Bidle, Birdsall, Brodhead, Bronson, Bynum, Cambreleng, John Campbell, William B. Carter, Chaney, Cheatham, Cilley, Cleveland, Clowney, Coles, Connor, Crary, Crockett, Cushman, DeGraff, Dringooole, Duncan, Edwards, Ewing, Farrington, Foster, Fry, Gallup, Gholson, James Graham, Grantland, Grant, Graves, Gray, Griffin, Hamer, Harlan, Harrison, Hawes, Haynes, Herold, Hoffman, Holsey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, William Cost Johnson, Nathaniel Jones, John W. J. nes, Kemble, Lawler, Legare, Leadbetter, Arphaxed Loomis, James M. Mason, Manry, McKay, Robert McClellan, McClure, McKim, Menefee, Mercer, Miller, Montgomery, Morgan, Samuel W. Morris, Muhlenberg, Noble, Ozle, Owens, Palmer, Parker, Parmenter, Patton, Paynter, Pennybacker,

Pettriken, Phelps, Pickens, Pope, Potts, Pratt, Prentiss, Ridgway, Rives, Robertson, Shaffer, Slade, Southgate, Spencer, Stewart, Taliaferro, Taylor, Titus, Toland, Toucey, Turney, Vail, Webster, Weeks, Albert S. White, Thomas T. Whiteley, and Wise—115.

NAYS—Messrs. Adams, John W. Allen, Aycrigh, Beirne, Bond, Boon, Borden, Briggs, Buchanan, William B. Calhoun, John Calhoun, William B. Campbell, Casey, Chambers, Chapman, Childs, Corwin, Craig, Cranston, Curtis, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Evans, Everett, Fairfield, Richard Fletcher, Filmore, Rice Garland, Glascock, Goode, William Graham, Haley, Hall, Halsead, Hammond, Hastings, Hawkins, Henry, Ingham, Jenifer, Henry Johnson, Kilgore, Klingensmith, Lincoln, Logan, Andrew W. Loomis, Lyon, Marvin, Samson Mason, Martin, May, Maxwell, Abraham McClellan, McKennan, Milligan, Matthias Morris, Calvary Morris, Murray, Naylor, Noyes, Patterson, Pearce, Peck, Phillips, Plumer, Potter, Rariden, Randolph, Read, Reilly, Rencher, Richardson, Rumsey, Russell, Augustine H. Shepperd, Charles Shepard, Shields, Shipley, Sibley, Smith, Snyder, Stanley, Stratton, Thompson, Tillingshast, Towns, Underwood, Vanderveer, Wagener, John White, Elisha Whiteley, Lewis Williams, Sherrod Williams, Jared W. Williams, Joseph Williams, Christopher H. Williams, Yell, and Yorke—103.

So the amendment was agreed to.

Mr. MERCER moved to postpone the further consideration of the resolution till the first Monday in April next, and asked for the yeas and nays; but the House refused to order them, and rejected the motion without a division.

The question recurring on the adoption of the resolution as amended,

Mr. WILLIAMS, of Kentucky, asked for the yeas and nays, which were ordered, and were—yeas 153, nays 65, as follows:

YEAS—Messrs. Alexander, Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Bidle, Birdsall, Boon, Borden, Briggs, Brodhead, Bronson, Bruyn, Buchanan, Cambreleng, J. Campbell, Timothy J. Carter, Casey, Chambers, Chaney, Chapman, Cilley, Cleveland, Clowney, Coles, Connor, Corwin, Craig, Crary, Curtis, Cushman, Darlington, Dawson, Darce, Davies, Deberry, DeGraff, Dringooole, Duncan, Dunn, Edwards, Evans, Ewing, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, Glascock, James Graham, William Graham, Grantland, Grant, Gray, Grennell, Haley, Hall, Halsead, Hammond, Hamer, Harlan, Harrison, Hawkins, Haynes, Henry, Heald, Holsey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klunzen-smith, Lawler, Legare, Leadbetter, Lincoln, Logan, Arphaxed Loomis, Andrew W. Loomis, Lyon, James M. Mason, Martin, Maxwell, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, McKennan, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Noble, Noyes, Ogile, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Pettriken, Phelps, Pickens, Plumer, Potts, Potter, Pratt, Prentiss, Rariden, Randolph, Reed, Reilly, Rencher, Richardson, Ridgway, Rives, Russell, Shaffer, Augustine H. Shepperd, Shipley, Slade, Spencer, Stewart, Stratton, Taylor, Titus, Toland, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Weeks, Albert S. White, John White, Thomas T. Whiteley, and Jared W. Williams—153.

NAYS—Messrs. Adams, Heman Allen, John W. Allen, Bell, Bond, William B. Calhoun, John Calhoun, William B. Campbell, William B. Carter, Cheatham, Childs, Cranston, Crockett, Elmore, Everett, Richard Fletcher, Filmore, Rice Garland, Goode, Graves, Griffin, Hastings, Hawes, Robert M. T. Hunter, Jenifer, Henry Johnson, Joseph Johnson, William Cost Johnson, Lewis, Marvin, Samson Mason, Maury, May, Menefee, Mercer, Milligan, Matthias Morris, Calvary Morris, Murray, Naylor, Patterson, Patton, Pearce, Peck, Phillips, Pope, Robertson, Rumsey, Charles Shepard, Shields, Sibley, Snyder, Southgate, Stanley, Taliaferro, Tillingshast, Underwood, Webster, Elisha Whiteley, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Yell, and Yorke—65.

So the resolution, as amended by inserting the 16th, was concurred in by the House.

#### MISSISSIPPI ELECTION.

The House then proceeded to the consideration of the business of the morning hour being the report of the Committee of Elections, which was accompanied by the following resolution:

Resolved, That Samuel J. Gholson and John F. H. Claiborne are duly elected members of the Twenty-fifth Congress, and as such are entitled to take their seats.

The question pending was the motion of Mr. MAURY to strike out all after the word "resolved," and insert, "that Samuel J. Gholson and John F. H. Claiborne, not being duly elected members of the House of Representatives of the Twenty-fifth Congress of the United States, are not entitled to seats on this floor as such."

Mr. BUCHANAN addressed the House briefly in support of the report of the Committee of Elections.

The hour of half past two having arrived, the House took the usual recess, until four o'clock.

#### [EVENING SESSION.]

#### MISSISSIPPI ELECTION.

The House resumed the consideration of the report of the Committee of Elections, on the subject of the election in the State of Mississippi.



The question being on the adoption of the resolution declaring Messrs. Gholson and Claiborne entitled to their seats for the 25th Congress, and the immediately pending one being on the amendment of Mr. MAURY, declaring those gentlemen not duly elected—

Mr. LEGARE, who was entitled to the floor, contended that if Messrs. Gholson and Claiborne were elected at all, they were elected members for the ensuing two years. This was clear, beyond all controversy. The election had been held and conducted throughout in the strictest conformity with the laws of the State of Mississippi. The writ had been issued in due time, the proclamation of the Governor had been made precisely at the time it ought to have been; and the whole election was carried on throughout according to law. The whole people of the State of Mississippi had been deeply interested in the contest: they attended the polls in full numbers, and decided the election of the gentlemen present by a very large majority. The question then was, whether this election, which was complete in all its parts, exact in all its forms, and decisive beyond all controversy, was to be set aside as a mere nothing, the voice of a whole State stifled, and their representatives sent back. Mr. L. then quoted largely from "Binney on the Kentucky Election," and entered into a long argument to show that the election was strictly legal, and not at variance with the spirit and letter of the Constitution.

Mr. UNDERWOOD said that in reference to this particular election, he could suggest a plausible reason why the present members should retain their seats—a reason which had not as yet been urged, and to which he confessed he should be puzzled to find an objection. It was this: The House of Representatives was composed of members chosen every second year; and the Constitution said that the States should regulate the manner and time of choosing them, unless Congress should interfere. The State of Mississippi had acted in accordance with this provision, and had elected her representatives to serve for the ensuing two years. The time of their election had not yet expired; and if they had been permitted to retain their seats to this period, in that view of the case, he would confess that if the objection were urged, he should be puzzled to set it aside. Under the letter of the Constitution, there was nothing to prohibit it.

Mr. MASON of Ohio thought, that if the Governor of the State of Mississippi, with all his legal knowledge, both of the State law, and that of the Constitution, was of opinion that the terms of election would expire with the present session, (and that was his opinion, he having inserted a clause in the writ to that effect,) then it would be a fair inference to suppose that the people of the State of Mississippi had a similar impression.

Mr. GHOLSON hoped the gentleman would allow him to state that, at the time of his and his colleague's election, there was not the slightest doubt among the people of Mississippi but that, whoever were elected, were elected for the whole term of the twenty-fifth Congress.

Mr. MASON disclaimed any disrespect to the gentlemen from that State, but had merely stated what, in his opinion, was a fair inference, without knowing any thing about facts. He then went on to give his reasons why he could not vote for the resolution reported by the committee. After which, on motion of Mr. HAYNES,

The House adjourned.

#### IN SENATE,

TUESDAY, October 3, 1837.

No petitions or resolutions having been offered, the Senate proceeded to the

#### ORDER OF THE DAY,

The bill imposing additional duties on public officers as depositaries in certain cases.

Mr. CALHOUN rose, and delivered his views in favor of the bill, and was followed by Mr. WEBSTER in reply. Mr. BUCHANAN replied briefly to Mr. WEBSTER; after which the question on Mr. CALHOUN'S amendment was taken by yeas and nays, when there appeared for the amendment 24, against it 23, as follows:

YEAS—Messrs. Allen, Benton, Brown, Buchan-

an, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Linn, Morris, Niles, Norvell, Pierce, Roane, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright, and Young—24.

NAYS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Robinson, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, and White—23.

The question was then taken on substituting the bill of Mr. RIVES, "designating the funds receivable in payment of the revenues of the United States," and decided in the negative—ayes 22, nays 26, as follows:

YEAS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, and White—22.

NAYS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Linn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright, and Young—26.

The question was then taken by yeas and nays on the amendment offered by Mr. PRESTON, to make the State banks the special depository of the accruing revenue of the United States, and decided in the negative—yeas 22, nays 26, as follows:

YEAS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, and White—22.

NAYS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Linn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright, and Young—26.

The amendment offered by Mr. BUCHANAN, was modified and agreed to.

An amendment was then offered by Mr. MORRIS, that no notes should be received for the public dues, of a less denomination than ten dollars, and which were not payable where issued.

Mr. STRANGE moved to amend the amendment of Mr. MORRIS, so as to strike out the restriction as to notes under five dollars. The question being taken by yeas and nays—there appeared for it 24, against it 20, as follows:

YEAS—Messrs. Bayard, Brown, Calhoun, Clay of Alabama, Clayton, Fulton, Grundy, Hubbard, Kent, King of Alabama, Knight, Linn, Lyon, Nicholas, Prentiss, Roane, Robbins, Sevier, Spence, Strange, Swift, Wall, Wright, and Young—24.

NAYS—Messrs. Allen, Benton, Black, Buchanan, Clay of Kentucky, Davis, King of Georgia, McKean, Morris, Niles, Norvell, Pierce, Rives, Robinson, Smith of Connecticut, Smith of Indiana, Tipton, Walker, White, and Williams—20.

The question was then taken on Mr. MORRIS amendment; which was adopted.

The bill then having been reported to the Senate as amended, was ordered to be engrossed for a third reading, by the following vote:

YEAS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Linn, Lyon, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright, and Young—25.

NAYS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Davis, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster and White—23.

The bill is in the following words:

A BILL imposing additional duties as depositaries, in certain cases, on public officers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress

assembled, That the Treasurer of the United States, the treasurers of the Mint and its branches, all collectors of the customs, and surveyors acting in that capacity, all receivers of public money, and postmasters, be, and they are hereby, required to keep safely, without loaning or using, all the public money collected by them, or otherwise, at any time placed in their possession, till the same is ordered by the proper department to be transferred or paid out; in which cases, the transfers and payments shall be faithfully made by them as directed, and all other duties performed as fiscal agents, which may be imposed by this or former acts of Congress, or by any regulation of the Treasury Department made in conformity thereto.

SEC. 2. And be it further enacted, That all marshals, district attorneys, and others having public money to pay over, and all patentees wishing to make payment to the United States, may make the same to the Treasurer in this city, or to the Mint and its branches, when near or convenient; and, when not, may deposit the same with such collector, receiver, or other depository, as may be more conveniently situated, and may be selected for that purpose by the Secretary of the Treasury.

SEC. 3. And be it further enacted, That whenever the public money in the possession of any depository, by collection, transfer, or payment, shall be inconveniently situated for public use, or shall accumulate so as to exceed the amount of the existing bond of any such officer, any part of it, or the excess (as the case may be) shall either be drawn out for payments, or be transferred elsewhere to some other depository; or the Secretary of the Treasury shall require such additional security as may be considered proper and safe; and in the mean time, bonds, new and suitable in their terms, shall in all cases, at as early a day as possible after the passage of this act, be required of all depositories, in such sums and form as may be deemed reasonable and secure by the Solicitor of the Treasury, for the performance of all the duties required under the same or any previous laws.

SEC. 4. And be it further enacted, That the said officers respectively may be allowed any necessary additional expenses for clerks, fire-proof chests, or vaults, or other necessary expenses of safe-keeping, transferring, and disbursing said moneys; all such expenses of every character to be first expressly authorized by the Secretary of the Treasury, whose directions upon all the above subjects by way of regulation and otherwise, are to be strictly followed by all the said officers.

SEC. 5. And be it further enacted, That the Secretary of the Treasury shall be, and he is hereby, authorized to cause examinations to be made of the books, accounts, and money on hand, of the several officers charged by this act with the safe-keeping, transfer and disbursement of the public moneys; and for that purpose to appoint special agents, as occasion may require, with such reasonable compensation as he may allow, to be fixed and declared at the time of each appointment; which said examinations, in all cases where the sum on hand usually exceeds three-fourths of the amount of the officer's bond, shall not be made less frequently than once in each year, and as much more frequently, in those and all other cases, as the Secretary, in his discretion, shall direct. The agents selected to make these examinations shall be instructed to examine as well the books, accounts, and returns of the officer, as the money on hand, and the manner of its being kept, to the end that uniformity and accuracy in the accounts, as well as safety to the public moneys, may be secured thereby.

SEC. 6. And be it further enacted, That, in addition to the examinations provided for in the last preceding section, as a further guard over the public moneys, it shall be the duty of each naval officer and surveyor, as a check upon the collector of the customs of their respective districts; of each register of a land office, as a check upon the receiver of his land office, and of the director and superintendent of each mint and branch mint, as a check upon the treasurers, respectively, of the said mints, at the close of each quarter of the year, and as much more frequently as they shall be directed to do so by the Secretary of the Treasury, to examine the books, accounts, returns, and money on hand,

[Continued from No. 6.]

of the collectors, receivers, and treasurers, and to make a full, accurate, and faithful return to the Treasury Department of their condition.

SEC. 7. *And be it further enacted*, That the Secretary of the Treasury shall, with as much expedition as the convenience of the public business and the safety of the public funds will permit, withdraw the balances remaining with the late and present depositories of the public moneys, and confine the safe-keeping, transfer, and disbursement of those moneys, to the depositories established by this act.

SEC. 8. *And be it further enacted*, That, for the payment of the expenses authorized by this act, a sufficient sum be, and the same is hereby, appropriated, to be paid out of any money in the Treasury not otherwise appropriated.

SEC. 9. *And be it further enacted*, That all officers charged by this act with the safe-keeping, transfer, and disbursement of the public money, are hereby required to keep an accurate entry of each sum received, and of the kind of money in which it is received, and of each payment or transfer, and of the kind of currency in which they are made; and that if any one of the said officers shall convert to his own use, in any way whatsoever, or shall use by way of investment in any kind of property or merchandise, or shall loan with or without interest, any portion of the public moneys intrusted to him for safe-keeping, disbursement, transfer, or for any other purpose, every such act shall be deemed and adjudged to be an embezzlement of so much of the said moneys as shall be thus taken, converted, invested, used, or loaned, which is hereby declared to be a high misdemeanor; and any officer or person convicted thereof before any court of the United States of competent jurisdiction; shall be sentenced to imprisonment for a term of not less than two, nor more than five, years, and to a fine equal to the amount of the money embezzled.

SEC. 10. *And be it further enacted*, That, from and after the thirty-first day of December, eighteen hundred and thirty-eight, the resolution of eighteen hundred and sixteen, authorizing the receiving of notes of specie paying banks in dues to the Government, shall be so repealed that only three-fourths of the amount due to the Government, for duties, taxes, sales of public lands, or other debts, may be received in the notes of specie paying banks; and that, from and after the thirty-first day of December, eighteen hundred and thirty-nine, one-half may be so received; and, from and after the thirty-first day of December, eighteen hundred and forty, one-fourth: *Provided*, That the notes of no bank shall be received which shall refuse to receive in payment and deposit, at par with gold and silver, such Treasury notes or bills as Congress shall authorize to be received, by law, in the public dues: *Provided further*, That no bank note of a less denomination than ten dollars, or which note shall not be payable when issued, shall be receivable into the Treasury of the United States; and, from and after the thirty-first day of December, eighteen hundred and forty-one, all sums due for duties, sales of public lands, or other debts to the Government, and all payments to the General Post Office, shall be paid in gold and silver coin only, or in such notes, bills, or paper, issued under the authority of the United States, as may be directed to be received by law; and, from and after the said thirty-first day of December, in the year eighteen hundred and forty-one, every officer or agent engaged in making disbursements on account of the United States, or of the General Post Office, shall make all payments in gold and silver coin only, or in such notes, bills, or paper, issued as aforesaid, when authorized by law; and any receiving or disbursing officer or agent, who shall neglect, evade, or violate the provisions of this section, shall be dismissed the service, and shall forfeit all compensation which may then be due him.

SEC. 11. *And be it further enacted*, That it shall be the duty of the Secretary of the Treasury to pre-

scribe regulations to enforce the speedy presentation of all Government drafts for payment, at the places where payable, and to prescribe the times, according to the different distances of the depositories, within which they shall be presented for payment; and in default of such presentation, to prescribe any other mode and place of payment which he may deem proper.

The CHAIR presented a report from the War Department from the president of the board of officers appointed to examine certain new inventions in fire arms: laid on the table, and ordered to be printed.

On motion of Mr. CLAY of Alabama,  
The Senate adjourned.

## HOUSE OF REPRESENTATIVES, TUESDAY, October 3, 1837.

On motion of Mr. SMITH,  
Mr. EVANS of Maine obtained leave of absence from and after Monday next.

Petitions and memorials were presented by  
Mr. MARTIN of Alabama.  
Messrs. NAYLOR and DARLINGTON, of Pennsylvania.

Mr. MAXWELL of New Jersey.  
Mr. FILMORE of New York.  
[Mr. FLETCHER presented—

A memorial of the inhabitants of the town of Concord, county of Essex, State of Vermont, against the annexation of Texas to the Union.

A memorial of S. A. Chandler and thirty-three others, of Peacham, county of Caledonia, Vermont, against the annexation of Texas.

A remonstrance of one hundred and forty-one women, of Berlin, county of Washington, State of Vermont, against the annexation of Texas to the United States.

A remonstrance of Joseph Flagg and thirty-three others, inhabitants of Wheelock, Vermont, against the admission of Texas.

A remonstrance of ninety-two women, of Warren, Washington county, State of Vermont, against the annexation of Texas to the Union.

A remonstrance of L. P. Parks, of Barnet, Vermont, and fifteen others, against the admission of Texas to the Union.

A petition of S. A. Chandler and thirty-three others, of Peacham, county of Caledonia, Vermont, for the abolition of the slave trade in the District of Columbia.

A petition of ninety-two women, of Warren, Washington county, Vermont, for the abolition of the slave trade in the District of Columbia.

A petition of the inhabitants of Concord, county Essex, Vermont, for the abolition of slavery in the District of Columbia.

A petition of one hundred and forty-one women, of Berlin, Washington county, Vermont, for the immediate abolition of slavery and the slave trade in the District of Columbia.

A petition of one hundred and fifty-six women, of Waitsfield, Washington county, Vermont, for the immediate abolition of slavery in the District of Columbia.]

Messrs. ADAMS and PARMENTER, of Massachusetts.

[Mr. PARMENTER presented the petition of Geo. W. Story and 78 others, of Carlisle, and Ezra Ripley and 127 others, of Concord, both of the county of Middlesex, Massachusetts, against the annexation of Texas to the American Union.]

Mr. DAVEE of Maine.

## MISSISSIPPI ELECTION.

The House then proceeded to the consideration of the business of the morning hour, being the report of the Committee of Elections, which was accompanied by the following resolution:

*Resolved*, That Samuel J. Gholson and John F. H. Claiborne are duly elected members of the twenty-fifth Congress, and as such are entitled to take their seats.

The question pending was the motion of Mr. MAURY to strike out all after the word "resolved,"

and insert, "that Samuel J. Gholson and John F. H. Claiborne, not being duly elected members of the House of Representatives of the twenty-fifth Congress of the United States, are not entitled to seats on this floor as such."

Mr. HAYNES said that, until particular circumstances had called his attention to the subject of discussion yesterday, he had not intended to participate in it. But, as his own views had not been presented by any one, he would offer them very briefly to the House.

In the various definitions which had been given of the term vacancy, and the circumstances which could produce it, he thought gentlemen had confined themselves to a too nice and rigid technicality. To enable us to arrive at a just conclusion, it is necessary to consider the purpose of the Federal Convention in organizing the Congress of the United States. What, then, was that purpose? It was to create a perpetuity in the office of each. He then placed himself on the ground, and announced the proposition, which he was sure no one could controvert, that the representative office is a perpetual office in the plain contemplation and meaning of the Constitution. If he was correct in his position—and he believed it to be impregnable—it follows, as a necessary consequence, that there should be perpetual succession in that office. Gentlemen had discussed the meaning of the term casualty, in reference to a vacancy, with, as he believed, the same confined and erroneous notion of it which they had applied to the term vacancy. They seemed to consider it as only applicable to the act of the incumbent of an office, or the providence of God in removing him from it, when its fair and legitimate import made it equally applicable to the party possessing the power and the right to fill such office. If the representative office is perpetual, and if it implies perpetual succession, there is no further difficulty in the present case. The inevitable consequence must that, be whenever the perpetuity of succession is broken, no matter whether it be occasioned by the individual who previously filled the office, or by the negligence or otherwise of the constituent holding the power of appointment in his hands, there results a vacancy. And in carrying out our inquiry, it is proper to look back to the period when the Constitution went into operation. The representative office is for the term of two years; and in setting the new system in motion, its operation commenced on the fourth of March, 1789; thus fixing the time from which the constitutional period is to be estimated. All the elections to Congress were computed in anticipation of it; and on that day, or near to it, was the first session of Congress under our present organization commenced.

He said the views he had presented received confirmation from the fact, that at the present time a majority of the States which formed the Constitution, consisting of Massachusetts, New York, New Jersey, Pennsylvania, Delaware, South Carolina, and Georgia, and the States of Maine and Vermont, since formed of a portion of them, and sending here a large majority of representatives from the original thirteen States—a majority of one hundred and eighteen to fifty-five—keep up a perpetual succession in this House.

But to show the mischievous operation of a different doctrine, it would be sufficient to state, that there was an actual House of Representatives existing on the 4th of March last, by the previous election of at least one hundred and forty members, constituting a constitutional quorum for the transaction of business. Suppose some great national contingency had then made it the duty of the President to convene Congress at the earliest practicable period? There was a constitutional quorum for business in existence, and no one can deny the constitutional power of the Executive, under the emergency supposed, to call them together. But although a quorum might have been so convened, a majority of the States would have been unrepresented for

months, according to the doctrine contended for, that no such vacancy existed as authorized the exercise of Executive authority to fill it according to the provisions of the Constitution. And here gentlemen had mistaken the true point, by presuming that all which ought to have been done, either by the Legislatures of the respective States or the Congress, had been done in this matter. But how stands the case? If the representative office is perpetual, and if that perpetuity implies, as it most unquestionably does imply, perpetual succession, it follows, as a consequence, that neither the one nor the other has come up to the intention of the Constitution, so far as the States which have postponed their Congressional election beyond the commencement of the term are concerned. If, then, by the negligence of those States, and of Congress, the perpetuity of succession has been broken, how can that deprive the Governor of his constitutional right, or excuse him from his high constitutional obligation, to see that the vacancy shall be filled? There is certainly no conflict between the rights of the States or of Congress on the one hand, and the Governor on the other, under this view of the subject. It was made the duty of the States, and in default of it, of Congress, to keep up a constant succession in the representative body. And in the failure of either to do so, the right and the duty of the Governor of a State requires of him to supply the omission.

Nor is this view derogatory to the rights of the people, but in support and affirmance of them. In the case already supposed, of a convention of Congress at the commencement of the constitutional term, according to the doctrine advanced by those who oppose the regularity of the Mississippi election, nearly two-thirds of the States would have been unrepresented for months, and their constituents unheard in this body. But, upon the doctrine advanced by him, Mr. H. said the omission of the State legislatures and of Congress would be supplied, and every State represented in this House as it should be, without the least possible delay. But he would go one step farther with his argument, and say, that as the representative office is perpetual, and as that implies perpetual succession, if the State legislature and Congress shall so leave it, that on the 4th of March, corresponding with the biennial commencement of the representative term in this House, any State shall be unrepresented, a vacancy has happened on which arises the power and the obligation of the Governor to cause it to be filled.

He said he was aware that this might be considered a novel doctrine, but it was the legitimate consequence of his original proposition: the *perpetuity of the representative office*; and he had already shown that the people were deeply interested in the establishment of the doctrine. If his premises and conclusion were legitimate, the honorable gentlemen claiming a right to seats in this House as representatives from the State of Mississippi, are as much entitled to them as any members belonging to it.

Mr. SLADE contended neither the resolution nor the amendment took the true ground. He did not believe that the members elected were entitled to hold their seats during the entire continuance of the 25th Congress, and he did believe they were entitled to seats at the extra session; and if any gentleman would bring forward a proposition to this effect, he would vote for it. He was not in favor of the amendment, but if he was compelled to decide between it and the original resolution, he would be compelled to vote for it. From the most careful examination which he could give the subject, he had come to the conclusion that such a vacancy had happened as was contemplated by the Constitution. He contended that the Governor had the power to fill up this vacancy, by issuing his writ of election to fill the vacancy until the time of the regular election under the Constitution of the State, and went into a lengthy argument in support of this view of the case.

Mr. TILLINGHAST thought it perfectly manifest that the people of Mississippi intended to have representatives in Congress at the present extra session, and he was glad that by the rules of the House the gentlemen were permitted to take seats

at the present session of Congress, because he was always willing to take into account the will of the constituency. It was assumed, however, that the people believed at the time of the election, that they were electing representatives for the twenty-fifth Congress; but this he took to be an improper assumption; because the people were only authorized by the Governor to vote for members to the extra session of Congress, and therefore it was but fair to presume, that the people were not generally of opinion that they were electing members for the whole of the Twenty-fifth Congress. They were led to believe by the proclamation of the Governor, that the term of those they were voting for would expire at the time when the existing law of the State provided that the election for members of Congress should take place. He contended that it was not in the power of the Governor to authorize an election for the whole of the 25th Congress; because, if the Governor was clothed with this power, he could set aside the laws of the State entirely. He contended that the real difficulty in relation to the Mississippi election was defective legislation; because the Legislature had not provided for the exigency which might arise in case of a call of an extra session of Congress immediately after the fourth of March. It appeared to him that the proper course would have been for the Governor to call the Legislature to provide the means of filling up the vacancy which had occurred, and cited the late election in Rhode Island as an illustration of his idea. There the Legislature provided for the case of an earlier election of Representatives to Congress, and no one dreamed that this difficulty would be remedied by the Governor issuing his writ of election to supply the vacancy.

Mr. HOWARD had supposed it was conceded on all hands that we must come to one or two decisions on this question, and that there was no such middle ground as that assumed by the gentleman from Vermont, (Mr. Slade,) and that was, that we must either adopt the report of the committee, or the amendment submitted by a member of the minority. He had thought that gentlemen on all hands had conceded that these two gentlemen were either members of the Twenty-fifth Congress, or that they were not members at all. But the gentleman from Vermont had taken a middle ground, and says he believes these two gentlemen elected to fill the vacancy during the extra session of Congress; yet he brings forward no proposition, and declares, notwithstanding, that he believed these gentlemen members of the extra session, that he will vote for the amendment pending, thereby expelling those gentlemen from the House during the present session; because, if the vote was taken to-day, and the amendment carried, they would not be entitled to seats to-morrow.

Although the gentleman admitted that the people of Mississippi were entitled to have representatives at the present extra session, yet he is prepared to deprive them of their representatives to-morrow. They had been told by the gentleman from Mississippi on yesterday, that the people of that State elected them under the impression that they were electing members for the whole of the Twenty-fifth Congress, and that scarcely a man in Mississippi thought that the election was merely for the extra session; and he took it that there was the strongest evidence of this being the case, exhibited by the fact that there was now but one person in Mississippi who had brought himself to the notice of the people of Mississippi for election in November. If the people of the State believed that these gentlemen were not elected for the whole of the Twenty-fifth Congress, he imagined they would be making every preparation for the election in November next. Congress, he contended, was an entire body, and could not be made up of one set of men for two months, and another set of men for the remainder of the term. The members all came in at one time, and all went out at one time. They might be compared to the changes of a stage coach, which, having run its stage, had an entire change of horses; but according to the construction of the gentleman from Vermont, he would be stopping at every mile to introduce a new horse. He contended that the people were entitled to the benefit of the whole of the time of a representative, or of a set of

representatives, and that it would be entirely improper to have one set of men at the commencement of a Congress, when the President presented the state of the country to the view of the House, and another set two months afterwards, who knew nothing of these subjects. Gentlemen had contended that no vacancy had occurred in the representation from the State of Mississippi, and that if the two representatives were removed to-morrow, by a vote of the House, there would be no vacancy. If the representatives from that State were removed from the House by a vote of the House to-day, he would ask any gentleman whether there would not be a vacancy in their seats? He would point to those vacant seats, and ask gentlemen if no vacancy had occurred in the representation from the State of Mississippi. Oh! but say gentlemen, this is not such a vacancy as is contemplated by the Constitution. This he took to be a very forced construction of the word vacancy. Mr. M. then referred to Elliot's debates on the adoption of the Constitution, to show that it was the intention of the framers of the Constitution to make the clause in relation to the vacancy apply to all cases of vacancy, no matter in what manner it might occur; and he also referred to the opinion of Judge Story on a case of vacancy in the office of a foreign minister, in which there had been a difference of opinion between the Senate, or a portion of the Senate, and President Madison; and it was stated in the work of Judge Story that the Senate had entered a protest against a certain appointment made by President Madison.

Mr. ADAMS rose, and stated that it was a mistake in Judge Story, in saying that a protest had been entered by the Senate, in relation to the appointment alluded to. A Senator from Massachusetts had brought forward a proposition, declaring the appointment alluded to illegal and unconstitutional, and the subject was debated to the close of that session, without coming to any conclusion, and was again resumed at the commencement of the next session; and after as patient deliberation as the Senate ever gave to any subject, it was indefinitely postponed by a vote of the majority of the Senate; so that there never was any protest by the Senate against the appointment. And now, if he might be permitted to say one word, he would give his understanding of this word "happen" in cases of vacancies. He believed, in relation to offices, that every one happens to be vacant which is not full, and that he believed was the sense and meaning of the Constitution, whether the vacancy occurred from casualty, the regular course of events, expiration of term, or other cause. In relation to the offices of public ministers, they were not offices created by the laws or the Constitution, but were offices known to the laws of nations, and created by the laws of nations. Ministers were sent to every part of the world by the President, and whenever there is a necessity for the appointment of such minister, that office is vacant. This was what he understood by the term vacant, and he believed this was the understanding of every President of the United States.

Mr. HOWARD was glad the gentleman from Massachusetts had had an opportunity of explaining, as he considered his opinion as having very great weight in this matter. It had demolished the structure raised by the gentleman from Ohio [Mr. Mason] entirely.

Mr. MASON explained, and contended that the remarks of the gentleman from Massachusetts had not effected the argument he had used, or the authority he had referred to.

Mr. HOWARD resumed, and contended that it was not in the power of the Legislature of a State to prevent the people from having a representation in Congress. If the Legislature neglected to provide for having the people represented on all occasions in the House of Representatives, then it was the duty of the Governor of a State to provide that the vacancy should be filled, as it was the right of the people always to be represented. According to his understanding of what the intention of the framers of the Constitution was in relation to this matter, he believed it was intended that, if the Legislature failed to make provision for filling all vacancies which might exist, then it was the



duty of the Governors of the States to provide for the case; and that the power of regulating this matter was only intended to rest with Congress in cases of great emergency. This was what he understood to be the spirit and meaning of the Constitution of the United States.

The subject was further discussed by Messrs. LINCOLN and HASTINGS, in opposition to the report of the committee, and by Mr. LOOMIS of New York in its support, till half-past two o'clock, when the House took its usual recess till 4 o'clock.

#### [EVENING SESSION.]

The SPEAKER laid before the House a communication from the Secretary of the Treasury, in answer to a resolution of the House, calling upon him to communicate to the House all the correspondence between that Department and any individuals or banks, relative to a bill now before Congress, to authorize the President to direct the issue of Treasury notes; which, on motion of Mr. GRENNELL, was laid on the table and ordered to be printed.

The SPEAKER also laid before the House a communication from the Secretary of the Treasury, in answer to a resolution calling upon him to communicate to this House the returns of receivers of public moneys, in pursuance of the order of the 11th July, 1836, the amount of gold, silver, and bills received by them, &c.; which, on motion of Mr. GRENNELL, was laid on the table, and ordered to be printed.

The SPEAKER laid before the House the following message from the President:

*To the House of Representatives of the United States:*

I transmit to the House of Representatives a Report of the Secretary of State, containing the information requested by their resolution of the 19th inst. [in relation to the tobacco trade] together with the documents by which the report was accompanied.

M. VAN BUREN.

WASHINGTON, Sept. 30, 1837.

On motion of Mr. HAYNES,

The message was laid on the table and ordered to be printed.

The SPEAKER laid before the House the following message from the President:

*To the House of Representatives of the United States:*

In compliance with the resolution of the House of Representatives of the 13th inst. respecting an annexation of Texas to the United States, I transmit a Report from the Secretary of State, and the documents by which it was accompanied.

M. VAN BUREN.

WASHINGTON, Sept. 30, 1837.

On motion of Mr. ADAMS,

The message and documents were laid on the table, and 10,000 extra copies ordered to be printed.

The SPEAKER also laid before the House the following message from the President:

*To the House of Representatives of the United States:*

In compliance with the resolution of the House of Representatives of the 13th ultimo, concerning the boundary between the United States and the Mexican Republic, and a cession of territory belonging to the Mexican Confederation to the United States, I transmit a Report from the Secretary of State, and the documents by which it was accompanied.

M. VAN BUREN.

WASHINGTON, Oct. 2, 1837.

*To the President of the United States:*

The Secretary of State, to whom was referred a resolution of the House of Representatives, dated the 13th ult. requesting the President to communicate to that House, so far as may be consistent with the public interest, all the correspondence between the Government of the United States, and that of Mexico, concerning the boundary between them; and particularly concerning any proposition for a cession of a territory belonging to the Mexican Confederation to the United States, and also all correspondence relating thereto between the Department of State and the Diplomatic Representatives of the United States in Mexico, and of the said Department with those of the Mexican Republic, accredited to the Government of the United States, has the honor to lay before the President copies of

all the correspondence between the two Governments on the subject of the boundary line, not heretofore communicated to Congress, and of all the instructions to the representatives of the United States at Mexico on the subject of a cession of territory by the Mexican confederation to the United States. No other correspondence between the Government of the United States and Mexico has taken place on the subject of a cession of territory, either at Mexico or at Washington. In one of his communications to this Department, however, Mr. Butler mentions a note which he addressed to Mr. Alamon on the 15th of July, 1832, giving his reasons for reviewing the question of boundary, and explaining the advantages which both nations would probably derive by changing the line from the Sabine. No copy of this note has ever been communicated to this Department, nor is there any draft on record of it in the archives of the legation of the United States at Mexico. The communication of the representatives of the United States to their own Government on that subject, are within the limitation contained in the resolution referred to this Department. All which is respectfully submitted.

JOHN FORSYTH.

DEPARTMENT OF STATE,

Washington, October 2, 1837.

On motion of Mr. CAMBRELENG, the message and accompanying documents were laid on the table and ordered to be printed.

#### MISSISSIPPI ELECTION.

The House then resumed the consideration of the report of the Committee of Elections, which was accompanied by the following resolution:

*Resolved*, That Samuel J. Gholson and John F. H. Claiborne are duly elected members of the Twenty-fifth Congress, and as such are entitled to take their seats.

The question pending was the motion of Mr. MAURY to strike out all after the word "resolved," and insert, "that Samuel J. Gholson and John F. H. Claiborne, not being duly elected members of the House of Representatives of the twenty-fifth Congress of the United States, are not entitled to seats on this floor as such."

Mr. LOOMIS resumed and concluded his remarks in favor of the resolution.

Mr. ADAMS said the question was not as to whether or not the vacancy had been filled, but whether it had been filled for the whole term of the present Congress. The law of the State of Mississippi made it clear, that although the Governor had a right to issue his writ to fill the vacancy, it was only until superseded by the general election in November. He had no right to issue his writ for an election for the whole term, as was evident from the words, "until superseded," etc. which were added to the writ. These words had been inserted in conformity with the laws of that State, and had they been omitted, the Governor would virtually have repealed the State law. But it might be taken for granted that a large portion of the people at the polls believed they were electing members for the whole term. Mr. A. went on to show that the present members could not retain their seats, unless re-elected the 1st of November, in conformity with the law of their State; but as they were here, he wished them to remain until the expiration of the present session, and then return home, when there would be no doubt of their being again chosen by the people.

Mr. CAMBRELENG asked that there might be a call of the House. This was agreed to, and the roll was called, when 105 members answered to their names.

Mr. CAMBRELENG moved that all further proceedings in the call be dispensed with; and with a view of affording the absent members time to resume their seats, asked for the yeas and nays on his motion, which being ordered, resulted—yeas 137, nays 61. So all further proceedings in the call were dispensed with.

Mr. WHITTLESEY of Ohio said, that as there was a doubt as to whether the gentlemen from Mississippi had been elected for the present session only, or the whole Congress, he thought it would be the better plan to lay the whole subject on the table, and thus afford time for them to return, and be

re-elected. With that view he moved that the report of the Committee of Elections, with the amendment thereto, be laid on the table, and on that question he asked for the yeas and nays.

Mr. WHITTLESEY withdrew his motion at the request of Mr. FILMORE, who hoped the subject would not be thus disposed of, as it would leave the people of Mississippi in doubt.

Mr. WHITTLESEY then renewed his motion, and the yeas and nays being ordered, resulted—yeas 70, nays 145, as follows:

YEAS.—Messrs. Adams, Alexander, John W. Allen, Ayckrigg, Bell, Bond, John Calhoun, Wm. B. Campbell, Wm. B. Carter, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Evans, Everett, Ewing, Goode, Wm. Graham, Graves, Grennell, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Henry Johnson, Lawler, Lewis, Lyon, Mallory, Mason, Maury, Maxwell, McKennan, Menifee, Mercer, Milligan, Morris, Ogle, Potts, Rariden, Randolph, Reed, Rencher, Ridgway, Russell, Sawyer, Sergeant, Slade, Southgate, Stanley, Thompson, Tillinghast, Toland, Elisha Whittlesey, Lewis Williams, Wise, and Yorke—70.

NAYS.—Messrs. Heman Allen, Anderson, Andrews, Atherton, Beatty, Belne, Bicknell, Birdsall, Boon, Borden, Bouldin, Briggs, Brodhead, Bronson, Bryn, Buchanan, Bynum, William B. Calhoun, Cambreleng, John Campbell, Timothy J. Carter, Casey, Chaney, Chapman, Cilley, Clark, Cleveland, Clowney, Coles, Connor, Cray, Cushman, Davee, DeGraft, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Isaac Fletcher, James Graham, Grant, Gray, Griffin, Haley, Hammond, Hamner, Harrison, Hawkins, Haynes, Holsey, Holt, Hopkins, Howard, Hubley, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kilgore, Klingensmith, Leadbetter, Lincoln, Logan, Arphaxad Loomis, Andrew W. Loomis, Marvin, James M. Mason, Martin, May, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Menifee, Mercer, Miller, Montgomery, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noyes, Palmer, Parker, Parmenter, Patterson, Patton, Paynter, Pearce, Peck, Pennybacker, Petriken, Phelps, Plumer, Potter, Pratt, Prentiss, Raily, Rhett, Richardson, Rives, Robertson, Rumsey, Sheffer, Charles Shepard, Shields, Shipley, Smith, Snyder, Spencer, Stewart, Stratton, Taliaferro, Taylor, Thomas, Titus, Toucey, Towns, Turney, Underwood, Vall, Vandever, Wagener, Weeks, Albert A. White, John White, Thomas T. Whittlesey, Sherrod Williams, Jared W. Williams, Joseph Williams, Christopher H. Williams, Worthington, and Yell—145.

So the motion to lay on the table was decided in the negative.

Mr. HAYNES then moved the previous question which was seconded—yeas 105, nays 81; and the main question was ordered without a division.

Mr. BRIGGS called for the yeas and nays on the main question, which was the adoption of the resolution reported by the Committee of Elections, that Messrs. Claiborne and Gholson were entitled to their seats, which were ordered, and were—yeas 118, nays 101, as follows:

YEAS.—Messrs. Anderson, Andrews, Atherton, Beatty, Belne, Bicknell, Birdsall, Boon, Bouldin, Brodhead, Bronson, Bryn, Buchanan, Bynum, Cambreleng, John Campbell, T. J. Carter, Casey, Chaney, Chapman, Cilley, Clark, Cleveland, Coles, Connor, Cray, Cushman, Davee, DeGraft, Dromgoole, Duncan, Edwards, Elmore, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, Glascock, William Graham, Grant, Gray, Haley, Hammond, Hamner, Harrison, Hawkins, Haynes, Herod, Holsey, Holt, Howard, Hubley, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Logan, Arphaxad Loomis, James M. Mason, Martin, May, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petriken, Phelps, Plumer, Potter, Pratt, Prentiss, Kelly, Rhett, Richardson, Rives, Sheffer, Shipley, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Turney, Vall, Vandever, Wagener, Webster, Weeks, Albert A. White, Thomas T. Whittlesey, Jared W. Williams, and Worthington—118.

NAYS.—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayckrigg, Bell, Bond, Borden, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, William B. Carter, Chambers, Cheatham, Childs, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Evans, Everett, Ewing, Richard Fletcher, Filmore, Rife Garland, Goode, Graves, Grennell, Griffin, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Robert M. T. Hunter, Henry Johnson, Lawler, Lincoln, Andrew W. Loomis, Wm. Mallory, Marvin, Samuel Mason, Maury, Maxwell, McKennan, Menifee, Mercer, Milligan, Calvary Morris, Noyes, Ogle, Patterson, Patton, Pearce, Peck, Phillips, Pope, Potts, Randolph, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Sheppard, Charles Shepard, Shields, Sibley, Slade, Southgate, Stanley, Stratton, Taliaferro, Thompson, Tillinghast, Toland, Towns, Underwood, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—101.

So Messrs. Gholson and Claiborne were declared to have been duly elected members of the Twenty-fifth Congress from the State of Mississippi, and, as such, entitled to their seats on this floor.

Mr. RICE GARLAND laid on the table an amendment to the bill relative to the state of the deposite banks, which was ordered to be printed; when, on motion of Mr. MORGAN,

The House adjourned.

## IN SENATE.

WEDNESDAY, October 4, 1836.

Mr. McKean presented a memorial from sundry citizens of Philadelphia city and county, against the annexation of Texas; also one from the citizens of Montgomery county, Pennsylvania, remonstrating against the annexation of Texas; which were ordered to lie on the table.

Mr. ROANE presented two petitions from Wm. J. Brent, of Virginia; the one praying for a certain national institution, the other an inquiry into the best mode of healing the distresses of the times. Both these petitions were ordered to lie on the table and be printed.

Mr. NORVELL presented a memorial from certain citizens of Michigan, praying for the passage of a pre-emption law for their relief.

Also, for the establishment of a port of entry at the mouth of the river St. Joseph in that State.

Also, praying for an adequate appropriation from Congress to finish Grand river road.

Also, to improve the harbor at the mouth of north Black river, on Lake Michigan; all of which were ordered to be laid on the table.

Mr. GRUNDY, from the Committee on the Judiciary, reported the following joint resolution:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Postmaster General be, and he is hereby, directed to cause the postage on all letters sent by the Express Mail of the United States, to be paid in advance at the time of depositing them for transportation by said mail.

This resolution having been read twice, was referred to the Committee on Post Offices and Post Roads.

The bill regulating the fees of district attorneys in the renewal of merchants' bonds, was called up for consideration.

Amendments to this bill were offered by Mr. CLAYTON and Mr. CLAY of Alabama, and some remarks made, which were not distinctly heard.

Mr. CLAY of Kentucky said he would have been better satisfied if the Committee on the Judiciary had reported a different bill; for if it passed in its present shape, the attorney's fees for the city of New York would amount to between twenty and thirty thousand dollars, so numerous were the bonds to be renewed under existing emergencies. Why (said Mr. C.) take the business out of the hands of the collector of the customs? Why not let him renew the bonds, and give him the same fee for the renewal that was charged on the original document? On what pretence are they handed over to the attorney unless for suit? in which case, he was entitled to his fees.

The tax of five dollars, as contemplated by the bill, would fall heavily on the class of small importers, many of whose bonds did not exceed fifty dollars. Five dollars on that sum—ten per cent. on the whole amount—would be unreasonable; while bonds for a very considerable amount were subjected only to the like charge. There was no equity, no propriety in such a measure. He would propose to remodify the bill entirely.

Mr. GRUNDY said the object of the bill was to secure to the attorney five dollars, and allow no further charge. The usage in New York was, when papers were placed in the hands of an attorney, to charge certain fees whether the suit was brought or not; it was the custom, he understood, in that State, though certainly not in any other, as far as his knowledge went, and he presumed it was under this law, that the attorney had received the fees so much complained of.

Mr. BUCHANAN said the repeated attention of Congress had been called to the subject of fees of Government officers; but as yet no adequate remedy had been provided. Fees varied in the different States as much as two, three, and even four hundred per cent. He believed they acted under a law of Congress of 1799, which left the control to the ever varying laws of the States. He had consulted the Solicitor of the Treasury on the subject, and had been told by that distinguished officer, that in three-fourths of the States no change whatever was made; while acting in the capacity of district attorney, that officer had never received a farthing for such

duty. Mr. B. agreed with the Senator from Kentucky, that five dollars, ten per cent. on a bond of fifty dollars—as much as was exacted for a large one—was unjust. To obviate that difficulty, and do justice as far as practicable, he would propose to amend the bill, so as to make the fee five dollars on all bonds exceeding five hundred dollars, and two dollars for all of and under that sum, instead of five on all classes, as reported by the bill.

Mr. TALLMADGE was of opinion that it would be better to postpone the subject, and lay the bill on the table until something definite could be fixed on. The fees received by the district attorney were in entire accordance with the usage of the courts. Mr. T. went into an explanation of the manner in which the practice was regulated in the State of New York, and the fees law officers were entitled to under the present regulations. The bill as offered to be amended by the gentleman from Pennsylvania, (Mr. Buchanan,) graduated the fees for the renewal of bonds of a small amount; but he doubted whether more than five dollars was charged for the mere renewal. Mr. T. said he had conversed the other day with a merchant from New York, who told him that he had been surety on thirty-one bonds; for renewing these the district attorney had charged only two dollars on each bond, making sixty-two dollars for the whole, which was far less even than proposed by the Senator from Pennsylvania.

Mr. WEBSTER said when he introduced his resolution he mentioned that, from the enormous amount exacted, he presumed there was some mistake, but the facts were for the committee to investigate. He had since received a letter on the subject, which should go to the Committee on the Judiciary for their inspection. The charge made by the district attorney was, according to his own showing, \$6 64; which charge he presumed was according to the old English rule of taxing by the folio, (so many words); and if that were the fact, the attorney might be entitled to that amount; but he thought it high, as blank bonds were now printed, and hence the expense materially lessened. There were now more than four thousand bonds to renew, and he thought two dollars on each would be sufficient. It was the matter of fees, however, that was most complained of, which the bill before them did not touch. Evils or abuses were contagious, and he feared unless the bill covered the whole ground, we should find the fees in other places based on the system at New York.

Mr. WRIGHT went into some explanation of the practice of the State in relation to fees, and said, in justice to the district attorney of New York, that the fees received by him were legal, and such as citizens paid in like cases. The highest charge made for a mere renewal in any case, had never been more than six dollars and sixty-four cents; and in cases where the amount of the bond did not exceed two hundred dollars, he had invariably remitted one-third even of that charge. Where so many bonds were to be renewed, as would be the case at present, he thought the fee high; but in places where there were only a few bonds, he was not prepared to say it was too high.

The question on Mr. TALLMADGE's motion to lay the bill on the table being taken, it was decided in the affirmative.

The bill imposing additional duties on public officers, as depositaries in certain cases, having had its third reading, the question being on its final passage—

Mr. CLAY, of Alabama, rose and occupied the Senate for the space of near two hours in support of the bill. Whatever suggestions might have presented themselves to his mind in the first instance as a measure somewhat harsh towards the banks, all objections had been removed by the amendment of the Senator from South Carolina (Mr. Calhoun.) Mr. C. went into a full detail of the conduct pursued by the United States Bank; the attempts of that institution to interfere in the politics of the country, and the panic it had created on the removal of the deposits.

In the course of his remarks, he alluded to the argument of Mr. CLAY of Kentucky, that the charter of a national bank and the permanency of the Union were identified; and also remarked on the

declaration made by the distinguished Senator from Kentucky, (Mr. CLAY) shortly after the removal of the deposits, (made in Philadelphia,) that "we were in the midst of a revolution." He also spoke of declarations made in the newspapers and elsewhere, that the deposits must be restored, or a revolution was at hand; and that matters went so far, according to the accounts of the newspapers, that two members of Congress addressed the mob at Baltimore on Sunday; and, as he understood it, one of those members had said, by way of apology, that there were no sabbaths in revolutionary times.

[When Mr. CLAY of Alabama concluded his speech,

Mr. WEBSTER rose, and thanked him for having alluded to the subject; that he knew such a report had been in circulation through the newspapers, as that he, or another gentleman, (Mr. Binney,) then a member of the other House, had made it; but that it was false and calumnious; that he heard no such remark made on that occasion.

Mr. CLAY rejoined, that he believed, whatever might be the character of the report, it had emanated from newspapers, which supported the correctness of the gentleman's position; that he spoke from the newspaper account, which he had never before heard controverted.

[As soon as the Reporter can write out his speech from his notes, it will be given in full.]

Mr. SOUTHARD followed Mr. Clay in opposition to the bill.

Mr. CLAY of Kentucky asked for the yeas and nays on the passage of the bill, and they were ordered, and were—yeas 26, nays 20, as follows:

YEAS—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Linn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright, and Young—26.

NAYS—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Davis, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Tipton, Webster, and White—20.

Mr. CLAY of Alabama again alluded to the Sunday affair, and produced the tenth volume, part second, of Gales and Seaton's Register of Debates of 1833—4, and, with the leave of the Senate, read the following report of Mr. Webster's own account of the affair alluded to, just after his return from Baltimore, having premised that, from the statement of the Senator from Massachusetts, no man would have supposed that any such remark had been made on the occasion by any one:

"Mr. WEBSTER said he was very sorry to be compelled to rise again on this subject. But circumstances had come within his own knowledge which he deemed it necessary to mention. When he arrived in Philadelphia, on his return to Washington, he received information of the very extraordinary communication sent by the President to the Senate; and certainly all that he conversed with, viewed it with the utmost alarm and disapprobation. When he arrived at Baltimore, he found multitudes of people in the streets, certainly not assembled in a riotous manner, but evincing a deep state of feeling from some great cause. When the boat arrived at the wharf, a gentleman came forward, and introduced one venerable man, who addressed him by saying, 'I am a member of the Presbyterian church; and you may be surprised to see me in the crowd on such a day; but I remember that we had no Sabbaths in revolutionary times to interfere with our duty to our country. We know that our liberties are in danger; and we come down to you for the purpose of making you acquainted with our true situation, and to ask what we are to depend on.'"

Having read this extract from Mr. WEBSTER's account in the Senate, just after his return from Baltimore—

Mr. CLAY of Alabama said he was willing to submit it to the Senate how far the declaration of the Senator from Massachusetts—that he had heard no such remark as the one mentioned at the Baltimore Sabbath meeting—was correct.

Mr. WEBSTER replied that he certainly did not make any personal imputation against the

Senator from Alabama, in what he had before stated, but against the newspaper report.

Mr. CLAY of Alabama rejoined, that he (Mr. C.) certainly did not understand the Senator from Massachusetts (Mr. W.) as so intending, or he should have treated him very differently from what he did on the occasion.

On motion of Mr. TIPTON, the Senate went into Executive business; and, after some time spent therein, the Senate adjourned.

#### HOUSE OF REPRESENTATIVES,

WEDNESDAY, October 4, 1837.

Mr. HOWARD, on leave, submitted the following resolution, which was considered and adopted.

*Resolved*, That the President of the United States be requested to communicate to this House, the proceedings of the Court of Inquiry, whereof Major General Scott was President, and which commenced on the 4th of September, 1837, at Knoxville, in Tennessee, pursuant to General Order No. 49, to examine into the transactions of Brevet Brigadier General Wool, and others under his command, in reference to his and their conduct in the Cherokee country.

On motion of Mr. PATTON, the following resolution submitted by him on the 19th September was taken up, considered and adopted:

*Resolved*, That the President of the United States be requested to transmit to this House—

1st. A copy of all the documents and correspondence in his department, relative to the recall of Major Gen. Scott from the command against the Seminole and Creek Indians.

2d. A copy of the record of the proceedings of the Court of Inquiry convened at Fredericktown, in relation to the operations against the Seminole and Creek Indians, together with the decisions thereon of the late and present Executive.

3d. A copy of the orders to Major Gen. Scott, relative to the conduct of his command, and the terms he might offer to the enemy.

4th. A copy of the orders of Major Gen. Jesup, on assigning to him the same command; and all other orders and correspondence with Gen. Jesup subsequent thereto, which he may deem not injurious to the public service to communicate.

Mr. ROBERTSON, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Postmaster General be directed to report to this House, with as little delay as may be, the balances now on hand, so far as ascertained, to the credit of the Department; together with an estimate of the receipts and disbursements during the residue the current year; also, the aggregate amount received and disbursed by the Department since the first day of May last, distinguishing the amount in specie from that in other funds. Also, the regulations touching the funds to be received and disbursed, if any, other than those already communicated; the instances in which those regulations have been disobeyed or dispensed with; with separate statements of the aggregate amounts left in the hands of collecting officers, paid into the Treasury, and deposited in bank, the mint and its branches, or other depositories, since the date first mentioned.

On motion of Mr. MALLORY, the following resolution submitted by him on a former day, was taken up, considered, and agreed to:

*Resolved*, That the Secretary of the Navy be requested to communicate to this House the cause of the detention in the sailing of the Exploring Squadron, together with the correspondence between the Department and the commander, and other officers or persons who are now, or have been at any time, attached to that service; and also report what amount of the appropriation made by Congress for that purpose has been expended, and whether an additional sum will not be required within a short period to carry on the expedition.

On motion of Mr. WILLIAM COST JOHNSTON, it was

*Ordered*, That the Committee on the Public Buildings inquire into the plan of the Treasury building now being erected, to examine the general and detailed plan of said building, as to locality and con-

struction; and whether it would not be changed to the advantage of the public convenience and economy; whether flues should not be substituted instead of fire-places; to examine the various plans of improvement, which may be submitted to the Committee, and report at a convenient time to Congress.

#### NATIONAL BANK.

The House then proceeded to the consideration of the following resolution, reported from the Committee of Ways and Means on the 25th instant, it being the business next in order:

*Resolved*, That it is inexpedient to charter a national bank.

The question pending was the motion of Mr. WISE to amend the resolution, by adding thereto, "at this time. And be it further resolved, that it will be expedient to establish a national bank whenever there is a clear manifestation of public sentiment in favor of such a measure."

Mr. SERGEANT, who was entitled to the floor, proceeded with his remarks for a few minutes, when he moved to refer the resolution to a Committee of the Whole on the state of the Union.

Mr. CAMBRELENG said he was very sorry this motion was submitted by the gentleman from Pennsylvania. He must be sensible that if the motion he now made prevailed, that it would have the effect to make a final disposition of the question now before the House. The Committee of Ways and Means felt bound to present this question before the House, in the form they did, in consequence of the memorials referred to them by the House, praying for the establishment of a national bank. In presenting it, however, they did not anticipate a lengthy discussion. It was supposed by the Committee of Ways and Means, that the nation desired to know what course this House and the other branch of Congress intended pursuing on this question; and they had submitted this resolution in order that gentlemen might be brought to a direct vote, and either adopt or reject the resolution. It was introduced because the subject had been referred to the Committee of Ways and Means, and they considered it proper that the nation should understand what course they intended to pursue on this all important question. He hoped that the motion to commit would not prevail, as there was not time to discuss it at the present session of Congress.

Mr. ADAMS wished to ask the chairman of the Committee of Ways and Means, whether there had not been a number of petitions referred to that committee, praying for the establishment of a national bank.

Mr. CAMBRELENG answered, that there had been, and this resolution was founded upon those petitions.

Mr. ADAMS. My next inquiry is, whether they were read in the committee.

Mr. CAMBRELENG stated, that there had been but about forty of those petitions printed and laid on our tables, and referred to that committee, and it would be very extraordinary if they had not been read by every member of the House and of the committee.

Mr. ADAMS took this answer to be that they were not read. Now, how stands the fact? The Committee of Ways and Means have had a number of petitions referred to them by the House; they have not read a single one of those petitions, and they have reported a resolution that it is inexpedient to establish a national bank. Sir, (said Mr. A.) I signalize this as another instance of the treatment which the petitions of the people of the United States receive from this House. It is now submitted to the House to pass this resolution, without further inquiry. What reason, what argument, what pretence or right, have the Committee of Ways and Means to report such a resolution, unless it was upon the memorials referred to them? And what right have they to tell the House that it is expedient or inexpedient to charter a national bank, before they have read the petitions they profess to report upon? What is the next conclusion? Here is a resolution offered to this House, predetermined not only to force this House to vote upon the question of inexpediency of a public measure, not only without waiting to hear from the people,

but without even condescending to read their petitions when presented! Was the time of this session, which was called for a special purpose, to be wasted upon a mere question of inexpediency? Why, the Committee of Ways and Means might as well have reported that it was inexpedient to increase the navy of the United States; or they might, with much more propriety, have reported that it was inexpedient to prosecute the war in Florida, and waste the money of the United States like water in pursuit of a few hundred Indians, that never could be found. They might have reported on the inexpediency of a great variety of questions; and reporting upon the expediency or inexpediency of establishing a national bank at this time, was a very idle question; and it was as idle for this House to consume its time upon it. If the Committee of Ways and Means had reported in answer to these petitions after reading them, that this House and the white house had predetermined that there should not be a national bank, then there might be some reason for bringing such a resolution before the House. But what were the reasons which the gentleman assigned for reporting this resolution of having an expression of the House upon it? Why, it was, to settle the question that we should never have a national bank in the United States. But why did the gentleman not put this in his resolution? Why did he not say so, and make the members of the House toe the mark? Why not say, resolved, that never to the end of time shall a national bank be established in the United States? Does the chairman of the Committee of Ways and Means suppose his power is to last forever? I admit, said Mr. A. the gentleman's power now; but when he calls upon me to toe the mark, I beg to be excused. His mark is not straight enough for me. It is too much like a Virginia fence. It is too zig-zag for me to come up to; and when he wants me to toe the mark, I want him to make a straight mark. I want something more rational than a resolution that it is inexpedient to charter a national bank, and then be told that the object is that there shall never be a national bank. I complain to this House, and to the country, that the chairman of the Committee of Ways and Means is wasting our precious time with these useless questions, and wasting the time and health of the members of the House by keeping them up till three o'clock in the morning to force through his measures. If we are to waste time on these frivolous questions, instead of adjourning on the 16th of October, we may sit here till Christmas a year. I want to know what the House will do, and what it will not do. If the question is debated, however, I would rather have it debated in Committee of the Whole. Mr. A. concluded by moving to lay the resolution on the table.

Mr. CAMBRELENG hoped the gentleman would not make this motion, which cut off all reply, after making such an attack upon him as he had made.

Mr. ADAMS. I will withdraw the motion if the gentleman will renew it when he has done.

Mr. CAMBRELENG certainly could not do this.

Mr. ADAMS. Well, then, I will withdraw the motion unconditionally, so the gentleman may have the opportunity of replying.

Mr. CAMBRELENG said the gentlemen from Massachusetts, (Mr. Adams) with his accustomed courtesy, had been kind enough to speak of his (Mr. C's) "zig-zag" course. He little expected the gentleman to make that charge. Mr. C. thought he (Mr. A.) would not have alluded to a point which was so very tender to some gentlemen, perhaps on both sides. The gentleman, continued Mr. C, has alluded to my "zig-zag" course, and said that I did not walk in a straight line. Sir, I have been a member of this House for seventeen years, and before I was a member I was an advocate of the broadest doctrines of free trade, and of those doctrines set forth at large in the message of the President; doctrines which the South have uniformly sustained and supported. I have been obliged, sir, from necessity, to make this brief allusion to my own course, in consequence of the ex-



traordinary attack of the gentleman from Massachusetts.

Sir, it is perfectly well known, at least to some members, that, upon this bank question—upon the tariff question—and upon the interference of this Federal Government, or State Legislatures, with the affairs of trade and money, I have been uniform and consistent, and, after seventeen years, I have the pleasure to find myself surrounded by gentlemen from every part of the Union advocating the same doctrines I advocated before I was a member of this House.

Sir, in alluding to the gentleman from Massachusetts the other day, I did it in a pleasant manner, and not for the purpose of provoking an attack upon me. The gentleman had alluded to the proposition now submitted to the nation and to Congress, I mean the proposition to separate the affairs of this Government and our Treasury from all connection with banks. In alluding to that proposition, he had reference to the published opinion of the gentleman, who doubted whether the President had the courage to propose it; and if he had the courage to do so, the gentleman left us in some doubt, whether he would help him out of the difficulty.

Now, I had hoped the gentleman would have given us his aid on that bill; and why? Because I did not think the gentleman would vote for a proposition to incorporate an association of counterfeiters; because I could not suppose it possible that the gentleman could denounce all the presidents, cashiers, and directors, of all the banks, and afterwards come here and vote for an association of counterfeiters. The gentleman told us in that letter that he doubted, as well he might, the expediency of employing any bank of discount as an agent of the Government. Now, there is no Government upon earth which employs a bank of discount. Even the Bank of England is not a bank of discount, according to its practice or its organization: not a bank of commercial discount upon the plan of the banks of this country. The public moneys are not permitted to be employed in commercial discounts, to be suddenly withdrawn. Sir, I rose merely to remind the gentleman that on these questions I wished him to remove all doubt—to toe the mark on the resolution against chartering a national bank.

Mr. GLASCOCK was somewhat astonished that the gentleman from Pennsylvania (Mr. Sergeant) after occupying the time of the House on three different mornings during the morning hour, should move to commit the resolution to the Committee of the Whole on the state of the Union. If he could believe for a moment that any good could result from it, he would not interpose the objection he now made; but so far as this question was concerned, it appeared to him that every gentleman had a full and fair opportunity offered him of making known his views to the House and to his constituents, in relation to the establishment of a national bank, in Committee of the Whole, on the bills before that committee. This being the case, he was surprised that the gentleman should have made the motion after he had finished his own remarks. It was also he thought very extraordinary that the gentleman from Massachusetts should have made the motion to lay the resolution on the table, after a similar motion had been rejected by a large majority of the House. He hoped the motion to commit might not prevail, because we had but some eight or ten days to determine on all the great questions before the House, and the morning hour, he took it, was as much time as could be set apart specially for the discussion of this resolution. Gentlemen could discuss this question during the morning hour, and those who desired to give their views on the subject of a bank at any other time, could do so on the bills under discussion in the Committee of the Whole.

Mr. CLARK was somewhat surprised at the gentleman from Pennsylvania making this motion at the present time, after the indulgence which had been given him by the House. It seemed to him that there was business enough before the House, without going into this wide and unlimited range of debate on the question of establishing a national bank. The subject has been debated to death, and

the public stomach is sick of it; and he hoped we would not now hear any more of this bank war. The battle has been fought and won, and why renew the contest? A charge has been brought against the Committee of Ways and Means for not having read the different petitions and memorials referred to it on the subject of a national bank. Why, sir, these petitions are as familiar to the people of the country as household terms. We all know where they are got up. They are sent from the printing offices of the city of New York through the country for signatures, and are all of the same kind. He hoped this question of a Bank of the United States was not now to be fought over again. General Jackson had had the good fortune to harpoon this leviathan, and he hoped the question might be left at rest for the present.

Mr. ROBERTSON thought it surprising that the House should be called upon to vote on this important question, without the opportunity of a full and free discussion. He thought the proper course would be to commit it to the Committee of the Whole on the state of the Union, so that every gentleman would have the opportunity of giving his views upon it; and if there was not time to dispose of it at the present session, it would remain on the table to be considered at the coming session.

Mr. WISE concurred in opinion with his colleague. He said there were three distinct plans before the country, supported by the three different parties in the House. One was the Sub-Treasury system, submitted by the chairman of the Committee of Ways and Means as a positive plan, and the other was a positive plan, submitted by the gentleman from Virginia, (Mr. Garland,) who belonged to the conservative party in the House, and both these plans were referred to the Committee of the Whole on the state of the Union. The other was a negative proposition, introduced by the gentleman from New York, (Mr. Cambreleng.) This negative proposition the gentleman sees fit to keep confined to a few minutes' discussion every morning, instead of giving to it the same chance for free discussion which he ther two plans have in Committee of the Whole. He objected to this course, and he objected to having this issue presented at this time, and in this form. He did not desire this summary mode of execution for the bank. He did not desire to see this vote, taken without debate, held up to the country as another triumph over the bank; but he wished to see a clean avenue for discussion, where he could meet the gentleman from New York on the question in every point in which it was presented, and this he hoped they would be able to obtain.

Mr. BYNUM obtained the floor, but yielded to a call by Mr. CAMBRELENG for the orders of the day.

#### TREASURY NOTES.

On motion of Mr. CAMBRELENG the House went into Committee of the Whole on the state of the Union, Mr. CONNOR in the chair, and resumed the consideration of the bill "to authorize the issuing of Treasury notes."

The question pending was on the substitute of Mr. RHETT.

Mr. BIDDLE addressed the committee at length in opposition to the whole proposition.

Mr. ROBERTSON expressed his intention of voting against this or any other bill proposing to raise revenue, on the ground that the condition of the Treasury was such as not to require it. He gave notice of his intention to move to strike out the first clause.

Mr. THOMAS made some explanation in reference to the proceedings of the Committee on the Judiciary, on that part of the President's Message on the subject of a bankrupt law.

The hour of half past two having arrived, the House took its usual recess till four o'clock.

#### [EVENING SESSION.]

#### TREASURY NOTE BILL.

The House, on meeting in the evening session, went into Committee of the Whole on the state of the Union, Mr. CONNOR in the chair, and resumed the consideration of the "bill to authorize the issuing of Treasury notes," with the amendment to, or substitute therefor, of Mr. RHETT.

Mr. DUNN briefly opposed the bill, and gave notice of his intention to submit an amendment, when it was in order to do so.

The amendment of Mr. RHETT was disagreed to.

Mr. WILLIAMS of North Carolina, also opposed the bill.

Mr. DAWSON moved an amendment to restrict the number of clerks to four, and limiting their compensation to \$1200 to each.

Mr. CAMBRELENG had no objection to the amendment.

Mr. McKAY suggested the introduction of the words "per annum," which Mr. DAWSON accepted as a modification, and so modified, the amendment was agreed to.

Mr. RIVES moved to strike out the second clause of the bill, which provides that the notes should bear interest. He explained, as the reason of his motion, that he was in favor of the bill as originally reported in the House from the Committee of Ways and Means, that bill not providing that the notes should bear interest. [This was the main distinction between the House and Senate bills; the latter making the notes bear interest, the former not.]

Mr. SNYDER said he would vote for the amendment of the chairman of the Committee of Ways and Means, if we were under the necessity of issuing ten millions of paper money; for one, he thought it important that the paper should be of equal value with specie, unless it is, the consequences will be that the issue of this paper will add to, in place of diminishing, the evil, which at present exists; for, disguise this as you may, it is a debt which we are involving the nation in to the amount of ten million of dollars. I have been in the habit of always legislating in a manner that my constituents would understand my acts; hence I would much prefer a loan of ten millions to the present proposed mode of issuing warrants to that amount, redeemable in one year; for, depend upon it, if we keep our faith with the States, we have ten millions to pay them in 1839. There is now a deficit in the Treasury of two millions and upwards, this, together with the ordinary expenditure of the Government, will consume all the contemplated revenue of the next year; and at the end of that time, the money must be raised to redeem the warrants, and rest assured that the people will understand it, when they are called upon to pay it. It is objected to, that if these warrants bear interest, they will be anxiously sought for, and being more valuable than specie, they will be locked up, and withheld from circulation. Admit this, it will take ten millions of specie or its equivalent to withdraw from circulation the warrants, thus adding to the means of the banks to resume specie payment. Not only the wants of the people, but the character of our Government, imperiously demands that we should issue none other than a circulating medium which would relieve the degraded state of the currency, and have an equal value with specie. I repeat, sir, I would prefer a loan to the odium of issuing a paper currency, not based on a specie capital, and which the taxes of our constituents must in the end pay.

The amendment was further briefly discussed by Messrs. RIVES, HAYNES and CAMBRELENG, when:

Mr. CHAMBERS, of Kentucky, moved that the committee rise, but subsequently withdrew the motion.

Mr. BELL suggested that the question be taken on the several amendments, the bill laid aside to be reported, and the further discussion be had in the House. He was also willing that all the bills should be reported early, except the last, (the Sub-Treasury scheme.)

Mr. UNDERWOOD gave notice of a substitute he intended to offer, containing two propositions: 1. To authorize a sale, at par, of the bonds upon the Pennsylvania Bank of the United States; and 2. That if the Secretary of the Treasury cannot sell those bonds, that he borrow the same amount of money, (viz: \$6,500,000,) at a rate of interest not exceeding six per cent. per annum.

Mr. RIVES modified his amendment by moving, instead of striking out the second section, to insert

in the first section the words, "not bearing interest."

Mr. HOLSEY opposed the amendment on the ground that it was necessary to vest that discretionary power in the President and Secretary of the Treasury, to prevent the contingency that might arise of their becoming below par. The clause vesting that discretionary power in the Treasury Department, would prevent that contingency.

Mr. McKIM expressed his decided approbation of the proposition to pay interest, because it would prevent the notes being depreciated below par; and the Government being bound by existing laws to pay its creditors in specie, it would not be just to offer them merely paper in liquidation of its debts. He was, however, in favor of a moderate rate of interest, perhaps six per cent. at first, but that rate might hereafter be reduced, even to as low as one per cent. That, however, would depend upon a variety of circumstances, such as the future condition and wants of the Treasury, the amount of imports, the negotiability of the Treasury notes, their demand, &c. Without interest they might at once become depreciated, as it was within his recollection they did in the late war no less than ten per cent. The time might come when they need not bear any interest, but that was not the present moment.

Mr. McK. objected to a temporary loan for a year, from the difficulty there would be of negotiating it for so short a period. That was one objection. He had several others which he would not then go into. He also said that he would not, at that time, go farther into the subject generally, but he trusted the clause providing for the payment of interest, under the restrictions devised, would be agreed to.

The question was then taken on Mr. RIVES's amendment, and it was decided in the negative—ayes 56, noes 91.

Mr. UNDERWOOD then submitted his amendment, notice of which he had given before, as above, which was rejected—ayes 80, noes 91.

Mr. DUNN moved to amend by inserting a clause making the Treasury notes receivable in payment of debts due to Government, from the sales of public lands, custom-house dues, and balances from the deposit banks, whether such Treasury notes should be due at the time or not. He said his object in offering the amendment was, that if the notes depreciated in value, it was right to call into the market as many purchasers as possible.

Mr. CAMBRELENG objected to the amendment. The object of the bill was to issue the notes, and to receive them in payment of merchants' bonds, and other debts, when such notes became due, and not before, and to prevent any depreciation in their value.

Mr. ROBERTSON could not agree with the proposed amendment, which, if carried, would afford an opportunity to the United States Bank to pay off the whole of its debt by buying up the notes at a discount. He did not like the idea of debts due to Government being paid in advance by such a method.

Mr. FILLMORE thought the merchants ought to be allowed to purchase the Treasury notes, and to pay their bonds with them when they became due, whether the notes were due at the time or not.

Mr. DUNN said his object in offering the amendment was, to prevent the notes depreciating as much as possible.

Mr. CAMBRELENG saw no advantage in adopting the amendment. It was quite time enough for the merchants to pay the notes into the Treasury when they became due.

Mr. CHAMBERS made some observations in which he endeavored to show that the present measures were parts of a scheme to destroy the banks. He concluded by moving "that the bill be laid aside for the present, and that the Senate bill No. 4, for adjusting the remaining claims against the deposit banks, be taken up instead."

After some debate as to whether such a proposition could be received at that time, the Chair decided it was in order.

The question was then taken on the amendment, and lost without a count.

Mr. WISE moved to strike out the words "he may think proper," and to insert "the exigencies of the Government may require." Also to strike out "and shall include the principal of each note, and the interest which may be due thereon at time of payment," and insert "provided that it shall not be lawful for any officer of Government to pay out or circulate Treasury notes, so long as there shall remain on hand any specie or other available funds, and the whole amount of the five millions, provided by law for contingencies, shall be kept on hand in Treasury notes, until their use shall become unnecessary," &c.

Mr. W. said it was not his intention to give his views at large at that time on the Treasury note bill. But he considered it as the commencement of the system of a Treasury bank. It was never contemplated by the administration, in adopting their system of Treasury banks, to present the entire plan at once. It was their intention to develop it gradually, and to give it to the people by piecemeal. The first and the longest stride to familiarize the minds of the people, was their Treasury issues. The plea now urged for these notes, with or without interest, was "the necessity of the Government." And not only that, but it had been openly avowed by a gentleman in the other House, "that Government should have a permanent circulation." He, Mr. W. was not only opposed to the creation of a public debt without necessity, but he would the state in advance and enter his protest against the Treasury bank scheme. He thought his friend from Pennsylvania, (Mr. Biddle,) in his able speech in the morning, in one instance had mistaken the figure. That gentleman had thrown out the idea "that the Government of the United States had violently and irreligiously forced a divorce from the United States Bank, which was its lawful wife, and had been united in wedlock for forty years; that the Government, Turklike, had then set up a seraglio; but getting sick of that, had taken a number of harlots, whom it pelted and dandled on its knee in the most indecent manner." Now he would tell the gentleman that he certainly had mistaken the whole figure. Whence had we this doctrine of divorce? Why, it was first suggested by Fanny Wright, (and he should very likely have to quote from her writings before long;) it was from her that the idea originated; but shortly after he had read her book denouncing matrimony, and crying up divorce, the very first thing that he saw was, that Fanny Wright had become Mrs. Darusmont, and had actually got married herself, after abusing matrimony in such strong terms. Just so it was with the Government; it was crying up the doctrine of divorce, when at the same time it was about contracting matrimony with one of the vilest termagants, in the shape of a Treasury bank.

The question on this amendment was then taken, and rejected—ayes 82, noes 89.

Mr. CAMBRELENG'S amendment, or substitute for the bill, was then put and agreed to.

Mr. DUNN moved to amend by adding an additional section to the bill, limiting the power of the Secretary to issue notes, to the first Monday in May, 1838. Rejected without a count.

Mr. FILLMORE moved to strike out that portion of the bill relating to punishment for forgery, making it penal to have in possession the same kind of paper; &c. and to insert "With intent to use the same fraudulently." Negated without a count.

The question was then taken on Mr. DUNN's former amendment, and lost without a count.

Mr. JOHNSON, of Maryland, moved to amend by adding "the power given to the President to issue Treasury notes, shall cease on the second Monday in June, 1839." He said his object in offering the amendment was to ascertain whether this bill was only intended to give present relief, or whether it was to be permanent for all time to come, and that Government intended to cover the whole country in future with its own spurious paper.

Mr. DUNCAN complained of the many occasions on which the friends of the administration were compelled to sit and listen to the taunts of the opposition, who were continually charging them with being under Executive influence, and so forth. He would admit that they acted together, and what of that? The friends of the Government had come

here for the very purpose of acting together, to relieve the country from its present distress. But the opposition were continually raising the panic note, and yet did nothing towards relief. They not only refuse to act themselves, but they endeavored to embarrass and prevent others from so doing. Was it not but the other day, that one who claims to be a leader of the other side, (Mr. Wise) told them "that he would offer nothing, and he hoped that none of the opposition would offer any proposition for relief?" Mr. H. then referred to the various measures now proposed, and contended that they were all calculated to afford relief to the banks and country at large. He referred to the short period remaining of the session, and earnestly entreated the opposition, that if they would not act themselves, at least to permit others to act for the benefit of the people.

The question was then taken on the amendment offered by Mr. JOHNSON, and rejected—ayes 83, noes 89.

Mr. GRENNEL submitted an amendment in relation to the clause for punishing those having plates of the notes in their possession, with intent to make a fraudulent use of them. Lost.

On motion of Mr. CAMBRELENG, the Committee then rose, and reported the bill and amendments to the House, which were ordered to be printed; and then, on motion of the same gentleman,

The House adjourned, at 8 o'clock, p. m.

#### IN SENATE,

THURSDAY, October 5, 1837.

Mr. McKEAN presented several memorials remonstrating against the annexation of Texas; which were ordered to lie on the table.

Mr. PRENTISS presented several memorials, also remonstrating against the annexation of Texas, and one for the abolishment of slavery in the District of Columbia; which were laid on the table.

Mr. ROBBINS, from the Committee on the Post Office and Post Roads, reported the joint resolution referred yesterday from the Committee on the Judiciary, requiring the postage on all letters for Express mail to be paid at the office where they were deposited for transportation.

Mr. LINN submitted the following resolution, which was agreed to:

*Resolved*, That the Secretary of the Senate be directed to transmit to the Secretary of the Territory of Wisconsin such public documents as have heretofore been given to the members of this body.

The Senate then adjourned until Monday next.

#### HOUSE OF REPRESENTATIVES,

THURSDAY, October 5, 1837.

Mr. HAYNES submitted a motion to reconsider the following resolution adopted on yesterday; which motion was entered and lies over:

*Resolved*, That the Secretary of the Navy be requested to communicate to this House the cause of the detention in the sailing of the Exploring squadron, together with the correspondence between the Department and the commander, and other officers or persons who are now, or have been at any time, attached to that service; and also report what amount of the appropriation made by Congress for that purpose has been expended, and whether an additional sum will not be required within a short period to carry on the expedition.

Mr. HOWARD submitted a motion to print ten thousand extra copies of the correspondence in relation to the Mexican boundary; which was agreed to.

Mr. ADAMS then moved that the same number of the Brazilian correspondence be printed; which was agreed to.

#### NATIONAL BANK.

The House then proceed to the consideration of the following resolution, reported from the Committee of Ways and Means on the 25th instant, it being the business next in order:

*Resolved*, That it is inexpedient to charter a national bank.

Mr. WISE had moved to amend this resolution, by adding thereto, the following "at this time:"

"And be it further resolved, that it will be expedient to establish a national bank whenever there

is a clear manifestation of public sentiment in favor of such a measure."

The question pending was the motion of Mr. SERGEANT to commit the resolution to the Committee of the Whole on the state of the Union.

Mr. BYNUM, who was entitled to the floor, said he had not risen on yesterday, so much with the intention of making a speech, as to express his hearty concurrence in the sentiments expressed by the honorable gentleman from Georgia, (Mr. Glascock,) and the honorable gentleman from New York (Mr. Clark,) and he exceedingly regretted that it became the duty of the Chair to interpose and arrest the remarks of those honorable gentlemen, knowing that they would have been able to place the subject in a clearer point of view than it was in his power to do. He also rose to express his astonishment at the extraordinary course pursued by the gentleman from Pennsylvania, (Mr. Sergeant,) in moving to commit the resolution to a Committee of the Whole on the state of the Union, after having been indulged by the House for three or four days in succession, in lecturing the House and administration, and eulogizing—almost delivering a funeral sermon over the corpse of the dead monster—the bank. After all this, it appeared to him strange that the gentleman should conceive it to be his duty, to the prejudice of those who feel it to be their duty to oppose a recharter of the United States Bank, to move to commit the resolution to the Committee of the Whole, thereby depriving them of the opportunity of defending themselves, or replying to the arguments adduced by the gentleman, because it is well known that the rules prevent a member in Committee of the Whole from replying to arguments made in the House. He hoped the House would not adopt the motion made by the gentleman from Pennsylvania, for this reason: that these gentleman had raised the hue-and-cry about the distresses under which the country was laboring; when, in his opinion, if there was any distress in this country, it had sprung from the action of that profligate and monstrous institution, the Bank of the United States. He believed it was the Pandora's box which had been the cause of all the complaints, all the evils, and all the distresses, of which we have heard so much on this floor. He hoped the question might be taken at the present session of Congress, so that the country might be put at rest in relation to it. Let gentlemen come up to the question, and toe the mark. Let the question be decided in the House, and not sent to the Committee of the Whole, where no vote can be taken on it, and where discussion will only add to the distresses which already exist. In his humble opinion, there could be nothing which would afford more solid and substantial relief than a decision of this House, that will show to those who make complaints of distress, and ring the changes on the word panic, that their favorite project is hopeless; that a United States Bank can not be chartered by the Congress of the United States; and that it was in vain for them to be indulging themselves with the hope that it can. The sooner this was done the better it will be for the people of the country. In his opinion, if we intend to act in good faith to the people, and do any thing for the relief of the people of the country, and the distresses of that people, the very first thing we should do would be to determine whether the establishment of a United States Bank was to be expected by any party in the country; to settle and fix the question finally, so that the people of the country and the capitalists of the country might know what to do. He had no doubt that there was a great deal of capital now held up which would be invested in other business, if this question was determined; and why not determine it at once, and put it at rest? Gentlemen, in support of their motion to refer this resolution to the Committee of the Whole, say they want a discussion of the subject. Why, do they not know that it has been discussed from year to year for the last six years, throughout the whole country, and in both branches of Congress? Do they not know that it has been discussed in both branches of Congress at the present session, on almost every subject which has been brought forward? Have we not heard the ditties which have been sung in this

House by the gentlemen from Pennsylvania, in eulogy of their favorite institution. And do gentlemen not know that this subject has been discussed until a large majority of the people of the country turn away from it with loathing and disgust? It has been decided at the ballot box that a majority of the people of the country were opposed to the establishment of a national bank; and he wished to be permitted to tell gentlemen that they mistook the intelligence, virtue, and patriotism of the people of the country, if they expect by this protracted discussion of the question, to drive them from their opposition to a Bank of the United States. It was in vain for them to expect to rivet the chains which had sprung from that institution, on the necks of the people; and the sooner the matter was decided, the better for the country, as it will put at rest all agitation and turmoil. The President of the United States has been accused of taking an extraordinary course, and of endeavoring to forestall public opinion, by the very consistent gentlemen of the opposition. He has been denounced and declaimed against by those who deal in declamation, for the extraordinary and high handed course he has pursued; and it will be recollected by every gentleman here, that those who now denounce him for throwing out his opinions in advance, denounced him two years ago because of his non-committalism. These gentlemen then said that he was non-committal on every thing—that he would never toe the mark—that he would never go in advance of public opinion, but always followed after it. Now, however, they say the President has introduced both reckless and extraordinary measures, and they denounce him for endeavoring to forestall public opinion. All these arguments and denunciations should be fairly met, and he would ask the gentleman from Pennsylvania, whether the friends of the administration would have the opportunity of answering him in Committee of the Whole? because the gentleman well knows it is against the rule to reply to arguments made in the House. He wished to see a direct and early vote upon this subject. The people of the country require it. They want to know what prospects there are for the recharter of a national bank, so that they may know what to expect. He did not believe that there was any gentleman in this House who was inimical to the establishment of a national bank, who desired to avoid the question by referring it to the Committee of the Whole. Every individual who was at heart hostile to a recharter of the bank, must be disposed to keep the subject in the House, and not permit it to go to the Committee of the Whole, where it may be discussed to the end of the session without coming to any conclusion thereon. Gentlemen have talked a great deal about skulking and dodging questions; but he would ask who ever saw such dodging as there had been on this question. Gentlemen desired not only to dodge the question, but to dodge behind the rules of the House to save themselves from having their arguments answered, and their denunciations exposed.

It was easy to make assertions, but it was not so easy to prove them; therefore, gentlemen endeavor to shield themselves by having the subject referred to the Committee of the Whole. Let the American people see what party support a national bank; let them see their strength, and what prospect there is for them to succeed, and they will be satisfied. The farming and mechanical interests are now satisfied. Who, then, are making all these complaints? It is the bankites, the rag barons, and the stockjobbers. These are the men who are endeavoring to render the Government unpopular with the people, and make them discontented with their country. The rapid strides which the bank is making for almost universal dominion in America, warn us of the necessity of letting the country and the world know its fate as soon as possible. We have heard but recently of this institution sending an agent to Europe, perhaps to interfere with our commerce. Every day admonishes us of the danger of the bank; and shall we longer sit by and encourage agitation, and add to its power of doing injury to the country? He hoped that the democracy of this House would give it as their opinion to the

democracy of the country, and to the agricultural, mechanical, and laboring interests of the country, that it was inexpedient to establish an institution which had declared war upon the country, and stood out against the sovereignty of the people themselves. Let them know this; let the world know it, and we will bear but little of this distress which has been so long sounded in our ears. If, however, this subject is kept in agitation before this House and the country, the cry of distress, and panic, and confusion will be kept up, the President will be denounced, and a Bank of the United States will be held up as the only panacea for the country. Gentlemen could not suppose we are ignorant of the game they are playing. They tell us the time has not arrived for introducing the subject of a national bank. But what do they mean by this? They mean that they do not want it condemned; they do not want the true voice of the people spoken on this subject, because they know it would be against them.

He hoped that no one who was opposed to the recharter of this institution would hesitate in voting to reject the proposition submitted by the gentleman from Pennsylvania, to refer this resolution to the Committee of the Whole on the State of the Union.

Mr. CUSHMAN said, that believing every gentleman to have made up his mind on the question in relation to the expediency of chartering a national bank, and that the state of the public business would not permit of its further discussion, he moved the previous question.

Mr. HAYNES moved a call of the House, which was ordered; and the roll having been called over, and 195 members answered to their names—

Mr. MORGAN moved to dispense with all further proceedings under the call, which was agreed to.

The previous question was then seconded—ayes 83, noes 80.

Mr. REED called for the yeas and nays, on ordering the main question; which were ordered, and were—yeas 101, nays 101, as follows:

YEAS—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Bouldin, Bruyn, Buchanan, Bynum, Cambreleng, Timothy J. Carter, Chapman, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, Dromgoole, Duncan, Edwards, Elmore, Fairfield, Isaac Fletcher, Fry, Gallup, Gholson, Glascock, Gray, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Holsey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kilgore, Klingensmith, Leadbetter, Logan, Archibald Loomis, James M. Mason, McKay, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Noble, Owens, Palmer, Parmenter, Paynter, Pennybacker, Pettrick, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reilly, Rhett, Rives, Shaffer, Shields, Shipley, Smith, Spencer, Stewart, Taylor, Thomas, Thoms, Toucey, Turney, Vanderveer, Vazenger, Webster, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—101.

NAYS—Messrs. Adams, H. Allen, John W. Allen, Ayer, Bell, Biddle, Borden, William B. Calhoun, John Calhoun, William B. Campbell, Casey, Chambers, Cheatham, Childs, Clowney, Corwin, Canston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Everett, Ewing, Richard Fletcher, Rice Garland, Goode, James Graham, William Graham, Grennell, Hall, Halstead, Harlan, Harper, Henry, Herod, Robert M. T. Hunter, Jenifer, Henry Johnson, William Cost Johnson, Lawler, Lewis, Lincoln, Andrew W. Loomis, Lyon, Malbury, Marvin, Samson Mason, Martin, Maury, May, Maxwell, McKennan, Menefee, Mercer, Milligan, Matthias Morris, Calvary Morris, Navlor, Noyes, Ogil, Patterson, Patton, Pearce, Peck, Phillips, Pope, Potts, Rariden, Read, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, S. de Snyder, Southgate, Stratton, Tallaferra, Thompson, Tillinghast, Tabard, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—101.

The CHAIR voted in the affirmative, so that the main question was ordered to be now put.

Mr. CLARK inquired if it would now be in order to move to lay the subject over until to-morrow.

The CHAIR replied that it would not be in order, the main question being ordered to be now put.

The main question was then reported as follows:

Resolved, THAT IT IS INEXPEDIENT TO CHARTER A NATIONAL BANK.

Mr. WISE called for the yeas and nays on the main question, which were ordered, and were—yeas 122, nays 91, as follows:

YEAS—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Bond, Bouldin, Broadhead, Bruyn, Buchanan, Bynum, Cambreleng, T. J. Carter, Casey, Chapman, Cilley, Claiborne, Clark, Cleveland, Clowney, Coles, Connor, Craig, Crary, Cushman, Dawson, Davee, Dromgoole, Duncan, Edwards, Elmore, Fairfield, Isaac Fletcher, Fry, Gallup,



Gholson, Glascock, Grandland, Gray, Griffin, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Hoisey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, K. J. Kingensmith, Legare, Leabather, Lewis, Logan, Arphaxad Loomis, Lyon, Mallory, James M. Mason, Martin, McKay, A. McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Matthias Morris, Samuel W. Morris, Muhlenberg, Noble, Ogle, Owens, Palmer, Parmenter, Paton, Paynter, Pennybacker, Perlick, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reily, Rhett, Rives, Robertson, Sheffer, Shields, Shipley, Smith, Snyder, Spencer, Stewart, Taliaferro, Taylor, Thomas, Thompson, Titus, Toucey, Towus, Turney, Vanderveer, Wagener, Webster, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—122.

**YAYS**—Messrs. Adams, Heman Allen, John W. Allen, Ayer, Bell, Biddle, Borden, William B. Calhoun, John Calhoun, William B. Campbell, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Davies, Deberry, Dennis, Dunn, Everett, Ewing, Richard Fletcher, Filmore, Rice Garland, Goode, James Graham, William Graham, Graves, Greenell, Hall, Halstead, Harlan, Harper, Hawes, Henry, Herod, Jenifer, Henry Johnson, William Cost Johnson, Lawler, Lincoln, Andrew W. Loomis, Marvin, Samson Mason, Maury, May, Maxwell, McKennan, Mercer, Mercer, Milligan, Calvary Morris, Naylor, Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Rencher, Ridgway, Rumsey, Russell, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Southgate, Stanley, Stratton, Tillinghast, Toland, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—91.

So the resolution was agreed to.

The House then passed to the orders of the day.

#### DIVORCE BANKS BILL.

The bill from the Senate, entitled "an act imposing additional duties in certain cases on public officers," was taken up on its reference.

Mr. **CAMBRELENG** remarked, that as this bill corresponded in almost all its provisions with the House bill under the same title, reported by the Committee of Ways and Means, and referred to the Committee of the Whole on the state of the Union, in order, therefore, that there might be no delay upon the action of this bill; and as there was only one slight difference between them, he had been instructed, he said, by the Committee of Ways and Means, to move that this bill be at once committed to the same Committee of the Whole as the other.

The motion was assented to, *nem. dis.*

#### TREASURY NOTES.

The House then proceeded to the consideration of the "bill to authorize the issuing of Treasury notes."

The bill had been entirely amended in Committee of the Whole, and a substitute submitted by Mr. **CAMBRELENG** adopted.

Mr. **RIETT** moved to amend the first section by inserting in the second line, after the word "notes," the following: "or bills receivable in payment of the public dues;" and supported his amendment at some length, and went somewhat at large into the subject generally.

Mr. **FLETCHER** opposed the bill, on the ground of its not being required, and therefore they were not justified in incurring a debt when the Government had sufficient means in hand. What were they? The bonds of the Pennsylvania Bank of the United States amounting to \$6,000,000, without interest, which might be readily sold in Europe, even for specie, if it was wanted. Then there were \$16,000,000 in the deposit banks, which might be rendered available by drafts being drawn on it. These were sufficient resources for all the necessities of the Government, without incurring a loan of \$10,000,000.

He objected to the bill, also, because it was deceptive in its mode. The object and purpose of the bill were not consistent with its title. Instead of merely authorizing the issue of ten millions of Treasury notes, it was really a bill authorizing a loan of ten millions, and that should be its title. It was therefore deceptive in its character, and nothing more nor less than an imposition.

He also objected to it on the ground of unconstitutionality, and inquired where existed the power of the General Government to issue bills of credit? Such a power belongs not to it.

The discretionary power left the Executive to fix the rate of interest on the Treasury notes, short of six per cent. was another valid objection he had to it. It was involving uncertain legislation, vesting too much power in the Executive, and disrobing the legislative department of that which was peculiarly and strictly within its province.

Mr. **CUSHING** said it would be idle for him to think of adding any thing to the force and clearness of the observations of his colleague, (Mr. Fletcher;) but one of the remarks made by that gentleman had recalled to his recollection a curious fact, bearing upon the question at issue, which he begged leave to state to the House.

It would be remembered, that one of the main arguments of those gentlemen who deny the constitutionality of a national bank, is the consideration that the power to establish such a bank is not expressly given to Congress in the Constitution; that it is what is called a constructive power; and that a proposition was made in the convention which framed the Constitution to confer on Congress power to create corporations, and rejected.

Now that (said Mr. C.) the analogy between this question of a national bank, and that of bills of credit, is perfect in all its parts. There is no express power in the Constitution for Congress to issue bills of credit. It is a constructive power, just as much as the power to establish a national bank; and Mr. Pinckney of South Carolina proposed, as may be seen by the printed journal of the convention, that in the enumeration of the powers of Congress, one clause should read thus: "To borrow money and emit bills of credit." This latter branch of the proposition the convention rejected: the actual provision as to loans being in these words: "To borrow money on the credit of the United States."

Mr. C. said that, without himself admitting the conclusiveness of the arguments adverse to the constitutionality of a national bank, he did not see how those who did entertain that view of the Constitution could consistently support a law for the emission of bills of credit.

Mr. **PARMENTER** supported the bill, and opposed the proposition to sell the United States Bank bonds in Europe, showing that it would lead to results similar to those which had lately taken place. He also insisted that the resources adverted to by Mr. Fletcher were not available. The issue of Treasury notes was far preferable to a loan, or to the issue of Treasury drafts. The former would be taken by the large cities, the latter would be in large and inconvenient sums, and would thence fail in giving general relief to the country, because they would not become current.

Mr. P. then traced the evils of the present condition of things to their source, arising out of the universal spirit of speculation in land, town lots, new inventions, &c. and in conclusion, he said, that after having examined the report of the Secretary of the Treasury, he was well assured there would be a deficiency of our resources, and that this bill proposed no more than was absolutely required for the indispensable wants of the Government.

Mr. **CROCKETT** questioned the declaration made by some gentlemen, that there were no embarrassments felt in the country, for they were not only acknowledged by the President in his Message, but were felt in almost every section, and yet not one of the bills proposed by the Committee of Ways and Means was designed for the relief of the people.

In reference to the bill under consideration he objected to it, because it clothed the President with power to create a national debt: for this scheme, he contended, was nothing more nor less—while nothing was intended for the people, who were to be dismissed with a lecture on prudence, moderation, and economy. He likened this course to the case of Job and his wife, whose only comfort and consolation she afforded to her husband was well known. This was pretty much like what the President said to his constituents, to the people. Mr. C. denounced the system of the Sub-Treasuries, or what he regarded as a Treasury bank. In reference to the late President, he said it appeared that he was not alone content with dictating his successor, but he must also dictate what that successor should do. Instead of attempting to devise means to keep up the present prodigal and extravagant expenditures of the Government, Mr. C. was for beginning at the right place, and in the right manner, viz: by retrenchment, reform, and economy. Moreover, it had been, to his mind, shown conclusively, that these \$10,000,000 would not be wanted,

after withholding the deposit of the fourth installment with the States. But even if it were otherwise, he said, so let it be. If the Government had actually brought itself into a state of insolvency, it ought to be known. He denied, however, that the balances in the deposit banks were unavailable, since Treasury drafts drawn upon those deposits would be taken every where; nor could he see the difference between a protested Treasury draft and a Treasury note bearing interest. In conclusion, he was in favor of a national bank, as the only means of furnishing the country a sound and uniform currency, and of regulating the exchanges. Of the power of Congress to charter such an institution, he had no constitutional doubts whatever; and if he had, he would not set them up against the overwhelming authority on the other side. Even if it were true that the late bank had been guilty of all the charges alleged against it, that offered no good reason why they should not have another, with proper safeguards to prevent a recurrence of such abuses, if any such existed. He believed there was a large majority of the people in favor of a national bank, if their sense could be fairly ascertained.

Mr. **HAMER** had thought last night that the debate on this bill was closed, but it seemed that they had taken a fresh start that morning. He himself did not rise to make a speech, but briefly to throw out a few suggestions in reply to some things that had been thrown out by gentlemen in the course of the discussion.

Some complaints had been made of the order in which the business of the House had been brought before it. Gentlemen had urged that this bill ought to have been laid aside, and that the bills to allow time to the deposit banks, and to postpone the payment of merchants' bonds, should have been first disposed of, before the final action was had upon the present bill. Now, there were two reasons why that was not the proper course.

The first was, that, so far as had been seen by the course, and gathered from the declarations of gentlemen in the opposition, they were opposed to all the measures brought forward; and hence it was but fair and reasonable that the friends of those measures should be allowed to select the order in which they should be brought before the House. That was one reason.

The other was, that the Government ought to act, in regard to this matter, precisely as an individual would in similar circumstances. Suppose that he owed a thousand dollars, and was unprepared to pay it when called upon, and asked time of his creditor; that creditor said he would give him time if he (the creditor) could raise it from any other source—must not that creditor ascertain first whether he could raise the amount of money before he could indulge him (Mr. H.) his debtor? That was precisely what they wanted to ascertain in the present case. They were first to ascertain whether they had the means of granting the indulgence proposed in the other two bills, before they could take upon themselves to do so. This was fair and reasonable, and was the only perfectly proper course.

Now, in regard to the arguments advanced that morning by the very able gentleman from Massachusetts, (Mr. Fletcher.) That gentleman insisted that this bill was unnecessary, and assigned his reasons. He said they should sell the claim upon the Bank of the United States. Why, the Government was now out of money, and wanted funds immediately. Which, then, was the most reasonable: for the Government to go into the market and force a sale of that claim, and the paper she holds against the Bank of the United States? or to issue Treasury notes, and take time to render that debt available, or collect it at maturity? Was a forced sale advantageous, under any circumstances, either to an individual or to the Government? Certainly not. It is better, therefore, that the notes should be issued.

Again: There was a large amount in the deposit banks, said the gentleman. Now they heard that repeatedly before, but did not every gentleman there know, that the amount in the deposit banks could not be commanded at that time? Nay, more: was it not insisted by gentlemen of the oppo-

sition, that that money should not be commanded under one, two, or three years.

What was another argument connected with this proposition? It was that they might issue Treasury drafts upon the banks, and suffer them to be protested, and circulated through the community, as now, instead of notes. Why, in the first place, they had heard from all quarters of the Union, that the Secretary of the Treasury had no right to issue drafts upon the banks, knowing they would be protested. But suppose he had the right, was there any difference between those drafts now circulating and the Treasury notes they proposed to issue? Where was the difference between drawing a draft upon a bank, which they knew would not be paid, but would be protested and allowed to circulate through the community upon the credit of the Government, and a Treasury note, which was to circulate *exclusively* upon the credit of the Government, and with the belief that the amount it represents will be paid the moment the banks are in a condition to pay? Now if any gentleman was so astute as to be able to point out any difference—not the metaphysical, but the practical, difference—he would be glad to hear it. Both were certainly circulated on the credit of the Government.

But it seemed that these notes, in the opinion of some gentlemen, were unconstitutional; and then, from all quarters, they were told it was a loan—a loan in disguise. Well, if it be a loan, did not the Constitution expressly authorize the Government to borrow money for its needful wants? If it be a loan, as they admit it to be, and so Mr. H. admitted, in one sense, but not in the ordinary sense in which a loan was understood—but if it were, the Constitution authorized them to borrow money whenever the necessities of the country required them to do it. How was it a loan? Why, it was just such a loan as he would make to an individual to whom he was indebted, and who called upon him for a settlement, and he could not pay him, but gave him his note promising to pay him in a year. In that sense, but in no other, was it a loan; but no one would so understand it. It was precisely that kind of transaction too. Those who had claims upon the Government called for their money; the Government had not got it, because the merchants and the banks could not pay her, and what does she do? Why, give her notes, and say she will pay up at the end of a year. This is a plain every day transaction between individuals.

Again, it was said this bill would be a burden upon the people. How a burden upon the people? He heard that complaint rung throughout the House, and he asked, how was it a burden upon the people? Did it propose any new tax upon them? Did it propose any levying fresh burden? Did it take any money out of their pockets? If they regarded the bill passed to withhold the fourth instalment of deposits with the States as furnishing the means to redeem these notes, in that way it was a burden. But no body pretended that those notes were to be so redeemed, or to be redeemed at all, except when the deposit banks and the merchants paid up their debts.

Gentlemen talked, too, a good deal about the people not understanding this. Mr. H. had a higher respect for the intelligence of the people. They would understand it; they did understand it.

Mr. PHILLIPS then took the floor, and commenced an argument against the bill, but his remarks were cut off by the arrival of the hour (half past 2) for the House to take its daily recess till four o'clock.

#### [EVENING SESSION.]

Mr. ADAMS, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of the Treasury be directed to lay before this House, the last weekly statement of the Treasurer of the United States, showing the amount at his credit in the late deposit banks, by the returns last received from the said banks; and specifying what portions of the balances due from the said banks, at the times given in the statement annexed to the report of the said Secretary on the finances, made at the com-

mencement of the present session of Congress, have been since drawn from the said banks respectively.

On motion of Mr. EVERETT, the Committee on Public Buildings obtained leave to sit during the sessions of the House.

#### TREASURY NOTES BILL.

The House then resumed the consideration of the "bill to authorize the issuing of Treasury notes," being the substitute reported from the Committee of the Whole on the state of the Union.

The question pending was on the amendment of Mr. RHETT to amend the first section, as stated in this morning's proceedings.

Mr. PHILLIPS resumed his remarks. He endeavored to prove that the most injurious effects had resulted from the late measure of the Secretary of the Treasury in allowing a large amount of deposits to remain in several isolated banks, while he withdrew nearly the whole sums deposited with the banks on the seaboard. It was his opinion that much of the distress now existing in the commercial cities was to be attributed to that measure. He referred to the prospects of the country for the ensuing year, and contended, that from the report of the Secretary, and the statements given in the House, if a balance were drawn, the amount of difference between the expenditure and receipts would not exceed two or three hundred thousand dollars. He would tell them frankly, that when he came here his impression was, that the only practicable relief was the creation of a Government loan, by which our account with Europe could be speedily closed, or to issue such kinds of Treasury notes as would be useful to the people; and he thought that the payment of the fourth instalment of the deposits would be the means of distributing these notes to the country. But that measure had failed, and with it a great portion of the ground for issuing these notes.

It was his opinion that specie payments would not be resumed for the present, if the measures now before the House were adopted; and he also wished it to be known that, in his opinion, the period of distress had not passed over. It still existed, and, under the present state of things, must increase. Some gentlemen had attributed the distress to overtrading; but, although he would admit that might have had some influence, yet the great evil which they were called on to remedy was that of obstruction to our credit, both at home and abroad, and to restore the currency to its former state, and the banks to that confidence they enjoyed before the suspension of specie payments. It was desirable that they should make the notes of the banks receivable for public dues; and, when they had done that, they would have done all that was expected from Government; for, when such notes were so receivable, confidence would be restored, and nothing more would be wanting. He could not vote for the bill to its present amount; and, if Treasury notes were issued at all, he would suggest the expediency of issuing them without, rather than with interest.

Mr. HOWARD said that he would make a few remarks in reply to the gentleman from Massachusetts, (Mr. Phillips,) upon the point which had been very zealously pressed upon the House by him. It was proposed to raise the money which the Treasury wanted, by a sale of the bonds of the Bank of the United States, instead of issuing Treasury notes. As a financial measure, Mr. H. said, his understanding was not convinced of its propriety, although he freely admitted that the gentleman from Massachusetts was much more conversant with such subjects than himself. It seemed to him that this plan of selling the bonds of the bank was urged upon the House with great pertinacity. During the discussion of the bill to postpone the fourth instalment, it was the policy of the opponents of that measure to show that the Treasury had ample resources at command, and the conversion of those bonds into cash was directly in the track of the argument. But that matter had been decided, and the question now was merely whether the Government should use its own credit, or that of the bank, in order to raise funds.

If the proposition to sell had been brought forward by the adversaries of the bank, and sustained

upon the ground that it would be wise to part with the bonds for whatever they might bring, because the bank had not paid the first bond at maturity, it would have been an argument that he could understand. Mr. H. said that he begged to inquire from the chairman of the Committee of Ways and Means whether the first bond, which was due on the first of October, had been paid?

[Mr. CAMBRELENG replied, that no notice of its payment had been received, and that the Secretary of the Treasury had been obliged to write to the president of the bank about it.]

Mr. H. said that it was generally reported that the bank intended to set-off certain Treasury warrants or drafts which had been issued, in payment of the third instalment, to some State under the deposit act, into the correctness of which step he would not now enter, as it would lead him out of his way.

The reason why he mentioned it at all was to show, that if the bank thought itself entitled to discharge the first bond in this way, it might think it just to pay the others by the same set-off; because the assignee of a bond would take it subject to all the equity which attached to it in the hands of the obligee. What would these bonds sell for at the risk of being paid off in this manner? It was true that we might direct otherwise by law; but then it would be a harsh measure, deprive the bank of a privilege which belonged to every body else—that of paying its debts to the Government in such paper as was received from all other persons. If this course had been recommended by the Committee of Ways and Means, might it not have been deemed severe, and tending to embarrass the operations of the bank? But to consider it strictly as a financial measure, what did it amount to? When we had to choose between using the credit of the Government and the credit of the bank, why should we prefer the latter. He admitted that the credit of that institution stood high, both in our own country and Europe, and he had not the slightest wish to impair that credit. But it was not equal to that of the Government. Would the gentleman from Massachusetts contend for this? He apprehended not. But let us follow out the operation. Suppose the bonds put up for sale in New York. In what money would payment be required? In specie, or notes of non-specie paying banks? The existing laws forbade the reception of the latter, and specie must therefore be required. Where would six millions of dollars in specie come from? It would be unwise to tempt the banks to bring it out of their vaults, in order to purchase these bonds, because the abstraction of such a quantity would retard a resumption of specie payments, which all agreed in wishing to hasten. Would the hoards of individuals be brought out, and vested in these bonds? Perhaps they might, but they might more reasonably be expected to be enticed from their hiding places by Government securities. Even if the bonds should be thus sold, the currency of the country would remain just as it now is, and no facility be afforded for domestic exchanges, which was one great object of the present bill. Treasury notes would be a valuable addition to the existing circulating medium, because they would enable remittances to be made from one part of the country to another. The plan of the gentleman from Massachusetts, on the contrary, just left things as they were without moving a single inch towards the relief of the mercantile community. But it had been said that these bonds might be sent to England, and sold there, and the specie brought here. This might be true. He would pass over the delay which must be experienced in the remittance, sale, and importation of the specie, in order to call the attention of the gentleman from Massachusetts to the singular situation in which this proposal placed him. General Jackson had been severely censured by the opposition with interrupting the course of commerce, and forcing exchange, by causing large importations of specie; and here was a proposition to do the same thing, except as to amount. The only difference was, that General Jackson imported thirty millions, and the gentleman proposed to import six. He was actually treading in the footsteps

of Gen. Jackson. But what would be the consequence of such an importation? The Bank of England had become alarmed before, when it found its bullion reduced from eight millions sterling to between three and four, and had taken vigorous measures to prevent further loss, by discounting American bills and lowering the price of cotton, the consequence of which was a necessity of shipping specie from the United States. It had now regained its usual amount, and the price of exchange was gradually falling. But the sudden abstraction of a million sterling from London, could not do otherwise than reproduce the alarm which had now subsided, or was subsiding, and thus we should have fresh trouble. But the gentleman from Massachusetts had also said, that the Secretary might draw bills of exchange upon the proceeds of these bonds, and thus bring down exchange. True, this could be done; and he would concur cheerfully with the gentleman in any measure which could restore the par of exchange, and at the same time relieve our people from their domestic difficulties. But when the bills were sold, the same question arose as about the bonds. In what was payment to be received? It must of course be in specie, and nothing would be added to the currency as a means of making remittances from one State to another. This was the great advantage which the present bill possessed over the amendment, and he should therefore adhere to the bill.

Mr. TOUCEY contended that the bill under consideration was well adapted to the wants of the country, and well calculated to afford relief to the Government and the people; and that, if we attempted to draw the money from the deposit banks while they owe the Government, it will force them to press their creditors, and add to the distress of the community. The country stood in the relation of creditor to the banks and the merchants, and it was its duty to deal with them in such manner as to afford the greatest relief to them. In relation to sending bonds abroad, he must say that he felt a great repugnance to sending them into a foreign market, to raise money upon them to carry on the operations of the Government; besides, if they were sent abroad, it would have the effect of increasing our foreign debt, which now presses so heavily upon us. He supported the bill at some length, and answered the arguments of the gentleman from Massachusetts in relation to the constitutionality of the measure.

Mr. BELL said he had some remarks to make upon the bill, but he would decline doing so, if gentlemen were disposed now to take the question on the amendments; he would not stand in the way of the question being taken. After that, however, he desired to have the opportunity of addressing the House on the merits of the bill, and would then move to strike out the enacting clause for that purpose.

Mr. CAMBRELENG suggested to the gentleman to allow the question to be taken on the amendment, and on the engrossment of the bill; and then he would have the opportunity of discussing the whole merits of the bill on its third reading.

After a few remarks by Mr. WISE, the question was taken on the amendment of Mr. RHETT, and it was rejected.

Mr. UNDERWOOD then moved to strike out all after the enacting clause, and insert:

"That the Secretary of the Treasury be authorized to sell and transfer to the purchaser or purchasers the bonds or evidences of debt executed by the president, directors, and company of the Bank of the United States of Pennsylvania, for and in consideration of the stock held by the United States in the late Bank of the United States, and to apply the money arising from such sale and transfer, in payment of any demands upon the Treasury: *Provided, however,* That no sale and transfer of said bonds or evidences of debt shall be made for a less sum than the nominal amount of said bonds or evidences of debt, exclusive of interest."

Mr. WHITTLESEY of Ohio called for the yeas and nays on the adoption of this amendment; which were ordered.

Mr. PATTON then suggested an amendment to the gentleman from Kentucky, which he hoped the gentleman would accept as a modification, which

was a provision directing the Secretary of the Treasury to draw drafts on the deposit banks for the balances due the Government in favor of public creditors; directing the Secretary also to receive such drafts in payment of all dues to the Government. He explained his object to be to prevent the issue of Treasury notes, except in cases of very great emergency. He thought this to be the proper course of proceeding, and took it to be extraordinary that the chairman of the Committee of Ways and Means should not have brought forward a proposition of this kind, when, on a late occasion, at the time a war with France was expected, that gentleman had brought forward a proposition to sell the stock in the Bank of the United States. Now, however, the gentleman had left this proposition to be brought forward by a friend of the Bank of the United States. He went into an argument some length in support of the proposition he had brought to the notice of the House.

Mr. UNDERWOOD accepted of the gentleman's amendment as a modification.

Mr. CAMBRELENG. The gentleman from Virginia (Mr. Patton) had referred to a period some years since, when the country was upon the eve, or supposed by some of us to be on the eve, of a French war, when an amount of money was due from the Bank of the United States, and which money the Committee on Foreign Affairs at that time (the same being actually due, and not then converted into bonds) supposed might be applied to the public emergency.

The gentleman had expressed great surprise that a friend of that bank should make this proposition now, and that Mr. C. and others, who were so much opposed to the bank, should oppose it. Now he had attributed to that gentleman a little more sagacity. He did not suppose that any gentleman opposed to the Bank of the United States would wish to adopt a proposition which, if adopted, would compel them to alter the title of the bill under consideration, and make it read, "a bill for the benefit of the Bank of the United States."

What was the proposition but to sell the bonds of the bank, with the endorsement of the United States upon their back; thereby making them, in effect, the bonds of the United States? And that the gentleman called "a divorce and separation of this Government from the Bank of the United States!" They were to endorse the bonds of that bank, and then go into the market as merchants and sell them, with the endorsement of the United States upon them. We might with equal propriety dispose of the merchants' bonds in the same manner.

What, then, would be the next operation? Why, that the Bank of the United States would itself indirectly buy them. Where were six millions of dollars to be raised? Was there any capitalist in this country, or any association of capitalists, or any institution, except the bank of the United States, that could, at the present crisis, purchase this stock? There was not. The bank would have no competitor, and would itself purchase her bonds, not directly, but by an agent, who would pay for them by drafts on some banker in London, aided, perhaps, by the Bank of England. They would be transmitted to London, and the bank would realize an immense profit by the operation. Mr. C. had no doubt that every friend of the bank upon that floor would vote for the proposition, since it would put at least \$100,000 (more probably half a million) into the pockets of the stockholders of that institution. But how is it proposed to realize this amount? When is it to be paid—when, and what description of money? In the meantime, where were the Government debtors to procure money to pay their debts to the Government? Or where was the Government itself to get the means of paying its current expenses in every quarter of the Union? Was any body to be benefitted by such an operation? Nobody, but the Bank of the United States.

Mr. C. said there were two extremes to this proposition for supplying the Treasury with means. Before he would consent to put forth the bonds of the Bank of the United States with the endorsement of the Government upon them, and then send them through the agency of the bank itself to England for disposal, he would infinitely prefer

at once an issue of Government stock. It would be degrading to this country to issue its credit in the form of an endorsement. Their credit was amply sufficient without any connection with that of the Bank of the United States. The proposition for stock was the extreme on one side. It would suit very well the gentleman from Massachusetts, (Mr. Fletcher.) It would suit very well the great capitalists of this country who wanted to make investments. To them it would give relief, very great relief, and profit too; but let him tell the gentleman from Massachusetts, that the merchants who owe their bonds to the custom-house, and others who have debts due them from other States, would not thank the gentleman. Neither would merchants in the West and Southwest, and in the interior, thank the gentleman for substituting a stock in place of supplying them with a medium of remittance to their creditors in the Atlantic cities. An issue of stock was one extreme of the proposition.

The other extreme was the proposition of the gentleman from South Carolina, (Mr. Rhett,) to issue Treasury notes, without interest. Mr. C. spoke not then of the character of notes of that description—but in effect it was best for our internal circulation. We had, however, bills before us, which would undoubtedly pass, postponing almost all our Treasury receipts till the next year. There was danger, therefore, that such notes would become depreciated. As Mr. C. said, when up before, he did not wish this Government to issue Treasury notes of any description, in any form whatsoever, liable to depreciation. There was already an outcry throughout the country against depreciated paper. We had too much of it now; and the evil would be augmented, if the credit of the Government should become depreciated. He was anxious to guard against that event. For this reason, among others, he had therefore come to the conclusion that it was better, taking all interests into consideration, to adopt the issue of Treasury notes, bearing a moderate rate of interest.

The beneficial effect of these notes would be felt from one end of the Union to the other. Take the southwestern country alone. They would be paid out for the expenses of the Florida war, and for other expenditures in the interior. This would enable the merchants, through them, to liquidate their debts in the Atlantic cities. When, in the form of remittances, they reach these points, they would be paid into the custom-houses, or remitted abroad. The amount issued in the northeast, either for expenditures or to raise means for the Treasury, would also be in part purchased for remittances abroad. But the two gentlemen from Massachusetts, (Messrs. Fletcher and Phillips,) or at least one of them, tell us that they will not be sent abroad; and why? Because the certificates were not in duplicate! Why, sir, are certificates of bank and State stocks, of which millions are remitted to Europe, issued in duplicate? But these Treasury notes were payable in twelve months, and could not therefore be negotiated. Sir, what have we seen within a few months past? Have we not seen the twelve months' bonds of the United States Bank remitted to London and sold there? Nay, have we not even seen the bonds of the Morris Canal company—an institution by the way not of the most unquestionable credit—have we not seen even the bonds of that company remitted and sold abroad. Yes, sir, gentlemen tell us that five per cent. Treasury notes issued by the Government of the United States can not be remitted to discharge any portion of our foreign debt.

In conclusion, Mr. C. said he did hope the House would adopt such a measure as would go to maintain the credit of this Government, by authorizing the issue of Treasury notes with interest. The sale of the bonds might be very profitable to the Bank of the United States. The issue of a stock might be advantageous to our banks and capitalists. The Treasury notes without interest, would relieve our internal trade from much embarrassment; but Treasury notes with interest, would essentially afford relief to every part of the Union, and aid in equalizing our internal and external exchanges.

Mr. THOMAS said he had not heard the objections urged by others to the amendment of the gen-



tleman from Kentucky, (Mr. Underwood,) and might, therefore, possibly offer considerations to the House similar to those that had been presented. If so, he should regret it; for he did not desire to extend our sessions, and weary the patience of the House, by repeating arguments which had been submitted over and over again. He would prefer to be a silent spectator of the scene, whenever the reasons upon which his vote was to be based had been assigned by other gentlemen in the debate.

The amendment before the House presents two propositions to be decided. What are we about to do? Let a direct answer be given; there is no necessity for disguise. Congress is about to act for a people having intelligence enough to understand distinctly the position in which the country is placed, and patriotism to sanction and sustain any measures called for by the public interest. Gentlemen are deceived if they suppose that the true state of the Treasury is, or need be, made a mystery. The whole country knows that the Secretary of the Treasury has not at command available means. It is not pretended however that the public money has been wasted or unwisely or illegally expended. It is where Congress ordered it, should be placed. But the holders of this treasure, in violation of public law, and of their own solemn contracts, refuse to pay it in legal currency. This being the case, money must be borrowed by the United States to comply with their engagements until the contracts of those selfish and refractory corporations have been enforced. This the amendment offered by the gentleman proposes to do, first, by authority of the Secretary, to issue drafts on the deposit banks.

This measure, I had supposed, would not be offered again by any one who had witnessed a scene which could not have escaped the attention of every member present. After the bill to postpone the deposit of the fourth instalment under the act of 1836 was ordered to be engrossed for a third reading, two members of the House, (one from Kentucky, and the other from Louisiana,) who had opposed that bill in all its stages, proposed to postpone its final passage until after the House had disposed of the bill from the Senate giving indulgence to the deposit banks. They appeared to be suddenly seized by the conviction that there was an intimate connection between those two measures. This, sir, the President well knew when we assembled. Hence he recommended a postponement of the deposit. This, also the majority of this House well understood at the commencement of the session. Unless the Treasury was relieved from the obligation to make the deposit with the States, we foresaw that no indulgence whatever could be given to the deposit banks. The balances due by them to the United States must, in that event, have been immediately collected, or converted into funds that would be received at par by all the States, in exchange for their several bonds, or certificates of deposit. Hence we, the majority of the House, struggled day after day to pass the bill postponing the deposit of the fourth instalment, and we have succeeded; I regret to add, sir, without the aid of many gentlemen representing States in which deposit banks are located, having a large amount of public money due from them to the United States, and due to them by the people of those States. Now sir, is there the slightest reason for supposing that the majority of this House will change their purpose. We have relieved the Treasury of the United States from the onerous responsibility, that we might indulge the deposit banks, and enable them to indulge in turn their debtors. When the bill for that purpose comes up for consideration, those who voted for the bill to postpone the deposit, will vote to give time to the banks, and to these (judging from the scene to which I have referred) will be added a large proportion of members who have impeded the progress of the law which has passed. They will not refuse, I predict, confidently, to accept for their constituents the advantages which Congress can now conveniently offer. But there can be no necessity for this detail. There is not an intelligent member of this House who doubts about the passage of a law to give time to the deposit banks. As to the

extent of time to be given, there are, and will be, different opinions. But time will be granted. This being known, of what value are all those tabular statements which gentlemen have exhibited to the House and to the country, showing the amount of money in those banks? These columns of figures serve but to obscure a question otherwise clear of all serious difficulty. We intend, by law, to release the banks from all obligation to pay any part of the money at this time. We intend, in effect, to pass this money out of the Treasury, and give absolute control over it to the directors of the banks for a limited time, and to receive in lieu thereof of the bonds of the banks. Has not then this House passed several weeks in a most unprofitable debate, intended to determine precisely the amount of these funds? We are looking for available means in the Treasury now, at this time, not next year; and gentlemen who undertake to aid the House in its deliberation, go off into a labyrinth of figures to determine the amount of a fund which all admit will not be in the Treasury when this House adjourns. I have considered this debate in a great degree—with unfeigned respect for the able gentlemen who have participated in it I say so—a useless and unprofitable consumption of precious hours. If gentlemen who have opposed the measures recommended by the administration, had proposed to deposit with the States the bonds we are to receive from the deposit banks, I could have comprehended fully what they were at. And if they would now submit a motion to amend the bill before us, so as to authorize the use of the bonds we are to receive from the banks, to pay the debts of the Government, this object would be direct and easy to be understood by the country. Instead of this, we have had proposition after proposition, requiring the Treasurer to issue drafts for funds which we all know will not be subject to draft after we shall have passed, as we will pass, the bills before us. These movements may satisfy a small, a very small portion of the people; but the great mass of the community can not but condemn any attempt to leave the Government without other means to comply with the public engagements but Treasury drafts, that we know will not be paid, and which we, by law, intend to say shall not be paid, on demand. Such a proceeding would be ridiculous in the extreme. We all know that the drafts of the Treasurer, heretofore issued, have been dishonored by the banks, and protested for non-payment. We know, too, that these drafts are in the market below the value of gold and silver, the standard by which all legal tenders, in payment of debts, is to be tested. Would it not, under such circumstances, be discreditable to Congress to adjourn without providing better means than depreciated Treasury drafts to pay the debts of the people of the United States?

Mr. BOULDIN addressed the House at some length, in support of the amendment of the gentleman from Kentucky, (Mr. Underwood;) when,

On motion of Mr. BOND,  
The House adjourned.

MESSRS. BLAIR AND RIVES:

You are respectfully requested to state in your paper, that the undersigned, having been casually absent when the question was taken this morning on the resolution "that it is inexpedient to charter a national bank," would, if they had been present, have voted in the affirmative. Yours, etc.

ROBERT McCLELLAN, JOHN CHANEY,  
HENRY VAIL, HENRY A. FOSTER,  
AMASA J. PARKER, R. BORN,  
JOHN J. DEGRAFF, A. P. GRANT,  
JOSEPH WEEKS, ISAAC H. BRONSON.  
JAMES FARRINGTON,  
October 5, 1837.

CORRECTION.—In the short sketch which we gave yesterday of the remarks of Mr. Tillinghast, in his speech on the Mississippi election, he is reported to have said, that "There (in Rhode Island) the Legislature provided for the case of an earlier election of representatives." etc. This was an error in reporting. Mr. Tillinghast's statement was, that such a provision was there deemed to be properly and exclusively a subject for legislative ac-

tion, and that a bill providing for an earlier day for the election than that ordained by the existing law, was moved and considered, though it did not prevail.

#### HOUSE OF REPRESENTATIVES,

FRIDAY, October 6, 1837.

Mr. HAYNES withdrew the motion to reconsider the resolution in relation to the exploring expedition.

Mr. THOMAS asked the general consent of the House to take up the bill to continue in force certain laws to the close of the next session of Congress.

Mr. WISE inquired what laws were intended to be continued.

Mr. THOMAS, after some explanations, moved to discharge the Committee of the Whole from the further consideration of this bill, with a view to have it taken up and acted upon in the House; which motion was agreed to; and the bill having been read by the Clerk,

Mr. BRIGGS moved to recommit the bill to the Committee on the Judiciary, with instructions to report the titles to the bills to be continued in force; which motion was disagreed to.

The bill was then ordered to be engrossed, and read a third time to-day.

At a subsequent stage of the proceedings, the bill was read the third time and passed.

Mr. WISE and Mr. MORGAN, on leave, presented petitions.

[Mr. Wise presented a memorial of sundry ladies and gentlemen, of Halifax county, in the State of Virginia, praying Congress to provide suitable husbands, at the national expense, for all female petitioners upon the subject of slavery; thereby giving their minds a direction calculated to make them good matrons, and averting the evils with which the priesthood and fanaticism of the eastern States threaten the people of the south.]

#### INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th of September:

*Resolved*, That a select committee be appointed by ballot to inquire into the cause of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers, and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution, by striking out all after the word "resolved," and insert the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

The question immediately pending, was the motion of Mr. HOWARD to strike out the words "that a select committee be appointed," and insert "that the Committee on Military Affairs be instructed."

Mr. LOOMIS, of New York, who was occupying the floor when this subject was last up, and interrupted by the orders of the day, resumed his remarks, and said: That, when this matter was last under consideration, he had commenced some observations in vindication of his predecessor, (Abijah Mann, jr.) from the censures cast upon him by the gentleman from Virginia. He had characterized the attack made upon his predecessor, six months after occurrences had transpired, and when the circumstances of the parties had entirely changed, as extraordinary, and, in his view, entirely unjustifiable, and he was about proceeding, when interrupted, to show that no censure could be imputed to his predecessor, even from the statement of the gentleman from Virginia himself. He was well aware that he might leave the character of his predecessor to its own vindication wherever it was known, and if he had not some observations which he wished to submit on another branch of the sub-

ject, and more directly pertaining to its merits, he should have contented himself to let this matter rest where it was, after so long a lapse of time; but he would show, in a few words, that no censure was imputable to the majority of that committee, or the individuals who had been designated. The gentleman from Virginia had prefaced his charges by a statement, made with all the emphasis of manner which peculiarly distinguish his remarks, by announcing to the House that he was about to make a statement never before communicated to this House or to the country, and the substance of that communication was, the manner in which the reports of the majority and minority of that committee had been made up. And how was it? Why, sir, stripped of its coloring, and stated in brief space, it was, in sum and substance, that the members of the majority had furnished their chairman—the individual of their party first named on the committee—with their separate views, to be embodied into a report, and Mr. Mann had, in addition, furnished his notes of the proceedings and evidence before the committee; and this chairman of the majority, instead of performing the labor of embodying these views in the form of a report, had entrusted them to their clerk, to be arranged, and reduced to form. Now this was the whole substance of the charge announced to the House with so much solemnity, and upon which the answer imputed by the gentleman was grounded. Was there any thing censurable or extraordinary in this? was there any thing which should call down the indignation of this House, or of the community, as might be inferred from the remarks made by the gentleman from Virginia?

The offence particularly imputed to his predecessor, was that he had actually furnished the notes he had taken of the proceedings, as a member of the committee, to assist in making out the report of the committee.

[Mr. WISE interrupted Mr. L. and said that was not the pith of the charge against the gentleman's predecessor. The charge was that he denied that he knew the contents of the report, until it was read in the committee; and Mr. Pearce himself had said it was Mr. Mann who furnished the offensive matter for the report. The charge against the gentleman's predecessor was that he was guilty of falsehood.]

Mr. LOOMIS resumed, and said from the estimation in which the character of Mr. Pearce appeared to be held by the gentleman from Virginia, as exhibited in his former remarks, he should hardly suppose that he (Mr. W.) would introduce him (Mr. Pearce) as a witness against any one.

[Mr. WISE: Well I do confess I would not place much reliance on Dutee J. Pearce.]

Mr. LOOMIS resumed; he did not understand the gentleman from Virginia, either formerly or now, to say that Mr. Pearce told him that Mr. Mann knew the contents of the majority report; but he understood it that the gentleman inferred that fact from the circumstance that Mr. Pearce told him that Mr. Mann furnished the notes from which the offensive matter was taken. If he was mistaken in this, he desired to be corrected, and set right. The testimony did justify the inference, and he could see no impropriety whatever in that circumstance; he considered it the duty of every member of the committee to give his views to the member who drew up the report, and to furnish his notes of the proceedings also, if use could be made of them. It had appeared that the majority had not signed the report as drawn, but had amended it by striking out parts of it, to make it meet the concurring views of the six individuals who composed that majority. This was to have been expected, and the report of the minority shared no better fate. That was drawn by the gentleman from Virginia himself, and his colleagues had declined signing it, as he understood the gentleman to say; and finally the gentleman from Virginia alone, being the minority of the minority, and one out of the nine, had drawn up and signed his report alone. This report the gentleman had informed the House he wrote with his own hand, and crossed the *ts* and dotted the *is* himself, and he (Mr. L.) presumed that he agreed to it unanimously.

I have done with this branch of the subject, and

have said more than was perhaps necessary to say upon it.

With respect to the resolution and the amendment before the House, there was one part of it which Mr. L. considered objectionable. It was that part which gave to the proposed committee power to send for persons and papers. This was a high power which this House possessed, and which, in his opinion, ought never to be entrusted to a committee, except in cases of clear necessity. No such necessity was shown in this case. It was a power very liable to abuse; and though it was not to be expected that a committee of the House would sanction any abuse, yet he thought that prudence dictated to the House to reserve to itself these extraordinary powers, unless a case of necessity was presented. It would be time enough to grant such a power when a committee should inform the House that they had sought information of some person who had refused to disclose it. Does any one doubt but that the Secretary of War would disclose any fact or circumstance within his knowledge, that a committee might require, without being called up as a witness, and sworn? Or would any officer in the service refuse to answer any communication from a committee? The resolution before the House embraced a wide range. It would be almost matter of necessity, under it, to seek information from the officers now engaged in carrying on that war. The commanding general and all his officers would, by this resolution, be subject to be called here to testify before this committee.

This war had already undergone several partial investigations before courts martial and courts of inquiry. A great amount of evidence had been taken relating to it, and large sums expended—thousands upon thousands—in eliciting facts. There was now no charge of any concealment by any person; and he (Mr. L.) was averse to instituting a tribunal to try the comparative merits of the several officers who had been engaged in that service. The difficulties attending the prosecution of that war, and which had produced so much delay and expenditure, had been explained by several gentlemen in this very debate. We had been told of the great extent of wilderness—of the swamps and everglades, impenetrable to the whites, in which the savages concealed themselves. We had been told of the difficulty of transporting the necessaries of war, and above all, of the sickly and unwholesome climate.

These were, doubtless, the true causes; but he, Mr. L. was not averse to an investigation, but he preferred it should be in the ordinary mode, and by the Military Committee, as moved by the gentleman from Maryland.

Mr. L. concluded by moving to strike out that part of the resolution which gives power to send for persons and papers.

The CHAIR said this amendment would not now be in order, until the amendment pending was disposed of.

Mr. GLASCOCK then modified his amendment, by inserting the following, "except such as may be engaged at the time in the service."

Mr. WISE suggested to the gentleman that as the House was to adjourn on Monday week, that the committee should have power to sit during the recess, and not have the investigation confined to ten days.

Mr. GLASCOCK replied that it would be continued at the regular session of Congress.

Mr. WISE cared nothing about this investigation. The moment an attempt was made to enter upon an investigation, the old disposition is manifested by the party in power. The leopard would as soon change his spots as this party change its disposition. It still comes up and hides the abuses and corruptions of the Government; and it is now even transcending the course it pursued at the last session. The whole investigation of the whole of the Executive departments was then thrown upon one committee, and but two months given then to cleanse the Augean stable; and now it was proposed to commit an investigation of a matter which had taken up three years in its prosecution, and was from a thousand to fifteen hundred miles distance, to a committee, and only ten days allowed

for the investigation. He believed the investigation would lead to no good, but would be productive of much evil, from the manner in which it would be conducted; as all these investigations were so managed as to fortify and strengthen the Government in its abuses. Mr. W. then brought to the notice of the House a letter he had received from an assistant surgeon of the army, detailing a transaction in relation to the conduct of an agent of the Government, who made an arrangement with the clerk of a steamboat, on one of the rivers in Alabama, by which the Government was defrauded out of \$400. After the reading of the letters, Mr. W. made some further remarks in relation to the manner in which investigations were prosecuted.

Mr. HOWARD said that he would not have troubled the House with any further observations upon the amendment which he had submitted, if it had not been that he wished distinctly to say to the House and the nation, that it was not his wish to smother investigation into either the causes or conduct of the Florida war. On the contrary, he thought that the members of any committee to which the inquiry might be sent would not do their duty to the House, the country, or themselves, unless they gave the freest scope to the examination, regardless of the persons upon whom the censure might fall, if any censure was due, and influenced solely by a spirit of strict justice and impartiality to all. Having said this, he had a right to expect, and did expect, from the gentleman from Virginia, (Mr. WISE,) that upon whomsoever else he might cast the imputation of desiring to stifle inquiry, he would exempt him (Mr. H.) from being included in it.

When the resolution was under consideration some two weeks ago, the gentleman from Tennessee (Mr. BELL) had made some statements which appeared to be strong arguments in favor of sending the subject to the Military Committee. Perhaps the House had forgotten the debate which then took place, although they seldom forgot any thing which that gentleman said. The disappearance of resolutions from before the eye of the House, and sudden reappearance at a distant day, was a great practical inconvenience. According to his classic reminiscences, there was somewhere in Greece a river which plunged under ground, and started up, to the surprise of those to whom it unexpectedly showed its current, far away from the place of its submersion. It was just so with some of our resolutions. The honorable gentleman from Tennessee had said that we had the skeleton of an army, but that it was not filled up.

Mr. BELL said that the fact which he stated was this, that when a lieutenant of a company fell in action, the command devolved upon a sergeant, and that there appeared to be a deficiency in the number of officers on duty there.

Mr. HOWARD said that he had so understood the gentleman, and would use that fact to show the propriety of referring this subject to the Military Committee, because that committee could, and doubtless would, urge upon the House a bill which had been reported every year since he had been in Congress, and the necessity for which was fully shown by the Florida war. He alluded to a bill establishing a corps of engineers, detached altogether from duty in the line. Every body knew that a general order had been issued last winter, recalling officers of the army from engineer duty and directing them to repair to their respective regiments. The services of those officers acting as engineers were very useful to the country, and the pressing demands for them from all quarters had caused their absence, on furlough, from their posts in line. The experience of the Florida war showed the absolute necessity of separating the two arms of service. Such a measure would, of itself, be of great service to the organization of the army. But there were probably other improvements which might be proposed, after a minute examination into the manner in which the war had been carried on. He desired to attain some practical good, instead of having merely a barren inquiry, and, therefore, was in favor of referring the matter to a committee which could report bids in the discharge of its regular duty, instead of

stopping with a resolution either censuring or not censuring some officer of the Government.

Mr. GLASCOCK regretted that it became his duty again to address the House on this subject; but, as he had thought proper to move an amendment to the original resolution, and in consequence of remarks made to-day, he felt it to be his duty to do so. It seemed now, from the remarks of the gentleman from Virginia (Mr. Wise) that he evinces a great indifference from that heretofore evinced by him in relation to the disposition to be made of the resolution offered by him; and he seems to think that there is no disposition on the part of the majority of the House to go into the investigation proposed. Sir, (said Mr. G.) that gentleman must see entirely different from himself, if he has recently discovered any thing like a disposition to evade this question. He had expressed himself on a former occasion in favor of this inquiry, and he was still desirous that it should be had. He felt it to be due to all the officers in the army who have been engaged in that unfortunate war—he felt it due to the Government, and he felt it due to the people of the country—and whatever disposition the gentleman now feel disposed to make of this question, he hoped the majority of the House would maintain its original intention to carry out the investigation. His object in not wishing the committee to sit during the recess, was to save as much as possible the country from the expenses already incurred; in the prosecution of that war, particularly when all the ends of all parties asking this investigation could be attained without it. It has been truly and justly remarked by the gentleman from Maryland, (Mr. Howard,) that there are weighty and important documents, which will occupy the attention of the members of the committee, which may be appointed at this time, during the recess, which will give them the opportunity of forming correct opinions in relation to the matter, and enable them to proceed promptly to the execution of their duty at the next session of Congress. But what astonished him most was, to find the gentleman from Virginia (Mr. Wise) reading letters and documents to the House for the purpose of forestalling public opinion in relation to this inquiry. Mr. G. confessed that this was pursuing a course which he had been taught from the commencement of his political life, in all transactions, studiously to avoid. He had been taught that, whenever an investigation was to be had where it was expected that all the testimony would be brought to bear upon every point, it was improper to forestall public opinion, and produce a prejudice in the public minds, by introducing evidence in advance, and sending it forth to the country.

Mr. WISE said this was very different ground from that taken by the gentleman's party last session, when it was insisted, on that specific charges should be made against the Executive Departments before a committee should be asked for to investigate them.

Mr. GLASCOCK said this was not the first time that the party to which he belonged had been referred to. As for himself, he was only responsible for his own acts; and the gentleman would do him the justice to say, that he was among the first to advocate the investigation then asked for. He stood almost alone in the first instance in favor of the inquiry.

Mr. WISE would do the gentleman the justice to say that he did; but at that time he was not exactly recognised as one of the party.

Mr. GLASCOCK replied, that, whether he was considered as one of the party or not, no man in his section of country ever doubted where he stood in relation to the prominent measures of General Jackson's administration. No man ever doubted that; even his political enemies never doubted it; or, if they did, no act of his life authorized it, and it was gratuitous on their part. But to proceed to the question before the House: he confessed, so far as the resolution was concerned, the true and proper course, in his judgment, would be to adopt the amendment he had submitted. He differed from the gentleman from Maryland as to the manner in which this committee should be appointed, and as to what committee the matter should be referred

to. In his opinion, the true course of policy was, that a select committee should be appointed by the Chair, and he again repeated, that if the committee was to effect any practicable good, it should be so constituted as to have the confidence of the people of the country. The gentleman from Tennessee had opposed the appointment of political partisans on the committee, and had intimated that he (Mr. G.) seemed to wish it. This, however, was not the proper inference to draw from his remarks. He was as much opposed to having political partisans on the committee as the gentleman himself, but he desired to have it so constituted as to embrace men of some weight of character, and to be composed of men who would do justice to all the interests concerned. He wished to see the rights of all the officers who were engaged in that service protected, and the investigation to be conducted in such manner as to be of some practical benefit; and with this view he had submitted the amendment now under consideration.

Sir, said Mr. G. the situation in which I stand to the ex-President of the United States, will not permit me to pass over in silence the bitter denunciations which have been uttered against him on this floor by gentlemen of the opposition. My attachment for him was formed at an early period of my life, under peculiar circumstances, and the most trying scenes, and it gives me pleasure to say, that there are but few acts of his whole life, either civil or military, which has not served to increase, rather than to diminish that attachment. But to what source shall I trace this violent opposition to him? the bitter invectives which have been heaped upon him, emanating from the most bitter feelings. Sir, to his hostility to the Bank of the United States; to the veto which he stamped upon the bill rechartering that institution in 1832; because he had the moral courage to effect that which his friends in this House failed to effect; because he threw himself in the breach, and armed with the virtue and integrity of the people, and sustained by the Constitution, grappled with the monster, and triumphantly overthrew it. This, sir, "is the head and front of all his offending," and to this cause alone may be traced the vindictive feelings of his adversaries. But, sir, we hail that act as the greatest in his political career; one that has covered him with glory, and one that will serve to perpetuate his name and his memory, even if unconnected with any other act of his life. Sir, the character of Andrew Jackson is the property of his country; his services are too well known to that country not to be appreciated; they have secured to him the affections of the people, which the combinations of his enemies can never deprive him of.

Permit me (said Mr. G.) here to state, that he was in hopes he would not have found it necessary to vindicate the character of one needing no vindication; but my feelings, under the circumstances, could not and can not be controlled. I listened with pain and regret to the uncalled for and unqualified abuse of him. "I heard much declamation without argument," and the foulest charges without proof, and especially from one from whom it was but little expected. I mean the gentleman from Massachusetts, (Mr. Cushing,) who spoke in relation to the Florida war, and who pronounced that war as one of the damning sins of the Government, and a foul blot on the American character; this, too, before an investigation was had, thereby prejudging the case, and charging it home upon General Jackson. Better things were expected from that quarter. For my part, I have always listened to him with the greatest pleasure. His arguments have generally been respectful and able, and free from personal abuse; but, in the present case, he has wandered from his usual course, and I envy him not the position he occupied on that occasion. Many others have been lavish of their abuse of the ex-President and of his measures; but I shall not stop specially to reply to them. I feel no disposition to do so, as it will be an unnecessary consumption of the time of this House, but must invoke the pardon of the House for making a general fire at the whole flock, and tell them that the numerous squibs they have fired will have about as much effect upon the

character of Andrew Jackson before the people of this nation, as the firing of pop-guns would have upon the rigging of the splendid Pennsylvania.

Sir, said (Mr. G.) that venerable patriot never expected, and never asked forgiveness at the hands of his enemies. He knew he had incurred their eternal displeasure. He never expected quarters from those whose pride and pleasure had been to embitter his declining years, whose objects were to thwart the views of his administration in every prominent measure, to triumph in the misfortunes of their Government, to rejoice in the distresses of the people, and to prevent as far as possible the relief of those distresses, with a view to the overthrow of the administration, and to ride themselves into power in the midst of these distresses. In conclusion, sir, and as the time advances when it is expected he will make his final exit "to that bourne from whence no traveller returns," and as the time approaches when we may expect to hear "that he has slept the sleep of death," and closed his earthly career, I wish to be permitted to say to those influenced by such feelings, and controlled by such motives, looking as he does to his country's good, he has never been inclined to hold communion with, or extend to them the hand of fellowship.

Mr. CAMBRELENG here called for the orders of the day.

Mr. ADAMS hoped the gentlemen would withdraw the motion to permit him to address a few remarks to the House.

The question being taken, the House refused to proceed to the orders of the day—ayes 84 noes 96.

Mr. ADAMS opposed the reference of this subject to the Military Committee: first on the ground that out of nine members of which that committee was composed, eight of them to use the language of the gentleman from Virginia, (Mr. Wise,) were the friends of power; and second, because only one of the nine came from the States north and west of Virginia.

He was also opposed to leaving the selection of the committee to the Chair, and adduced and read copious extracts from the journals, during the presidency of the present Speaker, in support of the point to show that such an appointment ought not to be committed to him.

Mr. A. was in favor of the appointment by ballot, or to secure the appointment of such a committee, the majority of whom would be favorable to the investigation. He earnestly called upon the House to follow out this practice, a practice which had always prevailed in the British parliament.

On motion of Mr. CAMBRELENG, the House then passed to the orders of the day.

#### DEPOSITE BANKS.

The SPEAKER laid before the House a communication from the Secretary of the Treasury, transmitting a statement of the balances of public money remaining in the deposite banks; which, on motion of Mr. SMITH, was ordered to lie on the table, and be printed.

#### TREASURY NOTE BILL.

The House then resumed the consideration of the "bill to authorize the issuing of Treasury notes," as reported from the Committee of the Whole on the state of the Union.

The question pending, was on agreeing to the amendment of Mr. UNDERWOOD, as modified by the amendment of Mr. PATTON (given in another column.)

Mr. BOND addressed the House in support of the amendment, and in opposition to the bill.

Mr. McKIM denied that the sale of the United States Bank bonds would bring an immediate supply of money into the Treasury; for, in the first place, there must, at least, be a delay of four or five months expended in the negotiation, at a probable loss too of from four to six per cent. and then the Government would be likely to get in return only bank notes. He was not unfriendly towards any banks; but it should be borne in mind that the Secretary of the Treasury could not pay out bank notes; they would be useless to the Treasury.

Another consideration was, that the bonds given by the bank were for two millions each, an amount that would be inconvenient to negotiate in London,



and how did they know that the bank would consent to divide them up into bonds of a smaller size, say for a thousand dollars each? He apprehended that it would not only interfere with the arrangements of the bank, both here and in London, but that it would be found to be against their interest to do so.

Again, in point of economy, there would be saving by the issue of Treasury notes. How? Why, the United States Bank bonds bore an interest of six per cent. whereas the Treasury notes would not, probably, bear a higher rate than three or four, or, at the utmost, five per cent. The saving would be the difference between those two rates of interest on several millions of dollars—no slight consideration.

Again, there would be a probable loss on the sale of the bonds from their par value, of from five to six per cent. for, by the latest advices from the English money market United States Bank bonds were at 94 or 95 there. This too, was independent of the exchange, whatever it might be, and the commission or expenses of negotiation.

Another objection he had to the amendment was, that it would be disreputable to the character and credit of the Government to be selling its securities in the market. The same objection would also apply on the part of the bank itself, for she, no more than merchants, would like to see her liabilities hawked about for sale. Moreover, the United States would have to endorse the bonds before they could be negotiated at all; and he was indisposed to place the Government in so disreputable a position.

Now, what would be the effect of the Treasury notes? Why, they would be equal to so much gold and silver thrown out among the community, for they would, when out, be received by the Government, in payment of dues, as gold and silver, and the creditors of the Government would gladly take them as such, as they could readily pass them as such, because they would be sought after by the importing merchant to pay his bonds. Moreover, the Secretary of the Treasury would not attempt to issue more than were applied for. It was then, in effect, putting so much gold and silver into circulation the moment the bill passed.

Mr. BOND inquired if he was to understand the gentleman to say that paper could be made equal to gold and silver.

Mr. McKIM. Certainly not. He meant only to convey the idea that the Treasury notes would answer in the place of gold and silver, being receivable for the dues of the Government, and its claimants being glad to get hold of it. After a few further remarks of the same tenor, Mr. McK. concluded by hoping the House would pass the bill in its original form as it came from the Committee of the Whole; for he considered the amendment would be destructive to the business of the Treasury, which was in immediate want of the means for carrying on the Government, and which it could not procure under the operation of the amendment.

Mr. CUSHING addressed the House at length in opposition to the bill; and after a few words from Mr. BELL and Mr. McKIM, the hour having arrived, the House took its usual recess till 4 o'clock.

#### [EVENING SESSION.]

On assembling after the recess, but few members appearing—

Mr. CAMBRELENG moved a call of the House, which was ordered—ayes 24, noes 22.

After proceeding a few minutes—

Mr. WILLIAMS of North Carolina moved to suspend the further proceedings on the call. Lost—ayes 30, noes 45.

The roll was then called through, when a quorum having appeared, the call was suspended.

The Hon. WILLIAM STONE, a member elect from the State of Tennessee, appeared, qualified, and took his seat.

#### TREASURY NOTE BILL.

The House then resumed the consideration of the bill reported from the Committee of the Whole on the state of the Union, "to authorize the issuing of Treasury notes."

The question pending being on the amendment of Mr. UNDERWOOD, as modified on motion of Mr. PATTON, (stated at length in yesterday's Globe.)

The CHAIR then stated the question, and was about to propound it to the House, when

Mr. CAMBRELENG stated that upon this amendment depended the state of this bill, because, if it should be adopted, the Treasury of the United States would be in the power of the Bank of the United States. He should, therefore, ask for a full attendance of the House, and should move for a call, [the House was still thin,] unless some gentleman wished to address the House.

Mr. HOPKINS, for one, was inclined to vote for the amendment. He could not see how its adoption would place Government in the power of the United States Bank. The object in selling them was, to command an amount of gold and silver to meet the wants of the Treasury; and admitting the bank would become the purchaser, so much specie would be drawn from its vaults, and he did not see how Government could be injured by having a debt thus paid in advance.

Mr. CAMBRELENG wished to state that he had not said the United States Bank would be the direct purchaser, but that the bonds would be bought up by the agents of the bank.

Mr. HOPKINS was opposed to the Treasury note system, at least so much of it as was intended to operate as currency, although he was willing to provide for the wants of the Treasury. He was induced to regard the amendment, as the least exceptionable proposition before the House. In case the sale of the bonds could not be effected, then the Secretary was authorized by the amendment to borrow money; and he believed the mover of it (Mr. Underwood) would have no objection to modify it, so as to empower that officer to negotiate a loan to the amount of even ten millions, should it be required. If the Treasury notes were really intended to operate as a currency, the denomination of the notes should be so low as to benefit the poor as well as the rich. But he was opposed to the plan of thus forming a currency with the notes, in every shape and form. He was mortified and pained to see the support which had been given to the measure by advocates of the hard money system; he was not willing to pay ten millions for such an experiment, of establishing an Executive currency. He did not wish to be misunderstood. He was willing to give the Treasury any amount of relief in a legitimate way, but he was not willing to convert an Executive officer into the cashier of an Executive bank.

Mr. WISE eulogized his colleague on the course he had just taken. He was glad to find displayed so honorable and independent an opposition to the bill. Mr. W. then read several extracts from President Jackson's Messages of 1834 and 1835, to show that the sales of Government stock in the United States Bank had been recommended by the President at those periods.

Mr. UNDERWOOD said, that in offering the amendment, he had not been actuated by any sinister motive. He had never been connected with the United States Bank, nor had he ever owned a dollar's worth of stock. His motives were perfectly disinterested; and as had been suggested, he would have no objection to modify his amendment so as to empower the Secretary, in the case the bonds could not be sold, to negotiate a loan to any reasonable amount; and for that purpose, he would leave a blank in that line, to be filled up at the pleasure of the House. He deprecated the idea of a Treasury bank as a most dangerous measure, and fatal to the liberties of the people.

Mr. HAYNES said that there was one feature in the amendment which had been overlooked. The United States Bank bonds were not only worth the value on their face, but also the premium on London; and if thrown into the market, the bank would purchase them at par value, and then reap all the advantage of the difference of exchange on London.

Mr. UNDERWOOD did not know that the Secretary would be restricted from selling the bonds at a premium.

Mr. McKAY was willing the bonds should be sold, if they could be sold immediately, and at their

fair value; but if they were sent to Europe for sale, it would be a long time before they could be made available. But he had another objection. The bonds would go to Europe endorsed by the Government, which would then be responsible as well as the bank; and, besides, what was to prevent the bank from inducing the holders to keep them back for any length of time that would suit its purpose, even for ten or fifteen years. A similar game had been played before, and what ground was there to suppose it would not be played again? But, if the gentleman would alter his amendment so as to sell the bonds, principal and interest, and absolve Government from all liability, he would have no objection; but the amendment proposed no such thing; therefore he could not vote for it. But the Treasury notes could be made available immediately, and were liable to none of those objections. He would accordingly support it, although he was as much opposed to the establishment of a Treasury or Executive bank as any one.

Mr. ROBERTSON was in favor of the amendment. He adverted to the danger of flooding the country with spurious paper, which, in his opinion, would be the result of the passage of the bill. He could not think how Government, at this time of distress, could adopt such a measure as that of issuing bills of credit, as the Treasury notes certainly were.

Mr. WISE read an extract from a letter to the Secretary of the Treasury from a commercial house in New York, wherein it was stated that, at that date, (September 22,) the Treasury notes would fetch from 92 to 94 per cent. in specie.

Mr. LEGARE was in favor of issuing Treasury notes without interest; which issue, in his opinion, would answer the purpose of relieving the community and the Government at the same time. This, he contended, was strictly within the letter and spirit of the Constitution. He answered the argument of gentlemen in relation to those notes being bills of credit, and contended that it was nothing more nor less than borrowing money; and certainly the Government of the United States, and of every State, had the power to do this. In relation to the Government becoming a great banker by the issue of those notes, he thought it an entirely new doctrine, because, if borrowers were to become bankers, he took it there were a great many bankers in this country. Mr. L. entered into a brief argument in support of this view of the question.

Mr. PATTON did not see how the chairman of the Committee of Ways and Means could assume that the United States Bank would become the purchaser of the bonds any more than others. The bank could not purchase them, unless she paid the full value; and of what consequence could it then be who bought them?

Mr. CUSHING made some remarks explanatory of what he had said in the morning.

Mr. FOSTER replied at some length to the arguments of the gentleman from Massachusetts, (Mr. Cushing) in relation to the Treasury notes being bills of credit. He contended that the Constitution authorized Congress to issue these notes if the exigencies of the Government required it, even though they were bills of credit. The Constitution of the United States prohibited the States from issuing bills of credit, coining money, and making treaties and alliances; but there was no clause in it which prohibited the United States from issuing bills of credit, if it was necessary to do so. The *bona fide* object of issuing these notes was to raise money to carry on the operations of the Government, and that being the case, he contended that this was strictly constitutional. He opposed the amendment as being insufficient to meet the exigencies of the country. These bonds, by being thrown into the market, might raise something for the relief of the Government, but he contended that they would be inadequate to supply all the wants of the Government.

Mr. MENIFEE said it was believed that the nature of the bill was such that it would not affect the currency. But he would ask if gentlemen who had said so, had not been rebuked officially for so doing. He went on to show why he thought the notes would form a constituent part of the currency,

and declared his opposition to the measure, as giving a dangerous power to the President.

Mr. CUSHMAN asked what would be the effect of the previous question.

The SPEAKER said it would have the effect of bringing the House to vote on the engrossment of the bill, with a view to its third reading.

Mr. CUSHMAN said that in mercy to the House he would move the previous question.

Mr. WISE asked for the ayes and noes.

The SPEAKER reminded the gentleman that it was out of order.

Mr. OWENS moved a call of the House, which was lost.

The question was then taken on seconding the demand for the previous question, and lost—ayes 88, noes 89, the Speaker voting in the negative. So the previous question was not ordered.

Mr. CAMBRELENG adverted to one fact. It was the general understanding, (at least among many members of the opposition,) on both sides of the House to take the question on this bill to-day. In conversation with several gentlemen on the other side of the question he had received a distinct pledge from them last night, that if the House would then adjourn, such was their intention. He earnestly hoped then they would redeem their pledge and take the question at once.

He had but a single word to say to the gentleman from Virginia, (Mr. Hopkins,) and that was that he was a most sagacious gentleman, for while he expressed himself opposed to the bank of the United States, he was in favor of a proposition to place the Treasury of the country at the mercy of that institution.

Mr. WISE admitted that he gave a pledge for himself, and he was not only willing to do so, but had aided by it, for he had not addressed the House on the subject. He also expressed a hope that his friends would suffer the question to be taken then, and that no member would be frightened from his course by the *brutum fulmen* of the gentleman from New York, in order to force that House to sustain a Treasury bank in its most odious form.

Mr. JOHNSON advised to an amendment offered by him when the bill was in committee, limiting the power of issuing the notes to June, 1839, and which had been rejected. He said the vote on that amendment convinced him that the Government intended to make the Treasury notes a permanent thing, and not merely to meet the present emergency. He then gave his views as to what would be the probable consequences.

Mr. UNDERWOOD thanked gentlemen for the very able arguments they had adduced in support of his amendment. He really thought now that it had been discussed enough, and he would be happy to have the question taken upon it. Mr. U. then gave the reasons why he could not modify his amendment, as requested by some of his friends.

Mr. PHILLIPS made some explanations in relation to the amount at which banks would receive Treasury notes, and read various extracts from letters from the officers of different banks, stating on what terms these Treasury notes could probably be received at.

The question was then taken on the amendment of Mr. UNDERWOOD, as modified by Mr. PATTON, and decided in the negative—ayes 104, noes 112, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayer, Bell, Biddle, Bond, Bouldin, Briggs, William B. Calhoun, John Calhoun, W. B. Campbell, John Campbell, Wm. B. Carter, Chambers, Cheatham, Childs, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Dennis, Dunn, Elmore, Everett, Ewing, Richard Fletcher, Filmore, Rice Garland, Goode, James Graham, Wm. Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Robert M. T. Hunter, Jenifer, Henry Johnson, William Cox Johnson, Lawler, Lincoln, A. W. Lewis, Malby, Marvin, Samson Mason, Maury, Maxwell, McKennan, Menefee, Meyer, Morgan, Calvin Morris, Naylor, Noyes, Ogil, Patterson, Patton, Peck, Phillips, Pope, Pott, Rariden, Reid, Rencher, Ridgeway, Robertson, Rumsey, Russell, Sawyer, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Southgate, Stanley, Stratton, Tahaierro, Thompson, Tillinghast, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—104.

NAYS—Messrs. Anderson, Andrews, Abertson, Beatty, Beirne, Bicknell, Birdsall, Boon, Brodhead, Bronson, Bryn, Buchanan, Cambreleng, Timothy J. Carter, Casey, Chaney, Chapman, Ciley, Claiborne, Clarke, Cleveland, Coles, Connor, Cray,

Cushman, Davee, DeGraff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Foster, Fry, Gallup, Gholson, Glascock, Grantland, Grant, Gray, Haley, Hammond, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, Ingham, Thomas Jackson, Jabez Jackson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Lozan, Arphaxad Loomis, Lyon, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petrikon, Phelps, Plumer, Potter, Pratt, Prentiss, Reilly, Rhett, Richardson, Rives, Sheffer, Shipley, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toncey, Towns, Turney, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—112.

So the amendment was disagreed to.

Mr. RHETT then moved to amend the second section, by striking out all that part relating to interest.

On motion of Mr. WILLIAMS of North Carolina,

The House adjourned at 9½ o'clock, p. m.

## HOUSE OF REPRESENTATIVES

SATURDAY, October 7, 1837.

Mr. ADAMS, on leave, made an explanation in relation to some remarks made by himself on yesterday, relative to a call which had been made on the late President of the United States with reference to the Creek war. He had since ascertained that the late President had answered the call, near the close of the last session of Congress, when it could not be printed in time to be laid on the tables of members at that session; and the information contained therein was the strongest proof which could be necessary of the propriety of instituting an inquiry on this subject.

Petitions and memorials were presented, on leave, by

Mr. HENRY of Pennsylvania.

Mr. DAVEE of Maine.

Mr. CUSHMAN of Massachusetts.

[Mr. CUSHMAN presented the remonstrance of Mary Moses and 445 other women of Somersworth, N. H. against the admission of Texas into the Union.]

Mr. HARRISON, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the President of the United States be requested to communicate this House, at its next session, so far as in his judgment is consistent with the public interest, whether any foreign power, or the subjects of any foreign power, have possession of any portion of the Territory of the United States on the Columbia river, or are in the occupancy of the same; and, if so, in what way, by what authority, and how long such possession or occupancy has been kept by such persons.

Mr. HALSTEAD, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of War be requested to inform this House, at its next session, who was the superintendent for the work for the improvement of Little Egg Harbor, and whether it was executed according to the plan reported to the War Department, as required by the law making the appropriation; and if not, on what authority was any other plan substituted.

Mr. BOND asked the leave of the House to submit a resolution calling on the Secretary of the Treasury to inform the House whether he had made any contract with any engraver to engrave a plate for the purpose of issuing Treasury notes, in case the bill now pending becomes a law, and if so, whether such plate has been finished, and any notes stricken off therefrom.

Objection being made,

Mr. BOND moved a suspension of the rules, for purpose of permitting him to submit the resolution.

Mr. WHITTLESEY called for the yeas and nays, and the House dividing it, it appeared there was no quorum in attendance.

Mr. HOPKINS, thereupon moved a call of the House, and the roll being called through, and 126 members answering to their names, all further proceedings under the call were suspended.

The yeas and nays were then ordered, and were—yeas 70, noes 85.

So the House refused to suspend the rules.

## INQUIRY IN RELATION TO THE FLORIDA WAR

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th instant:

*Resolved*, That a select committee be appointed by ballot to inquire into the cause of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers, and that it have power to sit in the recess, and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution by striking out all after the word "resolved," and insert the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers, except such persons as may be engaged at the time in the Florida war."

The question immediately pending, was the motion of Mr. HOWARD to strike out the words "that a select committee be appointed," and insert "that the Committee on Military Affairs be instructed."

Mr. MCKAY had not intended taking any part in this debate, and would not now have done so, had it not been for the remarks of the gentleman from Massachusetts, (Mr. Adams,) on yesterday, in relation to the composition of the Committee on Military Affairs. The gentleman from Maryland, (Mr. Howard,) who had made the proposition to refer this subject to the Committee on Military Affairs, would do him the justice to say that the amendment was moved without any consultation with him, and he presumed without any consultation with any member of the Military Committee. The gentleman from Massachusetts, (Mr. Adams,) had objected to sending the inquiry to the Committee on Military Affairs, because eight of its members were friends of power, as he chose to designate them. By this, however, he understood the gentleman as meaning nothing offensive, but merely that eight of its members were in favor of the administration, and but one opposed it. Now he (Mr. McK.) believed it was well understood that this committee has had no connection with the politics of the country, as all that ever was required of it, was to look to the military affairs of the country, and all subjects connected therewith. He had taken the trouble to look into this matter, and see how this committee had been made up for some years back, and would call the attention of the House to the fact. Four years ago the Military Committee was organized precisely as it is now. When the distinguished gentleman from Virginia, who is now our Minister to England, occupied the Chair, this committee was made up in the same way, and it was precisely the same while the gentleman from Tennessee (Mr. Bell,) was presiding officer of the House. This committee still stood, with reference to the administration, eight to one. During the second session of the twenty-third Congress, Mr. Vance, who is the present Governor of Ohio, was the only member on that committee opposed to the administration; and during the twenty-fourth Congress, Mr. Bunch of Tennessee, if he might be considered an opponent of the administration, was the only member on that committee in the opposition. This he thought was a sufficient answer to the objections of the gentleman from Massachusetts on this point. Well, how was it with regard to other committees of this House? He took it, if gentlemen would take the trouble to examine, that they would find many of the committees with majorities opposed to the administration. The committee of which the gentleman from Massachusetts is chairman, (the Committee on Manufactures) has a majority of its members opposed to the administration. It was the same case with the Committee of Claims. It was the same with all the principal committees on the expenditures of the Executive Departments. The committees on the expenditures of the War Department, the Navy

# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

TUESDAY, OCTOBER 17, 1837.

VOLUME 5.....No. 8.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

[Continued from No. 7.]

Department, and the Post Office Department, had all majorities opposed to the administration. With regard to the Committee on Military Affairs being composed of eight friends of the administration, and one member of the opposition, he presumed it was altogether accidental. He observed it was in accordance with the previous practice of the House, as it was precisely in the same situation in which it had been in for the last four years, and he had never before heard any complaint in relation to it. But the gentleman from Massachusetts had urged another objection against this committee, and that objection was, that there were eight of its members taken from the southern States, and only one left to take charge of the peculiar interests of the northern States. Now if the gentleman would look into the organization of the other committees, he would find the same objections to lie against them.

How was it with the Committee of Ways and Means? Out of the nine members of that committee, there was only one member, the gentleman from Ohio, (Mr. Hamer) to take care of the interests of the whole valley of the Mississippi and Ohio. How is it with regard to the committee of which the gentleman from Massachusetts himself is chairman—the Committee on Manufactures; a committee whose measures affect all branches of industry in the country? Seven of its members live in the northern States, and four of that seven in the New England States, while the whole of the southern States had but one person on it to represent their interests. How is it with regard to the Committee on Naval Affairs and the Committee on Commerce? The western States have not a single member on the Committee on Naval Affairs, or the Committee on Commerce, to represent their interests.

But could not the gentleman from Massachusetts see the fallacy of these objections? There were only nine members on each committee, and there were twenty-six States in the Union; so that it was a natural consequence that at least seventeen States must be unrepresented on each committee. There was, therefore, nothing in the objection. He would next call the attention of the gentleman to the Committee on Roads and Canals, a committee so intimately connected with the great question of internal improvements. That committee stands seven to two, and only one of its number to take care of the interests of the ten States in the South and Southwest. That committee, too, stands in regard to the administration in precisely the same situation as the Committee on Military Affairs.

The gentleman from Massachusetts on yesterday said that, during the last long session of Congress, a resolution was adopted calling on the late President of the United States to lay before Congress a statement in relation to the late Creek war; and that no answer was returned by the President. On this morning, however, the gentleman had corrected this statement, but had again fallen into an error. The gentleman had said that the resolution was answered by the President within a day or two of the end of the session. Now, if the gentleman would consult the journal, he will find that this communication was sent in on the 14th day of February; that it was only a report in part; and that the commissioners appointed by the President to make the necessary examinations were engaged in the further prosecution of the inquiry; and Mr. McK. understood that they were now in this city, preparing a report, to be laid before Congress at its next regular session.

The resolution offered by the gentleman from Virginia (Mr. Wise) proposes an inquiry into the causes of delay and expenditure in the prosecution of the Florida war. Now, that gentleman will recollect that, during a former Congress, he submitted a resolution calling for information from the Departments relative to this identical subject. On the 22d of May, it would be found by referring to the journals, that a resolution was adopted, on motion

of the gentleman from Virginia, (Mr. Wise,) calling on the President to communicate to the House all measures taken to suppress Indian hostilities in Florida, and also to communicate the causes of such hostilities. It would also be found that on the twenty-sixth, the President sent a report from the Secretary of War on the subject; on the twenty-seventh, an additional report, and on the third of June, a supplemental report on the same subject; therefore there were three reports made in answer to this resolution, giving all the information in relation to the causes of the war, and the means taken to suppress Indian hostilities.

Mr. WISE said he knew that this report did not contain all the information in possession of the Department. He would not say by what authority he knew this; but the late Secretary of War himself, knew by what authority he (Mr. Wise) knew that he did not communicate to this House all the information in his possession.

Mr. McKAY resumed. That did not affect what he was going to say. The gentleman says all the information was not communicated. That was extraordinary. He did not pretend to say that the gentleman had not good grounds for making the assertion; but let us look to the terms of the resolution. They were, that the President be requested to communicate all the measures taken for the suppression of Indian hostilities, and all the information relative to the causes of those hostilities. Now, if what was stated by the gentleman from Virginia was true, it would form a grave matter of inquiry for the House to take notice of, and it would be called upon to institute some inquiry into the conduct of the late Secretary of War, in consequence of this dereliction of duty. But would the House suppose that the Secretary was so very regardless of his official duty as not to comply with the order of the House, requiring him to communicate all the information in regard to the causes of this war?

Mr. WISE said he would now state by what authority he spoke. Sir, said Mr. W. the Secretary of War, unless his messenger told a falsehood, did, before he answered that very call, send a gentleman to me with certain papers marked confidential. They were submitted to me, and I know it upon this information. I read them, and the question was put to me, "do you want these papers?" My reply was, that I wanted all relating to the subject.

Mr. McKAY rose to resume, when,

On motion of Mr. CAMBRELENG, the House proceeded to the orders of the day.

The SPEAKER laid before the House a communication from the Secretary of the Treasury, giving a statement of the number of bushels of wheat, barley, oats, rye, and other grain and bread-stuffs, imported into the United States during the last twelve years; which, on motion of Mr. WHITTLESEY of Ohio, was ordered to lie on the table and be printed.

## TREASURY NOTE BILL.

The House then resumed the consideration of the "bill to authorize the issuing of Treasury notes," being the substitute reported from the Committee of the Whole.

The question pending was on the amendment of Mr. RHETT, as stated heretofore, [to strike out the provisions for bearing interest, &c.]

Mr. BELL opposed the bill, and asked what compromise had been effected between the party in power and certain gentlemen now giving it their zealous and earnest support. The present bill he regarded as a part of the great scheme to carry on the war against the institutions of the country, as they have been fostered for the last thirty or forty years. It was, in effect, not only in itself a measure levelled against the credit system of the country, but it was itself providing the means to carry on that war. On this point he dwelt at great length, going largely into the general policy and measures of the administration, and also entered into a variety of details and statements to sustain his argument of the non-necessity of this bill. He

maintained that it was the first step to the establishment of a Government or Treasury bank. It was the lever by which it was to be carried into execution.

Mr. B. concluded, by moving to strike out the enacting clause of the bill, (which motion prevailing, is equivalent to a rejection of the bill.)

Mr. CAMBRELENG asked for the yeas and nays; which were ordered.

Mr. BRONSON supported the bill, and showed that it was neither the incipient step to a Government bank, or a national currency, nor was it fraught with the evils pictured by those opposed to it. He also went into an argument to prove, that unless this bill passed, the Government could extend relief neither to the merchants nor to the deposit banks. Let this bill die, and the bills for the relief of those two great interests would die with it, for the Government, without it, would not be in a situation to relieve them.

With reference to a compromise, Mr. B. denied that any such was in existence, or had been entered into. There were differences existing upon certain points, among the democratic party, but those differences, he believed, would drive no one of them, certainly not himself, into the ranks of the whig party.

Mr. HALSTEAD commenced in reply to Mr. B. when the time for the recess arrived, and the House accordingly adjourned till 4 o'clock, p. m.

[EVENING SESSION.]

## TREASURY NOTE BILL.

After a call of the House had been ordered and proceeded in for some time, the House resumed the consideration of the "bill to authorize the issuing of Treasury notes."

The question pending was the motion of Mr. BELL to strike out the enacting clause of the bill.

Mr. HALSTEAD resumed his remarks, and entered into an argument to prove that Treasury notes were bills of credit, and therefore not warranted by the Constitution. He quoted the Message of General Jackson in 1836, Judge Marshall, and various decisions of the Supreme Court, in support of his position. He was, therefore, unwilling to give to the administration the power of issuing Treasury notes, as they evidently had no right so to do.

He contended that the language of the Secretary, and the bill itself, indicated that the notes were intended to form a constituent part of the currency, which of itself was a sufficient objection. He also opposed the bill on the ground that it provided no fund for the redemption of such notes, and quoted authorities to show that Government debts should never be incurred without some specific means being appropriated for their liquidation. It was likewise his opinion that the issue of Treasury notes would prevent the banks resuming specie payment. He could not vote for the bill, because it would lay the foundation of a Treasury bank, and add to the Executive power, so as to enable him to buy up the liberties of the people.

Mr. WHITTLESEY hoped the gentleman from Tennessee (Mr. Bell) would withdraw his proposition, and that the question would be taken on the bill that night, at least some time before twelve o'clock.

Mr. BELL withdrew his proposed amendment.

Mr. RIVES would like the gentleman to amend further, by making the Treasury notes redeemable twelve months after date, instead of six, as proposed. For his part, he was not willing to pledge the credit of Government, unless it had funds to comply with its engagements. If the gentleman would modify his amendment as suggested, he would vote for it.

Mr. RHETT accepted the modification.

Mr. RIVES said that, when they came there, they were accused by the opposition with having involved the country in difficulty; and, on that account, the opposition had adopted the motto of "hands off," and would propose nothing them-



selves, nor co-operate with others in adopting measures of relief. One gentleman (Mr. Bell) had told them, that morning, that they ought not to do any thing. That gentleman was a "parliamentarian," well versed in the rules, and he was accustomed to make use of that skill in order to attain his objects. Indeed, if he had not been misinformed by his friend, had that gentleman (Mr. B.) succeeded in the morning with his amendment to strike out all after the enacting clause, the bill would have been lost; and, by that course, the gentleman would have prevented any relief to the banks or to the nation. It was thus evident that the object was to defeat the bill, without offering any substitute for it. Mr. R. said that, when he came to Congress, he came with the impression that the Government and country were embarrassed; and, divesting himself of all party feeling, he had not stopped to investigate the causes, but was bent on removing the evil. When a house was in flames, the inquiry was, not how it caught fire, but how the fire could be extinguished? So, in the present case, all debate as to the probable cause of the present distress was worse than useless. All little differences should be laid aside, and each member act for the public good. He then referred to a letter written by Mr. Jefferson, in 1813, to his son-in-law, then chairman of the Committee of Ways and Means, wherein he strongly recommended the issue of Treasury notes, and said they would be more useful, if not bearing interest, than otherwise; also to an act passed in 1815, and various other acts, authorizing the issue of such notes, without a dissentient voice. He thought, therefore, it was a fair inference that their predecessors had no doubt as to the right given by the Constitution for the adoption of such measures, when required by the exigency of Government. He believed the passage of the present bill, whether amended or not, would enable the banks to resume specie payments, and afford relief to the merchants and country at large.

Mr. CALHOUN of Kentucky would vote for the bill, but more willingly if the notes bore interest than otherwise.

The question was then taken on Mr. RHETT's amendment, which was rejected—yeas 81, nays 137, as follows:

YEAS—Messrs. Bell, Bond, Boon, Brodhead, William B. Campbell, John Campbell, William B. Carter, Chapman, Childs, Claiborne, Cleveland, Clowney, Connor, Crary, Curtis, Dawson, Davee, Dennis, Duncan, Dunn, Elmore, Ewing, James Garlan, Rice Garland, Gholson, Gwercok, James Graham, William Graham, Graves, Gray, Griffin, Hammond, Harlan, Harper, Hawes, Hawkins, Herod, Holt, Hubley, Ingham, Jenifer, Henry Johnson, William Cost Johnson, Legare, Lewis, Lyon, Martin, McClure, Montgomery, Mathias Morris, Calvary Morris, Muhlenberg, Murray, Petrikon, Phillips, Pope, Potter, Rariden, Rhett, Richardson, Ridgeway, Rives, Russell, Sheffer, Augustine H. Shepperd, Sluicks, Shepler, Sibley, Smith, Stone, Thompson, Towns, Wagener, Webster, Albert S. White, John White, Elisha Whitesley, Lewis Williams, Sherrod Williams, Wise, and Yorke—81.

NAYS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Anderson, Andrews, Atherton, Ayer, Beatty, Beirne, Bicknell, Biddle, Birdsall, Borden, Brodhead, Bronson, Bruyn, Buchanan, Bynum, William B. Calhoun, John Calhoun, Cambreleng, Timothy J. Carter, Casey, Chambers, Chaney, Cheatham, Clark, Coles, Corwin, Craig, Cranston, Crockett, Cushing, Cushman, Darlington, Davies, Deberry, DeGraff, Dromgoole, Edwards, Evenden, Farrington, Richard Fletcher, Fillmore, Foster, Fry, Gallup, Goode, Grantland, Grennell, Haley, Halstead, Harrison, Hastings, Haynes, Henry, Holsely, Hopkins, Howard, William H. Hunter, Robert M. F. Hunter, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, John W. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Lincoln, Logan, Arphaxad Loomis, Andrew W. Loomis, Maltry, Marvin, James M. Mason, Samson Mason, Maury, McKay, Robert McClellan, Abraham McClellan, McKim, McKennan, Menefee, Mercer, Milligan, Miller, Morgan, Samuel W. Morris, Naylor, Noble, Noyes, Ogles, Owens, Palmer, Parker, Parmenter, Patterson, Patton, Paynter, Pearce, Peck, Pennybacker, Plumer, Potts, Prentiss, Read, Reily, Rencher, Robertson, Rumsey, Sawyer, Sergeant, Sluick, Snyder, Southgate, Spencer, Stanley, Stewart, Stratton, Taffaferro, Taylor, Thomas, Titus, Toucey, Turney, Underwood, Vail, Vanderveer, Weeks, Thomas T. Whitesley, Jared W. Williams, Joseph Williams, Christopher H. Williams, Worthington, and Yell—137.

Mr. WISE then renewed his amendments, offered in Committee of the Whole.

The first amendment, striking out in the first section, "as he may deem expedient," and inserting, "as the exigencies of the Government may require," was adopted without a division.

The question was then taken on the other three following amendments, which were severally rejected.

Mr. WISE, after some preliminary remarks, offered the following:

*Provided*, That it shall not be lawful for the Se-

cretary of the Treasury, or any disbursing officer of the Government, to pay out or circulate any Treasury note or notes, so long as there remains in the hands of such disbursing officer, or the Treasurer of the United States, any specie or other available funds: *And provided further*, That the whole amount, or so much of the five millions of dollars as by law is to remain in the Treasury for contingencies, shall be kept on hand in Treasury notes, until the exigencies of the Government shall render their use or circulation necessary.

On this amendment Mr. W. asked for the yeas and nays, which were ordered.

Mr. MERCER suggested a modification to the amendment, providing for the payment of specie first, and afterwards Treasury notes, which was accepted by Mr. WISE.

Mr. CAMBRELENG hoped the House would not adopt any such impracticable amendment, and gave his reasons therefor.

Mr. WISE modified his amendment with a view of obviating the objection.

Mr. McKAY opposed the amendment as altogether impracticable.

Mr. HOWARD said he would make a remark or two upon this amendment. It proposed to take away all discretion from the Secretary of the Treasury, and compel him to pay specie until the last dollar was expended, before he could issue a single Treasury note. This discretion ought to exist. Specie was more imperatively required for some expenses than others. For example, if a vessel of war were about to sail to a foreign station, she must carry some specie with her. Take the case as of the exploring expedition, which, although it was about to go to what the sailors called the "Star Pole," yet must necessarily touch at civilized ports, and therefore would require no small amount of specie, in order to be prepared for contingencies. If the necessary sum was in the Treasury, there would be no power to reserve it for this purpose, but the first applicant for payment of a demand at the Treasury would sweep it away, and oblige the Secretary of the Navy to postpone the sailing, until he could sell Treasury notes enough to supply the sum wanted. Many other cases of inconvenience might be stated. But further. There was probably no custom-house from Boston to New Orleans, in which some specie had not been collected. This was placed to the credit of the Treasurer as soon as received, and was, of course, in the Treasury. Should the proposed amendment prevail, the Secretary would have to ascertain from every custom-house whether there was a dollar there, before he could issue a single Treasury note; and if any amount, however small, was in the hands of any collector, no matter how distant from the place where the expenditure had to be made, the hands of the Secretary would be tied up. The amendment would, in practice, entirely defeat the bill.

Mr. RHETT moved a reconsideration of the vote, by which the amendment of Mr. UNDERWOOD, proposing to sell the United States Bank bonds owned by Government, had been rejected the day previous.

The Speaker ruled that the motion was not in order during the pending another motion then before the House.

Mr. WISE, with a view of enabling the above motion to be entertained, withdrew his proposition for a time.

Mr. CAMBRELENG had hoped, from the vote given on this amendment last night, that gentlemen had made up their minds that it could not be adopted. He did not rise to debate the question, but to entreat the House to take the question on the bill to night. As the question came before the House in this compromising form, he desired to have a full House to vote on the question, and therefore moved a call of the House.

Mr. GRIFFIN moved that the House adjourn.

Mr. CAMBRELENG called for the yeas and nays, which were ordered.

Mr. GRIFFIN thereupon withdrew the motion.

Mr. MAURY renewed it.

Mr. McKIM called for the yeas and nays; but the House refused to order them, and the motion to adjourn was negatived—yeas 75, nays 121.

Mr. UNDERWOOD hoped the House would reconsider this vote. He had pledged himself to the gentleman to modify his amendment in pursuance of his suggestion, and was desirous of testing the sense of the House on it in this form. He must say that he did not like the modification so well as the original amendment, but he liked it better than the bill; and, therefore, was glad of the opportunity afforded of testing the sense of the House in relation to it.

The motion for a call of the House was then negatived.

Mr. FILMORE called for the yeas and nays on the motion to reconsider; which were ordered, and were—yeas 110, nays 113, as follows:

YEAS—Messrs. Adams, Alexander, H. Allen, J. W. Allen, Ayer, Bell, Biddle, Bond, Bouldin, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, John Campbell, William B. Carter, Chambers, Cheatham, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Ever, u, Ewing, Richard Fletcher, Fillmore, James Garland, Rice Garland, Goode, Jas. Graham, William Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Robert M. F. Hunter, Jenifer, Henry Johnson, William Cost Johnson, Legare, Lewis, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maury, McKennan, Menefee, Mercer, Milligan, Calvary Morris, Naylor, Noyes, Ogles, Patterson, Patton, Pearce, Peck, Phillips, Pope, Potts, Rariden, Read, Rencher, Rhett, Richardson, Ridgeway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Sluicks, Sibley, Sluick, Southgate, Stanley, Stone, Stratton, Taffaferro, Thompson, Underwood, Webster, Albert S. White, John White, Elisha Whitesley, Lewis Williams, Sherrod Williams, Joseph L. Williams, Christopher H. Williams, Wise, and Yorke—110.

NAYS—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Borden, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, T. J. Carter, Casey, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Foster, Fry, Gallup, Gholson, Glascock, Grantland, Gray, Haley, Hammond, Harrison, Hawkins, Haynes, Holsely, Holt, Howard, Hubley, W. H. Hunter, Ingham, F. B. Jackson, J. Jackson, J. Johnson, Nathaniel Jones, J. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Logan, Arphaxad Loomis, Lyon, James M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McKim, McKim, Miller, Montgomery, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petrikon, Phelps, Plumer, Potter, Pratt, Prentiss, Kelly, Rives, Sheffer, Shipley, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Weeks, Thomas T. Whitesley, J. W. Williams, Worthington, and Yell—113.

So the motion to reconsider was negatived.

Mr. WISE then renewed his amendment, as modified, to except the Superintendent of the Mint.

Mr. WISE called for the yeas and nays on this amendment; which were ordered.

Mr. THOMAS said the gentleman from Virginia (Mr. Wise) has appealed to all members who are not now for commencing a Treasury bank to vote for his amendment. Now, sir, I am of that class; I am for the Treasury note bill, as a means to replenish the Treasury, and provide for the execution of the money contracts of the Government. I shall vote in good faith for the bill, as a bill of supplies, and think that the Secretary would be guilty of a misdemeanor, if he should execute the law as if it had been passed to furnish a paper circulation to the country. But I cannot vote for the amendment to guard against the construction which the gentleman fears will be given to this measure. He proposes to forbid the Secretary, the Treasurer, and all disbursing officers, to issue or circulate one of the Treasury notes while the Treasurer or the disbursing officer has either gold or silver on hand. A very few words I think are needed to make it manifest that such a provision in the law would make it impracticable for the officers of Government to accomplish the purposes for which it is designed.

Before the policy was adopted of leaving in the mint a large amount of money, to increase rapidly the gold coinage, it was considered prudent to keep in the Treasury at all times a surplus of at least two millions of dollars. Notwithstanding the earnest desire felt in Congress after the war to pay speedily the public debt, the commissioners of the sinking fund authorized to purchase the evidences of the public debt, were required to leave at all times in the Treasury at least two millions of dollars. It was then supposed to be indispensable to have that amount of money always in the Treasury. In 1836, when the deposit law was passed, the authors of that measure directed the Secretary to retain five millions of dollars in the Treasury, supposing, obviously, that a less sum would not be sufficient to supply our numerous disbursing offi-

vers with small sums, in anticipation of demands, and at the same time keep the mint in active operation. It is now proposed to abandon this uniform policy, and to prohibit the treasurer from keeping on hand any surplus whatever, except the money needed by the mint. The Secretary, and all other officers, are to be forbidden to issue or circulate a Treasury note to raise supplies, until all the money in the Treasury has been expended. Let us see how such a rule, if prescribed for the government of those officers, would operate.

All the money in the various depositories is in the hands, in contemplation of law, of the Treasurer. Portions of it are in this city to pay officers of Government and laborers on the public works at this point. Other portions are in New York to fit out the expedition for the South Seas. There are, at the same time, considerable sums of public money in depositories near to the northwestern and southwestern frontier, to pay Indian annuities, or the several corps of our army stationed on that border of the Union. At these and other points throughout the Union, the Secretary of the Treasury must take care to keep a constant supply to meet the demands that are to be made on officers employed to disburse the public money. If this amendment could prevail, what would be the condition of this high officer, charged to provide for the prompt fulfillment of almost innumerable contracts. He might, on the fifteenth of this month, learn that five hundred thousand dollars would be required in New York on the first of November next, to complete the equipment of the South Sea expedition. On the same day he might receive information that one hundred thousand more would be required on the fifteenth of November at St. Louis, to pay the army in that vicinity, or the annuity to Indians, from whom we have purchased vast tracts of rich and fertile lands. Well, sir, he refers to the books of the Department, and finds that the Treasurer has on hand, that is to his credit, fifty thousand dollars in the Bank of the Metropolis, intended to pay the laborers employed on the public buildings. He finds, perhaps, that there are also to the credit of the Treasurer small sums, at various other points, intended there to meet the engagements of the United States, what would, in such a state of things, if the amendment could be adopted, be the duty of the Secretary and of the Treasurer. Those officers would not, of course, request the disbursing officers at New York or St. Louis, to wait until all the money standing to the credit of the Treasurer elsewhere had been expended. But it would be incumbent upon them to do an act not much more reasonable. They would have to draw from dispersed depositories moneys standing to the credit of the Treasurer, to be sent to New York and St. Louis, and then issue Treasury notes to borrow money to be distributed amongst the depositories which had been exhausted. They would possibly have to encounter the expense and inconvenience of transmitting gold and silver from Richmond, Pittsburgh, Washington, Baltimore, or elsewhere, to New York, and then having exchanged the Treasury notes in the last named city for gold and silver, it would be sent back to the points first mentioned, so as to be conveniently disbursed.

These are some of the objections that have occurred to me on the instant, to the motion of the gentleman from Virginia. They are to my mind conclusive against its adoption. The amendment appears to be founded upon the supposition that all the debts from and to the United States are to be paid at one point. Even if that was the case, the rule which it is intended to establish would be extremely inconvenient to the officers and to the creditors of the United States. But until the system which has been adopted for the convenience of all concerned, in the receipt and expenditure of the public revenue, shall be abandoned, and this I suppose no man proposes, it will be impossible to administer well the Treasury Department, without a surplus of several millions of dollars. If large banking corporations have not always at command unemployed capital of two, three, and in some cases eight and ten millions of dollars, their directors are justly charged with a culpable carelessness about the credit of the institutions committed to their care. We are in part the man-

gers of an immense body politic, having engagements to be executed in every quarter of the globe, and must not refuse to make ample provision to keep the public faith untarnished. The bill the House has been conceived in a proper spirit. It places within the reach of the Executive all that may be needed, and nothing more. I do not apprehend that the power to be conferred on the President and the Secretary will be abused. Large sums of money will not be withdrawn from circulation to be locked up in the vaults of the public depositories. So believing, I shall vote against the amendment that distrusts, and for the bill which confides in, the capacity and patriotism of those to whose custody I have cheerfully assisted to commit the highest and most important powers of Government.

Mr. WISE then modified his amendment by inserting at the end thereof the words "at the place where the demand is made."

The question was then taken, and the amendment rejected—yeas 96, nays 118, as follows:

YEAS.—Messrs. Alexander, Heman Allen, John W. Allen, Ayer, Bell, Biddle, Bond, Briggs, William B. Calhoun, John Calhoun, W. B. Campbell, William B. Carter, Chambers, Cheatham, Childs, Clowney, Corwin, Cranston, Crockett, Curtis, Darlington, Dawson, Davies, Dennis, Dunn, Elmore, Everett, Ewing, Richard Fletcher, Filmore, James Garland, Rice Garland, Goode, James Graham, W. Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Herod, Hoffman, Hopkins, Jenifer, J. Johnson, W. C. Johnson, Lewis, Lincoln, Andrew W. Loomis, Lyon, Mallory, Marvin, Samson Mason, Maury, McKennan, Menefee, Mercer, Milligan, Calvary Morris, Naylor, Ogle, Patterson, Pearce, Peck, Phillips, Pope, Potts, Reel, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Sibley, Sibley, Sledge, Southgate, Stanley, Stone, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, John White, Elihu Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—96.

NAYS.—Messrs. Adams, Anderson, Andrews, Atherton, Beatty, Belne, Bicknell, Birdsell, Borden, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, T. J. Carter, Casey, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Cols, Connor, Craig, Crary, Cushman, Davee, Deberry, DeGraff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Foster, Gallup, Gholson, Glascock, Grantland, Gray, Haley, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, William H. Hunter, R. M. T. Hunter, Ingham, T. B. Jackson, J. Jackson, J. Johnson, N. Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Logan, Arphaxed Loomis, James M. Mason, Martin, McKay, Robt. McClellan, A. McClellan, McClure, McKim, Miller, Montgomery, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Noyes, Owens, Palmer, Parker, Parmenter, Patton, Paynter, Penneybacker, Petriken, Phelps, Plumer, Potter, Pratt, Prentiss, Rardin, Reily, Rencher, Richardson, Rives, Sheffer, Shields, Shepler, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington and Yell—118.

Mr. WISE then said he should not now offer his other amendments.

Mr. MCKAY moved to add a new section to the bill, the object of which was to prevent receivers of public money from charging the Government more interest on these notes than was actually due at the time they came into their hands; which was agreed to.

Mr. BRONSON moved an amendment that the time to which the issue of these notes should be extended, should not be later than the 31st of December, 1838; which was agreed to.

Mr. UNDERWOOD then moved an amendment, providing that the Secretary of the Treasury should not issue notes exceeding three and a half millions dollars, until he has offered for sale the bonds of the Bank of the United States, for three months, and then he should not be empowered to issue more than ten millions of dollars.

After a few remarks by Messrs. UNDERWOOD, BYNUM, MCKIM, MERCER, LEWIS, and THOMSON,

On motion of Mr. OWENS,

The House adjourned at 10 o'clock p. m.

#### IN SENATE,

MONDAY, October 9, 1837.

Mr. GRUNDY moved to take up the joint resolution, reported from the Committee on the Post Office and Post Roads, in relation to the payment in advance on all letters sent by express mail. Mr. G. went into an explanation of the necessity there was for an immediate action on the measure. The express mail was of recent origin, and was authorized under an act of Congress, passed some three years since. It was introduced by the Postmaster General, with a view to afford facilities to

merchants and men of business, for which advantage the law authorized the payment of treble postage. There were persons who were ignorant of the object of the mail, that had sent many letters of no importance, either to themselves or others, which letters were not taken out of the office, but returned as dead letters to the great diminution of the revenue. There were others again, who from mischief or sport, had also sent numerous letters by this conveyance; and the object of the resolution was to prevent in future all such occurrences, by requiring the money in advance. Mr. G. had consulted the Postmaster General, as to whether he could not make the arrangement without the intervention of the laws; but as that officer appears to think the passage of an act necessary to enforce the measure, the bill before the Senate had been resorted to.

Mr. KNIGHT expressed himself as unfriendly to the system of express mail as calculated to afford facilities to the rich, which the poor could not avail themselves of—and besides that the railroads of the country yielded advantages, in point of speed, beyond any express that could be arranged.

Mr. GRUNDY did not intend to defend the system—it had been created by laws, and must be repealed by laws, before it could be stopped. The object now was to prevent the abuse of the system, by providing against the accumulation of dead letters, which would effectually be done by requiring the postage in advance in all instances.

The resolution was then ordered to be read a third time.

Mr. GRUNDY moved to take up the bill regulating the fees of district attorneys, which was agreed to.

Mr. TALLMADGE offered a modification of the amendment offered by Mr. Clayton last week, when the bill was under discussion, which was accepted, and the amendment as modified agreed to.

The amendment provides a second section to the bill, and reads as follows:

Sec. 2. *And be it further enacted*, That no fee shall accrue to any district attorney on any bond left with him for collection, or in any suit commenced on any bond for the renewal of which provision is made by law, unless the party or parties shall neglect to apply for such renewal for more than twenty days after the maturity of such bond.

The amendment offered by Mr. Buchanan at a prior discussion of the bill, viz: to strike out the word "five," in the 5th line, and insert "for all bonds exceeding \$500, four dollars, and for all bonds of and under that sum, two dollars be allowed," was agreed to.

Mr. CLAY (of Ky.) thought the original bill was improved by the amendment of the Senator from Pennsylvania, (Mr. Buchanan) but still the amount of compensation was in his opinion far beyond the service rendered. If, as had been stated the other day, there were upwards of four thousand bonds to be renewed, ought so enormous a sum as would accrue, be allowed to the district attorneys, when all the labor would be performed in less than three months? What, asked Mr. C. is the service in these cases? the bonds are all printed, and have merely to be filled up with the signatures, and he would undertake to say, that he, or any business man could fill five hundred bonds in a day. Why have the original bonds taken by the collector, and order them to be renewed by the District Attorney? Was not the collector better qualified from his intimate knowledge of merchants and mercantile affairs, to do the duty? He had not examined the laws very closely lately, but he believed the collector was allowed forty or sixty cents for the duty. Why not then continue it with him at the same price? Was it right, was it reasonable, to take the duty from the collector, to give it to the attorney, at the vast increase of expense, at times like the present, when the mercantile interests of the country were so prostrate. Mr. C. then moved to strike out all after section 1st, and insert "That in all cases of extension of the time of payment of bonds given for duties on imports, it shall be according to such directions as may be given by the Secretary of the Treasury, and the extension of payment of the old bond, or the taking of a new bond, shall be by the resp. c-

tive collectors, subject to no other charge than such as may be legally receivable on the taking of the original bond, upon the entry of merchandise."

According to my amendment (said Mr. C.) the direction of the matter will be left with the Secretary of the Treasury; and hence there can be no difficulty in passing over instructions to the collectors; and the effect of the laws will then be to keep the bonds with the collector.

Mr. BUCHANAN said he felt very little interest in the matter, other than a strong desire to see the same justice done to the district attorneys that he would desire done to all mankind. He had stated the other day on what he deemed very good authority, that three-fourths of the district attorneys of the United States had never made any charge whatever, because they did not know what to charge, or what allowance was granted for such duty. The Senator from Kentucky (Mr. Clay) said that he could fill up five hundred bonds in a day. Mr. B. was aware that the gentleman did business very rapidly, but that would exceed the powers of any man in that or any other public body. Mr. B. had been told by a gentleman of truth, that he had been engaged from morning until night for a whole month in taking about four hundred bonds. Mr. B. said he would be very sorry to take the responsibilities annexed to the duties; the condition of the parties was to be inquired into; the sureties have to be looked to, and he did not think the amendments as offered by himself to graduate the price, so as to allow two dollars for all bonds of and under five hundred dollars, and four dollars for all above that sum, would be unreasonable.

If the amendment of the Senator from Kentucky prevailed, what would be done with all the past cases, where the attorneys had never received a cent nor made a charge, because they did not know what to charge? Again, the bonds would have to be re-transferred from the attorney's hands to those of the collector. In his opinion, it was better to let the law stand as it was, and let the district attorneys retain the bonds, and hold those officers responsible, and allow them a fair compensation.

Mr. CLAY asked why, if the labor be the same in all cases, four dollars should be exacted for one bond and two dollars for another? If the gentleman alluded to by the Senator from Pennsylvania did occupy his time for a month in the taking of three or four hundred bonds, the price at three dollars even would give him a sum superior to that of any officer under the Government, save the President. Mr. C. said he would undertake to maintain that five hundred bonds could be filled up in one day, and the best mode was to retain the whole business in the hands of the collector.

Mr. WEBSTER said the question had arisen how came the bonds in the hands of the district attorney? The laws made it the duty of the collector to turn over all bonds not paid at maturity to the district attorney for suit; and hence, if the bonds had to be renewed, it would be done at the attorney's office, where the fees were claimed under the practice of the New York courts. In the present case, where an act of clemency of Congress extended the time on these bonds, the collector was undoubtedly the best judge of the matter from his long acquaintance with, and intimate knowledge of the merchants; besides the duties, were merely clerical, and the parties he took it for granted, were in most instances the same. In the present relaxed state of business, there was plenty of aid in the custom-house for all the duties that would be required.

Mr. TALLMADGE expressed his intention of voting for the amendment of the Senator from Kentucky, (Mr. Clay), and in so doing, he conceived no injustice would be done to the district attorneys. If the Government allowed the renewal, there was no necessity for the bonds to be sent to the district attorney, and that officer ought not in justice to claim any thing, unless put in his hands for suit.

Mr. CALHOUN was averse to any charge on the parties, or subjecting the Government to any.

Mr. GRUNDY was anxious that the law remain undisturbed. With regard to compensation, he did not pretend to be a very correct judge. He

was aware that in a place like New York, where there was so much business, a fee, ever so moderate, would amount to a very considerable sum of money; in one place, then, it might be too much, in another too small. It was necessary, he thought, to allow as much as would secure the services of a faithful and competent agent. The moment a bond became due, it was handed over to the district attorney for suit; on that head the law was imperative. The collector then took the attorney's receipt for the bonds. Would it not be better to let the law remain as it is, and allow what was right and proper to a competent person, than, by altering it, run the risk of disordering the whole manner of keeping the books of the custom-house?

Mr. CRITTENDEN said it struck him that the district attorney was entitled to no compensation under the law; that the whole was a mere lawless and unwarrantable exaction of fees. Mr. C. read the law of the United States, and said that the charge was nothing more nor less than extortion.

Mr. GRUNDY said, on this head the district attorney of New York had taken the opinion of the most eminent lawyers, and the fees had been taxed under the supervision of Chancellor Kent; and hence the district attorney had neither violated law nor usage. Mr. G. did not wish to spend further time in the discussion. He was of opinion that the party benefited ought to pay the expense; and where it was fixed at so low a rate as two dollars on bonds of five hundred, there could be no reasonable ground for complaint.

Mr. TALLMADGE explained that the fees charged by the district attorneys were the regular taxed fees. If a bond placed in his hands for suit were paid by the parties, the attorney would still be entitled to his fee under the usage of the courts of New York. Unless placed in his hands for collection, no charge was made; but by the amendment of the gentleman from Pennsylvania, you would give him as much for the renewal as he would be entitled to under the tax cost.

Mr. WRIGHT would vote against the amendment of the Senator from Kentucky (Mr. Clay.) Every bond not paid at maturity was immediately handed over to the district attorney for suit. It was not the mere extension of time that officer had to look to, but in giving that time to see that the bonds be made perfectly secure. Great changes had taken place in the commercial relations of the city of New York, and much and fearful responsibility would necessarily be incurred; and hence it was our interest to charge some officer with the duty that would feel his responsibility to the Treasury. Mr. W. thought if \$4 were allowed on the larger bonds, and \$2 on the smaller denomination, it would be imposing no burden on the mercantile community.

The question was then taken on Mr. CLAY's amendment, by yeas and nays, when there appeared—for it 22, against it 18, as follows:

YEAS—Messrs. Bayard, Black, Calhoun, Clay of Kentucky, Clayton, Crittenden, Kent, Knight, Morris, Nicholas, Prentiss, Roane, Robbins, Ruggles, Smith of Indiana, Southard, Spence, Strange, Swift, Tallmadge, Webster, and White—22.

NAYS—Messrs. Allen, Benton, Buchanan, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, Niles, Norvell, Pierce, Robinson, Smith of Connecticut, Walker, Wall, Williams, Wright, and Young—18.

Mr. GRUNDY said he would now be compelled to vote against the bill, because it left the fees of the District Attorney of New York precisely where they were, and made provision for no others save the District Attorney of Alabama.

Mr. BUCHANAN said he could not vote for the bill in its present shape, because he thought it would exclude those district attorneys who had already done business to a very considerable extent. He would, therefore, move to recommit the bill to the committee, "with instructions to provide a reasonable compensation to district attorneys for services which they have already rendered in extending the bonds of the merchants;" and on this motion he asked for the yeas and nays.

After some further desultory debate, the question was taken on the recommitment, when there appeared, yeas 15, nays 26, as follows:

YEAS—Messrs. Buchanan, Clay of Alabama, Fulton, Hubbard, King of Georgia, McKean, Nicholas, Niles, Norvell, Robinson, Strange, Walker, Wall, Wright, and Young—15.

NAYS—Messrs. Allen, Bayard, Benton, Black, Calhoun, Clay of Kentucky, Clayton, Crittenden, Grundy, Kent, King of Alabama, Knight, Pierce, Prentiss, Roane, Robbins, Ruggles, Smith of Connecticut, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Webster, White, and Williams—26.

The question was then taken on agreeing with the several amendments as adopted in Committee of the Whole, and carried. The bill being reported as amended, was ordered to be engrossed for a third reading.

A message was received from the House of Representatives, stating that it had passed a bill to continue in force certain acts passed at the last session.

Mr. GRUNDY moved to take up the joint resolution in relation to postage on express letters; which had its third reading, and was finally passed.

Mr. BENTON communicated to the Senate a letter from the Treasury, giving the imports and exports of gold and silver for the last fortnight, in which the import was \$490,000, and the export was \$150,000; ordered to lie on the table, and be printed.

Mr. GRUNDY then moved to take up the bill received from the other house, and explained the necessity there was for its immediate passage. Some laws had been passed at the last session which were to continue in force to the close of the ensuing session. The present being an extra session, and unlooked for at the time, rendered necessary the adoption of this measure.

This bill, having had its three several readings, was finally passed.

Mr. WRIGHT then moved to take up the bill authorizing merchandise to be deposited in the public stores, and for other purposes.

Mr. KING of Alabama thought it would be better to postpone the bill, particularly, as from all appearances just now, there would be no chance of its passing the other body this session; and, as there was a great diversity of opinion involved, he thought it better to postpone it until the first Monday in December next.

Mr. CALHOUN agreed with the Senator from Alabama that it was better to postpone it to the period named, when it could be fully acted on, and all its features maturely considered. He was not prepared at this time to enter on any discussion, and he was aware that there was a great diversity of opinion on the subject.

Mr. WRIGHT did not suppose there would have been any objection to taking up the bill, neither was he aware of any diversity of opinion in relation to it. So far as he was concerned, he was perfectly willing for the Senate to take its own course. The measure had been pressed on his consideration by the parties interested. He felt persuaded, if the bill were fully examined, that it would not be found objectionable in any shape.

The question being taken on the adoption of Mr. WRIGHT's motion, there appeared, for it 20, against it 7. The bill was accordingly taken up for consideration.

Mr. BUCHANAN moved to amend the bill, by inserting, after the last clause, "Provided, That the existing laws, permitting the landing and delivery of railroad iron, imported for the purpose of being permanently laid down on railroads and inclined planes, shall be and remain in full force, any thing in this act to the contrary notwithstanding;" which amendment was agreed to.

Mr. CLAY said that, although he had expressed an opinion favorable to this bill when it was last up, yet he would feel himself obliged to vote against it, from a consideration which had not presented itself to his mind at that time. He alluded to the compromise act, by a fair interpretation of which credits could not be abolished until after the expiration of that act, which would not take place until the 3d June, 1842. After this period, all duties were to be collected in money, and all credits abolished. Disposed as he was to adhere faithfully and scrupulously to this act, he felt himself pre-



vented from voting against the abolishing of credit; but would have no objection to vote for the warehouse system. If gentlemen chose to violate the compact, the effect would be to revive all the angry discussion in relation to that great interest, which had so long and so fearfully agitated the country. If Congress did not respect the act, no individual would; and he regretted to see the Senate was divided in regard to a measure which, if violated in one instance, the right might be claimed to violate it in all others. Mr. C. expressed himself as friendly to the abolishment of credit, and the collection of the revenue in cash, because he believed such a measure favorable to the great manufacturing interests of the country.

Mr. CALHOUN thought the view taken by the Senator from Kentucky was correct. There was no subject that could be touched on which would excite greater contention, and he submitted to the Senators on all sides whether there was any necessity for agitating this question now. If it met the wishes of the chairman of the Committee on Finance to have the bill passed without the clause which violated the compact, it might do very well; but if not, he would move to postpone the bill till the first Monday in December next.

Mr. WRIGHT said the passage of this bill had been pressed upon his consideration by the mercantile community. According to the present law, the importer has to give his bond for a definite period, say six months, while the effect of the bill before them was to allow the merchandise to be warehoused, where it might remain three years, if they pleased the merchant having no control of his property, and the Government no bond. He did not see how the bill could possibly conflict with the views of gentlemen in relation to the compromise act, though he did not admit that act as a matter of right to the exclusion of all others.

Mr. CLAY said he had not examined the bill very carefully; but still he must contend that it would be a violation of the compact. Either there was an extension of credit beyond the time allowed, or a less credit was given. It was true, the merchant might keep his goods for three years in the warehouse; but then he might also remove them in three days, by which means he could always avail himself of an advantageous state of the market. In one view of the matter there was more credit—in the other less; and in either case, it violated the principle on which the compromise act was founded; and on that ground he would be compelled to vote against it.

Mr. WRIGHT asked Mr. CALHOUN to withdraw his motion; which having been acceded to, Mr. W. moved to postpone the further discussion, and make it the special order of the day for to-morrow. This motion was agreed to.

On motion of Mr. WHITE, the Senate went into Executive business; and, after some time spent therein,

The Senate adjourned.

## HOUSE OF REPRESENTATIVES,

MONDAY, October 9, 1837.

Petitions and memorials were presented by Messrs. ADAMS, REED, LINCOLN, CUSHING, and GRENELL of Massachusetts.

Mr. CRANSTON of Rhode Island.

Messrs. FILLMORE, MARVIN, and PATTERSON of New York.

Messrs. SERGEANT, OGLE, MATTHIAS MORRIS, L. W. MORRIS, FRY, NAYLOR, and PAYNTER, of Pennsylvania.

[Mr. M. MORRIS of Pennsylvania presented three memorials of similar import, one signed by thirty, and another by forty-four, and one other by forty-six, citizens of Bucks county, Pennsylvania, remonstrating against the annexation of Texas to the United States.

Also, one petition, signed by 33 women of the same county, praying for the abolition of slavery in the District of Columbia and the Territories of the United States, and the slave trade between the States.]

Mr. POLK (Speaker) of Tennessee.

Messrs. ALLEN, RIDGEWAY, and GOODE, of Ohio.

Mr. CLAIBORNE of Mississippi.

[Mr. CLAIBORNE presented the petition of a number of citizens of the State of Mississippi, in favor of the establishment of a national bank.]

Messrs. CASEY and MAY of Illinois.

[Mr. MAY presented the petition of a number of the inhabitants of Putnam county, Illinois, praying the establishment of a national bank.]

Mr. CRARY of Michigan.

Mr. MERCER, from the Select Committee on Rules, reported an additional rule, that the hour of the adjournments of the House be noted on the journal, and that no gentleman shall leave his seat after an adjournment until the Speaker vacates the Chair.

The report having been taken up for consideration,

Mr. BYNUM called for a division of the question.

After a few remarks by Messrs. HAYNES, BYNUM, DUNCAN, and MERCER, the first part of the report was adopted.

Mr. TAYLOR moved to strike out of the last part of the rule the words "shall vacate the chair," and insert, "shall declare the result;" which, after a few remarks from Mr. ADAMS, was rejected; and the latter part of the rule was also rejected.

Mr. HOWARD, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of War be requested to cause to be compiled an abstract of the several pension laws now in force, for invalid, revolutionary, or other pensions, together with the constructions which have been placed upon such laws by the War Department, or Attorney General, and the forms necessary to be followed by the applicants for pensions under the several laws; and report the same at the next session of Congress.

Mr. ELLMORE, on leave, submitted the following resolution:

*Resolved*, That in addition to the 10,000 copies of the correspondence for the annexation of Texas to the United States, ordered to be printed, there be 10,000 more copies printed, to which shall be annexed, from the correspondence "concerning the boundary between the United States and the Mexican Republic, and a cession of territory belonging to the Mexican Confederation to the United States," communicated in the Message of the President of the United States, of the 2d October instant, the following documents: Mr. Clay to Mr. Poinsett, 26th March, 1825; extract from instructions; Mr. Torrens to Mr. Adams, 15th February, 1824; Mr. Clay to Mr. Poinsett, 24th September, 1825, extracts; the same to the same, 15th March, 1827, extract; Mr. Van Buren to the same, 25th August, 1829; Mr. Livingston to Mr. Butler, 20th March, 1833, extract; Mr. McLane to the same, 13th January, 1834; Mr. Forsyth to the same, 2d July, 1835, extract; and same, 6th August, 1835, extract.

Mr. ADAMS said he should move an amendment of this resolution. Instead of extracts, he moved to print the whole of the correspondence and documents alluded to. He was opposed to sending garbled statements of matters so interesting, before the people.

Mr. ELLMORE said that, having offered the resolution, which he had supposed would have elicited no debate nor opposition, he felt bound to say a word in explanation. This House had made two calls on the President for information upon subjects connected with Texas. The first was for the correspondence between the authorities of Texas and the United States, concerning the annexation of Texas. The second was for the correspondence with the authorities of Mexico, concerning the boundary line between the two countries, and the propositions for the purchase of any portion of the Mexican territory by the United States. Both calls had been responded to; and, in answer to the first, a communication from the Texan Minister to this Government proposing the annexation of Texas; a reply from the Secretary of State; and a rejoinder from the Texan Minister, had been laid before this House, and ten thousand copies were ordered to be printed. In reply to the second call, a voluminous correspondence between the proper agents of the Governments of the United States and Mexico had been communicated, and ten thousand copies of it ordered to be printed. Upon looking into the

last documents, (said Mr. E.) I find they are divided into two classes; the first class consisting of those named in the resolution now under consideration, and consisting mainly of instructions given by the different Presidents wielding the executive power of the United States, from 1824 to 1837, to our ministers resident in Mexico, directing them to propose for the purchase of Texas, and giving the reasons why such a purchase was desirable and important for the United States. These constituted but a small portion of the documents communicated under the second call; the rest, comprising nine-tenths or probably nineteen-twentieths of those sent by the President, relating almost entirely to a treaty of boundary which was negotiated at an early period of the negotiations between the two countries, and which recognised the boundary fixed for Mexico in 1819, in the treaty of Washington, between Spain and the United States; and in which the latter yielded Texas and consented to make the Sabine and Red rivers the boundary. This treaty, recognising this line as the true one between Mexico and the United States, was three times negotiated; and signed in almost the same terms, having twice failed in consequence of not being ratified by Mexico in the time prescribed by one of its articles. The various forms and shapes which these negotiations assumed, the several propositions to vary them, the causes which produced the failure to ratify—from frequent revolutions, changes in the executive departments charged with this subject, propositions to change the place of negotiation from Mexico to Washington—the formation of a commercial treaty between the countries, and tedious details of all its beginnings, interruptions and progress; and the urgent requisitions of this Government for the appointment of commissioners to run the line of boundary as fixed in 1819, constitute a mass of diplomatic notes, correspondence and instructions on these points, which have no bearing on the great subject, the annexation of Texas, which now engrosses the public attention. Ten thousand copies of these are already ordered to be printed; enough to diffuse all the information required. But, sir, it is not so as regards those mentioned in the resolution. They relate especially to the acquisition of Texas; they consist of instructions from the various Presidents who have been in power since 1824, showing in the arguments and views they suggest to our ministers charged with these important negotiations, the reasons why it has always been deemed important to the welfare of the United States that they should possess Texas.

Sir, the House will remember that some days ago, the gentleman from Massachusetts made the pregnant and startling declaration, that this question was a question of union or disunion. He presented this issue to the people of the United States. Now, sir, I wish my constituents, and the people of the south, to have all the information on this subject concentrated in one document, which will show them the official action and opinions of this Government, from 1824 to the present day. I wish them to see, by the instructions given our ministers in every administration since 1824, that it has always been considered essential to the safety and interests of these States, and that the sound wisdom and prudence of the reasons assigned in these able papers, may be submitted to their solemn deliberation, before they return their answer to the issue tendered by the gentleman from Massachusetts.

It may be, sir, as the gentleman from Massachusetts says, that these documents are "garbled," and only such extracts furnished the House as suit one side of the question. If garbled, it has been done by the President, or his Secretary of State. I propose to publish them exactly as they have been furnished to the House. If these documents, and especially the opinions of the distinguished statesman who was President in 1825, shall place any gentleman on this floor in the position of having entertained opinions on this subject not exactly consistent, of having favored and urged the acquisition of Texas at one time, as an important national object, and of having opposed and denounced it at another, it is a matter he must settle as best he can with the country. I have no further concern in the affair, than that I want the benefit of the

arguments of the then President, contained in these instructions, to aid the people in forming a correct estimate of the importance of Texas to the United States. I do not now propose to argue the merits of this great question, but I desire to spread before the people the information contained in the arguments of far abler men, which I here find prepared to my hand.

But, sir, I apprehend the gentleman from Massachusetts is mistaken in the course he has proposed, if his object is to have all the correspondence relating to the annexation or purchase of Texas, printed on this occasion. He complains that the correspondence is garbled. Let him then call, by a resolution, on the President for that which he says is suppressed. He can not, by his motion, if he succeed in carrying it, have that printed which is not furnished the House.

Mr. ADAMS observed that that would best appear by showing the House these documents. He wanted all or none. He was opposed to sending forth garbled extracts as the basis of opinions on a subject so momentous. The gentleman from South Carolina had proposed to print extracts from the documents favorable to his own peculiar views on the great question at issue, and not the entire documents. The President of the United States, in obedience to the call of the House, sends certain papers. The gentleman from South Carolina proposes to print a part of them. Mr. ADAMS said his proposition was to print the whole. He had a right to argue that the gentleman proposed to print such extracts as favored one side of the question rather than the other. No conclusion could possibly be drawn from what had already been communicated, and the people had a right to all the light that could be shed upon the subject.

Sir, (said Mr. ADAMS,) I say on my authority, that if such a proposition was ever made on the part of the United States to the Government of Mexico, it was received in such a manner as to show that it was offensive in the highest degree to that Government. If, as the gentleman from South Carolina intimates, some parts of those documents prove one thing, there may be other parts of them which go to prove directly the contrary. If any inference is to be drawn from the instructions referred to against the interests of my constituents, or against those of that gentleman's constituents, we ought to have also the answers to the propositions referred to, and not draw inferences from that which is communicated to us, which might be entirely refuted by that which has not been communicated. I repeat that, if there ever was such a proposition made to Mexico, it was received in such a manner that it never was repeated, and never ought to be repeated. I have very strong reason to believe, further, (said Mr. A.) that at one time the late Executive of the United States was deluded into an expectation that the Mexican Government were ready to make a cession of territory to the United States; and, indeed, in one of the documents lately communicated to this House, the Minister from Texas affirms to the Secretary of State, that the late Executive of the United States was so confident of the acquisition of Texas, that he offered to Mr. HORTCHINS G. BURTON, of North Carolina, the commission of Governor of that Territory. [Mr. ADAMS was here reminded by the Speaker that he was transcending the proper limit of debate upon a mere question of printing papers.] Well, (Mr. A. said,) he must then fall back upon the ground of natural justice, which he said would sufficiently sustain his argument that all the papers, if any, ought to go together to the American people.

Mr. ADAMS having demanded the yeas and nays on the motion to amend the resolution, and they having been ordered to be taken—

Mr. CAMBRELENG moved for the orders of the day.

#### TREASURY NOTE BILL.

The House then resumed the consideration of the "bill to authorize the issuing of Treasury notes."

The question pending being the amendment of Mr. UNDERWOOD, to authorize the Secretary of the Treasury to issue only three millions and a half of Treasury notes, until the bonds of the Bank

of the United States had been offered for sale for three months, exclusive of interest.

Mr. CAMBRELENG appealed to the members on all sides of the House to bring this measure to a conclusion. He did not suppose the gentleman from Kentucky (Mr. Underwood) really meant to embarrass the Treasury of the United States; but his amendment, if adopted, would be the most extraordinary proposition ever adopted by Congress. His proposition was to authorize the sale of three bonds, amounting each to about two millions of interest. Now there was not a capitalist on the face of the earth who would bid for them. Even the Bank of the United States, with all its capital, could not raise the means to do it, without the aid of the Bank of England, for the simple reason that the bonds could not be divided.

Now, what would be the effect of this proposition? Here was a bill before the House taking from the Secretary of the Treasury the power to draw drafts, which destroyed, in one single instant, the power to draw for one single dollar to pay the public creditors, who were now waiting for these Treasury notes. By the amendment he had the right to issue only three millions and a half of notes in the last quarter of the year, thus tying up his hands for three months, except so far as his reliance upon these three millions and a half only for the expenses of the Government during that time, when, according to the estimates, at least ten millions will be required for the same period. This would, in effect, bankrupt the Treasury.

Mr. C. said he wished too to reach another bill of primary importance, the divorce bill, before they adjourned, for he was anxious not to leave the Treasury and the finances in their present unregulated condition. In a New York paper he was made to say that he never intended to bring that bill up. He must have been mistaken in what he said, since he argued quite the reverse.

Mr. UNDERWOOD had understood that there were capitalists prepared to purchase the bank bonds; and after a few more words in its support, he modified his amendment by striking from it the words, "exclusive of interest."

Mr. LEGARE briefly opposed the amendment, but remarked upon what he called the unnecessary course of the Secretary of the Treasury in writing to brokers and others about the sale of the notes before they were authorized to be issued.

Mr. SERGEANT also remarked, that the Secretary of the Treasury had taken a view of this bill not warranted, either by the language of the bill, or by the views of members of that House, so far as those views had been disclosed. That gentleman had written to brokers and others, all over the country, to inquire of them at what rate it would purchase those notes; whereas there was no authority in the bill to sell the notes at all.

The authority or power of the Secretary of the Treasury was confined to two points. In the first place, he could only issue them to creditors of the Government, in satisfaction of debts, on their nominal amount, with the interest that may then have accrued. The next power was the power to borrow upon the hypothecation of the notes.

On these points Mr. S. dwelt at some length. As to the constitutional power of the Government to issue these bills he had no doubt in the world. It had as much constitutional power to do that as to charter a national bank. With reference to the wants of the Treasury, he preferred that they should borrow money of that description, which would answer the purposes of the Treasury.

Mr. CAMBRELENG said a few words in reply to Mr. S. and gave notice of his intention to enter more at large on the subject of the gentleman's present and late speech in support of a national bank, when the divorce bill came up. The gentleman's argument about the people's money and the Government's money, was a merely *ad captandum* one, designed to produce an effect upon the elections in Pennsylvania.

Mr. C. agreed with the gentleman that the Secretary of the Treasury had not properly construed the act now under consideration; for if he had construed it properly, there never could be any depreciation whatever of these notes. There was no

power given in the bill to sell the notes but to borrow money upon them.

Mr. PICKENS made an urgent appeal to the House, that, considering the lateness of the session, and the important measures behind, they would vote on all the propositions now before it on this bill. He declared his intention of voting against the bill himself if it embraced interest.

Mr. MERCER opposed the bill.

Mr. UNDERWOOD a *ain* modified his amendment, so as to authorize the Secretary of the Treasury to exchange the bonds with the Bank of the United States for smaller bonds.

Mr. GHOLSON replied principally to the remarks of Mr. BELL on Saturday last, and spoke in opposition to the establishment of a national bank, and in support of the bill, without the amendment, under consideration. He insisted that the bill was opposed, and was intended, if possible, to be defeated, for the express purpose of promoting the object to charter a national bank.

Mr. BELL spoke briefly in reply.

Mr. REED animadverted upon what he termed the miserably erroneous estimates of the Secretary, and argued against the necessity of passing the original bill without the amendment, viz: to sell the bank bonds.

Mr. GHOLSON rejoined to Mr. BELL, but his remarks were cut off by the hour having arrived for taking a recess, when the House adjourned till 4 o'clock.

[EVENING SESSION.]

On the Speaker resuming the Chair, a quorum not being present,

On motion of Mr. McKAY, a call of the House was ordered. The Clerk commenced calling the roll, when, a number of the absentees arriving, a motion prevailed, dispensing with all further proceedings in the call; and the House resumed the consideration of the

#### TEASURY NOTE BILL.

The question being on the amendment of Mr. UNDERWOOD:

Mr. GHOLSON resumed his remarks. He was in favor of granting indulgence to the banks, in order that they might extend indulgence to their debtors. The gentleman from Tennessee (Mr. Bell) had said something about "Government being forced into terms," if it would not comply with the wishes of the banks. Did the gentleman mean to hold out a threat that the banks would increase the distress which now prevailed, by creating anarchy over the country, if their terms were not complied with. Well, let them do so. He cared not for such threats; neither did he represent a constituency that was to be influenced by measures of intimidation. He was sure the administration were not to be frightened into terms. The object of the amendment was to benefit the United States Bank, and to enable it to reap a benefit to the injury of the country.

Mr. CURTIS, among all the measures of relief proposed, preferred the original House bill brought in by the chairman of the Committee of Ways and Means; and he had not been satisfied with the reasons given by that gentleman for abandoning it, and introducing that of the Senate. He was of opinion that the present measure was only calculated to relieve the Government, while it would certainly embarrass the people. He had a right to suppose, from the report of the Secretary, that it was intended to convert a certain portion of the Treasury notes, bearing interest, into specie. The effect would be that the merchants who had specie deposited in the banks would draw it out to purchase the notes. The banks, being thus deprived of their specie, would be effectually prevented from resuming specie payments. The banks relied on the co-operation of their depositors to enable them to resume the payment of specie, by allowing it to remain in their vaults, but their plans would be frustrated by the adoption of this bill without the amendment. It had been said that the Treasury notes would serve for foreign remittances, but in his opinion, that would not be the case, owing to the short period they had to run. Besides the price of exchange on London was now but about fourteen per cent. and he was informed that there would be no advantage in using the notes

for that purpose, unless the price of exchange was twenty-five per cent. He was willing to admit that the Treasury notes would give a limited relief, but so limited that he could not vote for it. In reply to a question from Mr. CAMBRELENG, he repeated that he was willing to vote for the original House bill; but now the Senate bill had been introduced in its stead, he would rather vote for the amendment now on the table, for the sale of the bonds, providing the bank could be prevailed upon to purchase so much of the stock, as would divide it, so as to make it saleable in the London market. He thought that measure would afford more relief than the issue of Treasury notes, bearing interest.

The question then recurred on the amendment of Mr. UNDERWOOD.

Mr. WILLIAMS called for the yeas and nays, which were ordered—ayes 95, noes 109, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayerrigg, Bell, Biddle, Bond, Briggs, William B. Calhoun, John Calhoun, John Campbell, William B. Carter, Chambers, Cheatham, Childs, Clowney, Cranston, Crockett, Curtis, Cushing, Darlingston, Davies, Deberry, Dennis, Dunn, Elmore, Everett, Ewing, Richard Fletcher, Goode, James Graham, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Robert M. T. Hunter, Wm. Cost Johnson, Lawler, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maury, Maxwell, McKennan, Menefee, Mercer, M. Thias Morris, Calvary Morris, Naylor, Noyes, Ogle, Patterson, Peck, Pickens, Pope, Potts, Rariden, Randolph, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sergeant, Augustine H. Shepperd, Charles Shepard, Shields, Sibley, Slade, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, Yell, and Yorke—95.

NAYS—Messrs. Anderson, Andrews, Atherton, Batty, Byrne, Bicknell, Birdsall, Boon, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, Casey, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraff, Dromgoole, Edwards, Farrington, Fairfield, Foster, Fry, Gallup, Gholson, Glascock, Grantland, Grant, Gray, Haley, Hammond, Harrison, Hawkins, Haynes, Holt, Hubley, William H. Hunter, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Lewis, Logan, Arphaxad Loomis, Martin, May, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Noyes, Owens, Palmer, Parker, Paynter, Pennybacker, Petrikon, Plumer, Potter, Pratt, Prentiss, Reilly, Rhett, Richardson, Rives, Sawyer, Sheffer, Shepler, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vandever, Webster, Weeks, Thomas T. Whittlesey, and Jared W. Williams—109.

So the amendment was disagreed to.

Mr. ROBERTSON moved to amend by striking out the first section, and inserting a clause, authorizing the Secretary to borrow, from time to time, a sum not exceeding seven millions of dollars.

Mr. PICKENS said that if this amendment prevailed, it would be clothing the Secretary of the Treasury with a much greater power than that of issuing Treasury notes. He thought, therefore, as the gentleman was opposed to leaving power in the hands of the officers of the Government, he should not introduce an amendment of this kind.

Mr. ROBERTSON replied that the Constitution of the United States authorizes the President to borrow money, but it did not authorize the Government to issue paper money. This being the case, he must adhere to this amendment.

Mr. DAWSON was decidedly in favor of the amendment submitted by the gentleman from Virginia, and should give it his support.

The question was then taken on the amendment and decided in the negative—yeas 86, nays 131, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayerrigg, Bell, Biddle, Bond, Briggs, William B. Calhoun, John Calhoun, John Campbell, William B. Carter, Chambers, Cheatham, Childs, Clowney, Coles, Corwin, Cranston, Crockett, Curtis, Cushing, Darlingston, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Richard Fletcher, Filmore, Goode, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hopkins, Robert M. T. Hunter, William Cost Johnson, Lawler, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maury, Maxwell, McKennan, Mercer, Milligan, Calvary Morris, Naylor, Ogle, Patterson, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Slade, Southgate, Stanley, Stone, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, Elisha Whittlesey, Christopher H. Williams, Wise, and Yorke—86.

NAYS—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Borden, Bouldin, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, John Campbell, Casey, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Connor, Craig, Crary, Cushman, Davee, DeGraff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Foster, Fry, Gallup, James Graham, Gholson, Glascock, James Graham, Grantland, Grant, Gray, Haley, Hammond, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson,

Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Logan, Arphaxad Loomis, Lyon, Martin, May, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Noyes, Owens, Palmer, Parker, Paynter, Pennybacker, Petrikon, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reilly, Rhett, Richardson, Rives, Sheffer, Augustine H. Shepperd, Charles Shepard, Shields, Shepler, Sibley, Smith, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vandever, Wagener, Webster, Weeks, John White, Thomas T. Whittlesey, Lewis Williams, Sherrod Williams, Jared W. Williams, Joseph Williams, Worthington, and Yell—136.

Mr. ROBERTSON then moved an amendment to the fourth section of the bill, providing that no Treasury notes shall be issued so long as there are any available funds in the Treasury, over and above one million of dollars.

Mr. ROBERTSON called for the yeas and nays on this amendment; which were ordered, and were—yeas 102, nays 120, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayerrigg, Bell, Biddle, Bond, Bouldin, Briggs, William B. Calhoun, John Calhoun, J. Campbell, William B. Carter, Chambers, Cheatham, Childs, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlingston, Dawson, Davies, Deberry, Dennis, Dunn, Everett, Ewing, Richard Fletcher, Filmore, James Garland, Goode, James Graham, William Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, H. Johnson, William Cost Johnson, Lawler, Lincoln, Andrew W. Loomis, Lyon, Mallory, Marvin, Samson Mason, Maury, Maxwell, McKennan, Menefee, Mercer, Milligan, Calvary Morris, Naylor, Ogle, Patterson, Peck, Phillips, Pickens, Pope, Potts, Rariden, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Sibley, Slade, Southgate, Stanley, Stone, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—102.

NAYS—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Borden, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, Casey, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraff, Dromgoole, Duncan, Edwards, Farrington, Fairfield, J. Fletcher, Foster, Fry, Gallup, Gholson, Glascock, Grantland, Grant, Gray, Haley, Hammond, Harrison, Hawkins, Haynes, Holsey, Holt, Howard, Hubley, Wm. H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbetter, Lewis, Logan, Arphaxad Loomis, James M. Mason, Martin, McKay, Robert McClellan, A. McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, S. W. Morris, Muhlenberg, Murray, Noble, Noyes, Owens, Palmer, Parker, Paynter, Pennybacker, Petrikon, Phelps, Plumer, Potter, Pratt, Prentiss, Reilly, Rhett, Richardson, Rives, Sheffer, Shepler, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vandever, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—120.

So the amendment was disagreed to.

Mr. SOUTHGATE moved to amend by providing that no Treasury notes should be re-issued after their return to the Treasury, but that they be cancelled; which was adopted.

Mr. SOUTHGATE then moved to amend the bill by providing that notes should be issued as low as fifty dollars, instead of one hundred dollars, as named in the bill.

Mr. LEGARE hoped the gentleman would modify his amendment, by reducing the denomination of the notes as low as twenty-five dollars, so as to enable persons in the service of the United States to receive these notes, and instanced in support of this suggestion the case of a soldier in the army in Florida, who had to pay fifty per cent. to have money discounted which he had received.

Mr. MASON, of Va. called for the yeas and nays, which were ordered.

Mr. WISE said he should vote to reduce these notes as low as five dollars, or one dollar. If we were to have a paper circulation of this kind, he wished the laborer to be benefited by it, as well as the capitalist.

Mr. CAMBRELENG hoped the amendment would not prevail. He had no idea of using the credit of the Government of the United States to issue a small note circulation.

Mr. WHITTLESEY, of Ohio, was in favor of reducing the denomination of the notes to fifty dollars, because it would enable persons desirous of entering public land to use this paper in the purchase thereof. He said that a large number of those persons who bought public land in the State of Ohio, had paid for it in Treasury notes of forty acre lots, and this currency would suit their purposes; whereas, if the notes were of one hundred dollars and upwards, they could never be used by them.

Mr. WISE hoped his friend from Kentucky

would reduce the notes to five dollars instead of fifty.

Mr. SOUTHGATE said his only object was to have the notes in the most acceptable form; and at the request of several of his friends around him, he would modify his amendment by reducing the notes to twenty-five dollars.

Mr. McKAY called for the yeas and nays on this, which were ordered, and were—yeas 88, nays 130, as follows:

YEAS—Messrs. Beirne, Bond, Boon, Briggs, Bynum, John Calhoun, John Campbell, Wm. B. Carter, Casey, Chambers, Chapman, Cheatham, Childs, Clark, Corwin, Craig, Crockett, Deberry, Dennis, Dunn, Elmore, Ewing, Isaac Fletcher, Jas. Garland, Rice Garland, Gholson, Glascock, Goode, James Graham, William Graham, Grantland, Graves, Halstead, Harper, Hawkins, Henry, Herod, Robert M. T. Hunter, Henry Johnson, Joseph Johnson, Wm. C. Johnson, Lawler, Legare, Lewis, Lincoln, A. W. Loomis, Lyon, Mallory, Martin, May, McKay, McKennan, Menefee, Montgomery, Calvary Morris, Murray, Ogle, Patterson, Peck, Pickens, Rencher, Rhett, Richardson, Ridgway, Rives, Robertson, Rumsey, Russell, Augustine H. Shepperd, Charles Shepard, Shields, Sibley, Smith, Snyder, Southgate, Spencer, Stanley, Stone, Taliaferro, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Wise, and Yell—88.

NAYS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Anderson, Andrews, Atherton, Ayerrigg, Beatty, Bicknell, Biddle, Birdsall, Borden, Brodhead, Bronson, Buchanan, William B. Calhoun, Cambreleng, Chaney, Cilley, Cleveland, Coles, Connor, Crary, Cranston, Curtis, Cushing, Cushman, Darlingston, Dawson, Davee, Davies, DeGraff, Dromgoole, Duncan, Edwards, Everett, Farrington, Fairfield, Richard Fletcher, Fillmore, Foster, Fry, Gallup, Grant, Gray, Haley, Hammond, Harrison, Hastings, Hawes, Haynes, Hoffman, Holsey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Logan, Arphaxad Loomis, Marvin, James M. Mason, Samson Mason, Maury, Maxwell, McKay, Robert McClellan, Abraham McClellan, McClure, Mercer, Milligan, Miller, Moore, Morgan, Samuel W. Morris, Muhlenberg, Naylor, Noble, Noyes, Owens, Palmer, Parker, Paynter, Pennybacker, Petrikon, Phelps, Phillips, Plumer, Potts, Potter, Pratt, Prentiss, Rariden, Randolph, Reed, Reilly, Sawyer, Sergeant, Sheffer, Shepler, Slade, Stewart, Stratton, Taylor, Thomas, Thompson, Titus, Toucey, Towns, Turney, Vail, Vandever, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, C. H. Williams, Worthington, and Yorke—130.

So the amendment was disagreed to.

Mr. SOUTHGATE then moved to strike out of the bill "one hundred," and insert "fifty," so as to reduce the notes to fifty dollars.

Mr. GHOLSON called for the yeas and nays, which were ordered, and were—yeas 141, nays 81, as follows:

YEAS—Messrs. Alexander, John W. Allen, Anderson, Andrews, Beirne, Bond, Boon, Bouldin, Briggs, Bronson, Bruyn, Bynum, John Calhoun, John Campbell, William B. Carter, Casey, Chambers, Chaney, Chapman, Cheatham, Childs, Claiborne, Clark, Cleveland, Clowney, Connor, Corwin, Craig, Crary, Crockett, Cushman, Davee, Deberry, DeGraff, Dennis, Dunn, Edwards, Elmore, Ewing, Fairfield, Isaac Fletcher, Fillmore, James Garland, Rice Garland, Gholson, Glascock, Goode, James Graham, William Graham, Grantland, Grant, Graves, Gray, Grennell, Griffin, Haley, Halstead, Hammond, Harlan, Harrison, Harper, Hastings, Hawkins, Haynes, Henry, Herod, Hoffman, Holt, Robert M. T. Hunter, Ingham, Jabez Jackson, Henry Johnson, Joseph Johnson, William Cost Johnson, Kilgore, Lawler, Legare, Leadbetter, Lewis, Lincoln, Andrew W. Loomis, Lyon, Mallory, Marvin, Samson Mason, Martin, Abraham McClellan, Calvary Morris, Muhlenberg, Murray, Noyes, Ogle, Palmer, Paynter, Patterson, Pickens, Pope, Potter, Pratt, Rariden, Reilly, Rencher, Rhett, Richardson, Ridgway, Rives, Robertson, Rumsey, Russell, Augustine H. Shepperd, Charles Shepard, Shields, Shepler, Sibley, Slade, Smith, Snyder, Southgate, Spencer, Stanley, Stone, Taliaferro, Titus, Towns, Underwood, Vail, Webster, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Wise, and Yell—141.

NAYS—Messrs. Adams, Heman Allen, Atherton, Ayerrigg, Beatty, Bicknell, Biddle, Birdsall, Borden, Brodhead, Buchanan, William B. Calhoun, Cambreleng, Cilley, Coles, Cranston, Curtis, Darlingston, Dawson, Davies, Dromgoole, Duncan, Everett, Farrington, Richard Fletcher, Foster, Fry, Gallup, Hawes, Holsey, Hopkins, Howard, Hubley, William H. Hunter, Thomas B. Jackson, Nathaniel Jones, John W. Jones, Kemble, Klingensmith, Logan, Arphaxad Loomis, James M. Mason, Maury, Maxwell, McKay, Robert McClellan, McClure, Mercer, Milligan, Moore, Samuel W. Morris, Naylor, Noble, Owens, Palmer, Paynter, Pearce, Pennybacker, Petrikon, Phelps, Phillips, Plumer, Potts, Prentiss, Reed, Sawyer, Sergeant, Sheffer, Stewart, Stratton, Taylor, Thomas, Toucey, Turney, Vandever, Wagener, Weeks, Jared W. Williams, Christopher H. Williams, Worthington, and Yorke—81.

So the amendment was agreed to.

Mr. MERCER then moved to reduce the whole amount of Treasury notes to be issued to seven millions of dollars.

Mr. MERCER called for the yeas and nays, which were ordered, and were—yeas 102, nays 130, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayerrigg, Bell, Biddle, Bond, Bouldin, Briggs, William B. Calhoun, John Calhoun, Wm. B. Carter, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Cushing, Darlingston, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Everett, Ewing, Richard Fletcher, Fillmore, Goode, Jas. Graham, William Graham, Graves, Grennell, Griffin, Halstead, Harlan,



Harper, Hastings, Hawes, Henry, Herod, Robert M. T. Hunter, Jenifer, Henry Johnson, William Cost Johnson, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maury, Maxwell, McKennan, Menefee, Mercer, Milligan, Calvary Morris, Naylor, Noyes, Ogle, Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Sheppard, Charles Shepard, Shields, Sibley, Slade, Snyder, Southgate, Stanley, Stone, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—102.

**YAYS**—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Borden, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, Timothy J. Carter, Casey, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraft, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, James Garland, Rice Garland, Gholson, Glascock, Grantland, Grant, Gray, Haley, Hammond, Harrison, Hawkins, Halsey, Holt, Hopkins, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Legare, Leadbetter, Lewis, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Palmer, Parker, Parmenter, Pennybacker, Petriken, Phelps, Plumer, Potter, Pratt, Prentiss, Reilly, Rhett, Richardson, Rives, Sheffer, Shepler, Smith, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—121.

So the motion was disagreed to.

Mr. LEGARE then moved an amendment that the interest on these notes should be reduced from six to two per cent.

Mr. WHITTLESEY of Ohio called for the yeas and nays, which were ordered, and were—yeas 99, nays 127, as follows:

**YAYS**—Messrs. John W. Allen, Boon, Bouldin, Bruyn, John Campbell, William B. Carter, Chaney, Chapman, Childs, Cilley, Claiborne, Cleveland, Clowney, Connor, Craig, Crary, Crockett, Curtis, Cushing, Dawson, Davee, Dennis, Duncan, Dunn, Elmore, Ewing, Richard Fletcher, Isaac Fletcher, Jas. Garland, Rice Garland, Gholson, Glascock, Goode, James Graham, William Graham, Grennell, Griffin, Hammond, Harlan, Harper, Hastings, Hawes, Hawkins, Haynes, Herod, Hoffman, Hubley, Ingham, Jenifer, Henry Johnson, Joseph Johnson, William Cost Johnson, Nathaniel Jones, Lawler, Legare, Leadbetter, Lewis, Lyon, Martin, Montgomery, M. Morris, Calvary Morris, Muhlenberg, Noble, Ogle, Patterson, Peck, Petriken, Phillips, Pickets, Pope, Rhett, Richardson, Ridgway, Rives, Sawyer, Sheffer, Augustine H. Sheppard, Charles Shepard, Shepler, Sibley, Smith, Stewart, Stone, Thompson, Towns, Turney, Underwood, Wagener, Webster, Weeks, John White, Elisha Whittlesey, Thomas T. Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Wise, and Yell—99.

**NAYS**—Messrs. Adams, Alexander, Heman Allen, Anderson, Andrews, Atherton, Ayer, Beatty, Beirne, Bell, Bicknell, Biddle, Birdsall, Bond, Borden, Briggs, Brodhead, Bronson, Buchanan, Bynum, William B. Calhoun, John Calhoun, Cambreleng, Casey, Chambers, Cheatham, Clark, Coles, Corwin, Cranston, Cushman, Darlington, Davies, Deberry, DeGraft, Dromgoole, Edwards, Everett, Farrington, Fairfield, Fillmore, Foster, Fry, Gallup, Grantland, Grant, Graves, Gray, Haley, Halstead, Harrison, Henry, Halsey, Holt, Hopkins, Howard, William H. Hunter, Robert M. T. Hunter, Thomas B. Jackson, Jabez Jackson, John W. Jones, Kemble, Kilgore, Klingensmith, Lincoln, Logan, Andrew W. Loomis, Mallory, Marvin, James M. Mason, Samson Mason, Maury, Maxwell, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, McKennan, Menefee, Mercer, Milligan, Miller, Moore, Morgan, Samuel W. Morris, Murray, Naylor, Noyes, Owens, Palmer, Parker, Parmenter, Paynter, Pearce, Pennybacker, Plumer, Potts, Potter, Pratt, Prentiss, Rariden, Reed, Reilly, Rencher, Rumsey, Russell, Sergeant, Shields, Slade, Snyder, Southgate, Spencer, Stanley, Stratton, Taliaferro, Taylor, Thomas, Titus, Toucey, Vail, Vanderveer, Albert S. White, Jared W. Williams, C. H. Williams, Worthington, and Yorke—127.

So the amendment was disagreed to.

Mr. RHETT then moved as a substitute for the bill, a bill authorizing the Secretary of the Treasury to issue four millions of dollars in Treasury notes, without interest, and make sale of the bonds of the Bank of the United States.

The CHAIR decided this amendment to be out of order, on the ground that the House had passed upon many of the provisions contained in the substitute.

Mr. RHETT then moved to recommit the bill to the Committee of Ways and Means, with instructions to report the amendments contained in the substitute; which motion was lost without division.

The question then recurred upon concurring with the Committee of the Whole in their amendment to the original House bill, as again amended by the House itself.

Mr. BRIGGS called for the yeas and nays, which were ordered, and were—yeas 123, nays 99, as follows:

**YAYS**—Messrs. Heman Allen, Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Borden, Bouldin, Briggs, Brodhead, Bronson, Bruyn, Buchanan, Bynum, Cambreleng, Timothy J. Carter, Casey, Chaney, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraft, Dromgoole, Duncan, Edwards, Farrington, Fairfield, Richard Fletcher, Isaac Fletcher, Foster, Gallup, James Garland, Gholson, Glascock, Grantland, Grant, Gray, Haley, Hammond, Harrison, Hawes, Hawkins, Haynes, Hol-

sey, Holt, Howard, Hubley, William H. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Henry Johnson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Kilgore, Klingensmith, Leadbetter, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, Maxwell, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Samuel W. Morris, Muhlenberg, Murray, Noble, Noyes, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petriken, Phelps, Pickets, Plumer, Potter, Pratt, Prentiss, Reilly, Rencher, Rives, Robertson, Sheffer, Shepler, Smith, Snyder, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—123.

**NAYS**—Messrs. Adams, John W. Allen, Ayer, Bell, Biddle, Bond, William B. Calhoun, John Calhoun, John Campbell, William B. Carter, Chambers, Chapman, Cheatham, Childs, Clowney, Corwin, Cranston, Crockett, Curtis, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Everett, Ewing, Fillmore, Fry, Rice Garland, Goode, James Graham, William Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Henry, Herod, Hoffman, Robert M. T. Hunter, Jenifer, William Cost Johnson, Legare, Lewis, Lincoln, Andrew W. Loomis, Mallory, Marvin, Samson Mason, Maury, McKennan, Menefee, Mercer, Milligan, Mathias Morris, Calvary Morris, Naylor, Ogle, Patterson, Pearce, Peck, Phillips, Pope, Potts, Rariden, Reed, Rhett, Richardson, Ridgway, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Sheppard, Charles Shepard, Shields, Sibley, Slade, Southgate, Stanley, Stone, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—99.

So the House concurred with the Committee of the Whole.

Mr. BRIGGS then called for the yeas and nays on the engrossment of the bill, which were ordered, and were—yeas 127, nays 98, as follows:

**YAYS**—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Borden, Bouldin, Brodhead, Bronson, Bruyn, Buchanan, Bynum, John Calhoun, Cambreleng, John Campbell, T. J. Carter, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Craig, Crary, Cushman, Davee, DeGraft, Dromgoole, Duncan, Farrington, Fairfield, Foster, Gallup, James Garland, Rice Garland, Gholson, Glascock, Grantland, Gray, Haley, Hammond, Harrison, Hawes, Hawkins, Haynes, Halsey, Holt, Howard, Hubley, Wm. H. Hunter, Ingham, Thos. B. Jackson, Jabez Jackson, Henry Johnson, Joseph Johnson, N. Jones, J. W. Jones, Kemble, Kilgore, Klingensmith, Lawler, Legare, Leadbetter, Logan, Arphaxed Loomis, Lyon, James M. Mason, Martin, Maxwell, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Samuel W. Morris, Muhlenberg, Murray, Noble, Noyes, Owens, Palmer, Parker, Parmenter, Paynter, Pennybacker, Petriken, Phelps, Plumer, Potter, Pratt, Prentiss, Rariden, Reilly, Rhett, Richardson, Rives, Sheffer, Shepler, Smith, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—127.

**NAYS**—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayer, Bell, Biddle, Bond, Briggs, William B. Calhoun, Wm. B. Carter, Casey, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Everett, Ewing, Fillmore, R. Fletcher, Fry, Goode, James Graham, Wm. Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Henry, Herod, Hoffman, R. M. T. Hunter, Jenifer, Wm. C. Johnson, Lewis, Lincoln, A. W. Loomis, Mallory, Marvin, S. Mason, Maury, McKennan, Menefee, Mercer, Milligan, Mathias Morris, Calvary Morris, Naylor, Ogle, Patterson, Pearce, Peck, Phillips, Potts, Reed, Rencher, Ridgway, Robertson, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Sheppard, Charles Shepard, Shields, Sibley, Slade, Snyder, Southgate, Stanley, Stone, Stratton, Taliaferro, Thompson, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—98.

So the bill was ordered to be engrossed, and read a third time to-day.

The bill was then read a third time, and passed.

The SPEAKER laid before the House a message from the President of the United States in answer to a resolution of the House calling upon him to lay before the House the proceedings of the Court of Inquiry in the case of General Wool and others; which, on motion, was laid on the table and ordered to be printed.

On motion of Mr. CAMBRELENG,

The House adjourned at half past 8 o'clock p. m.

## IN SENATE,

TUESDAY, October 10, 1837.

Mr. BUCHANAN presented sundry memorials from the city and county of Philadelphia, and from Montgomery and other counties of Pennsylvania, remonstrating against the annexation of Texas; which were ordered to lie on table.

Mr. ALLEN presented a preamble and twenty-four resolutions, passed at a meeting of the citizens of Hamilton county, Ohio. Mr. A. said Hamilton county was known as the most populous and wealthy county in the State, and the paper was signed by the most respectable individuals, the views set forth were chiefly in accordance with the views of the Message, as set forth by the President;

he moved that the paper be laid on the table, and printed; which was agreed to.

A resolution giving to Wisconsin Territory certain public documents, was taken up and discussed, and afterwards laid on the table.

A message was received from the House of Representatives, stating that it had passed a bill authorizing the issuing of Treasury notes.

Mr. WRIGHT explained wherein this bill differed from the one emanating from the Senate. This bill, after being read twice, was referred to the Committee on Finance.

The bill regulating the fees of district attorneys in the renewal of merchants' bonds, received a third reading, and was finally passed. It now reads:

*Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled,* That in all cases of extension of the time of payment of bonds given for duties on imports, it shall be according to such directions as may be given by the Secretary of the Treasury; and the extension of payment of the old bond, or the taking of a new bond, shall be by the respective collectors subject to no other charge than such as may be legally receivable on the taking of the original bond upon the entry of merchandise.

**SEC. 2.** *And be it further enacted,* That no fee shall accrue to any district attorney on any bond left with him for collection, or in a suit commenced on any bond for the renewal of which provision is made by law, unless the party or parties shall neglect to apply for such renewal for more than twenty days after the maturity of such bond.

Mr. WRIGHT then moved to take up the bill authorizing the deposit of merchandise in warehouses, and for other purposes.

Mr. CALHOUN made a few remarks in relation to his disposition to adhere strictly to the compromise act; and, so far as there was nothing in the bill to counteract that measure, it should receive his support. It was a measure intended for the relief of the commercial interests; and by the amendment which he would offer as a proviso to the first section, the interest which he represented he thought would not be compromised. He would, therefore, move to insert as a proviso to the first section the following:

"Provided always, that in all cases where, by the existing laws, credits are allowed for duties, and bonds to secure the payments of the same are receivable by the collectors of the customs, it shall be at the option of the importer, his factor, agent, or consignee, until the first day of July, 1842, to place the goods upon which such duties are chargeable, in store, pursuant to the provisions of this act, or to give the bonds for the duties allowed by the existing laws, and for the periods of time provided for in those laws; but the election shall in all cases be made at the time of importation, and before the goods have been placed in the store, as allowed by this, or any other existing law."

Mr. WRIGHT said he presumed there would now be no objection, as the bill in that shape would not conflict with the contending interests.

Mr. CLAY thought the amendment more objectionable than the original bill; it now left with the importer the option to land his goods, and warehouse them, and remove them at his pleasure from place to place, taking advantage of all the markets, from New York to Philadelphia, Baltimore or Boston. The privileges to the importer were too great. Mr. C. thought it better to let the whole matter lie over until the next session, and moved postponement until the first Monday in December next.

Mr. NILES made some remarks as to the impropriety of stimulating the commercial business to excess, which the credit system has the means of doing.

Mr. WEBSTER thought it better not to commit themselves by a vote on the bill, he believed it would be better to postpone it, as some of the features in his estimation might expose the revenue to danger.

Mr. KNIGHT, also wished the subject postponed, as the bill in its present shape might have a tendency to disturb the markets.

Mr. WRIGHT asked for the yeas and nays on the question to postpone, when there appeared—for it 17, against it 22, as follows:

**YEAS**—Messrs. Calhoun, Clay of Kentucky, Clayton, Crittenden, Kent, Knight, McKean, Rives, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Tipton, Webster, White, and Williams—17.

**NAYS**—Messrs. Allen, Benton, Buchanan, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Lyon, Nicholas, Niles, Norvell, Pierce, Roane, Robinson, Smith of Connecticut, Strange, Walker, Wall, Wright, and Young—22.

The question was then taken on the proviso offered by Mr. Calhoun. On this question the yeas and nays having been ordered, there appeared—for it 14, against it 23, as follows:

**YEAS**—Messrs. Allen, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Robinson, Smith of Connecticut, Spence, Walker, Wright, and Young—14.

**NAYS**—Messrs. Benton, Buchanan, Clay of Kentucky, Clayton, Crittenden, Kent, Knight, Lyon, McKean, Nicholas, Niles, Norvell, Pierce, Robbins, Smith of Indiana, Southard, Strange, Swift, Tallmadge, Tipton, Wall, Webster, and Williams—23.

Mr. CLAY moved to strike out the fifth section, which gives to the importer the privilege of ransporting goods from warehouse to warehouse, and from city to city, at his option. He considered this privilege of removing goods from port to port, without the payment of duty, as giving the importer too great an advantage, and as hazardous to the revenue.

Mr. NORVELL said that he was induced to vote for the motion of the honorable Senator from Kentucky, because the bill, without the fifth section, gave extensive credit to the importer by allowing his goods to remain three years in the public warehouse without the payment of duties, unless, in the intermediate time, he had found a market, and sale for them. The fifth section enabled him to throw his goods, prior to the payment of duties, into any market, to the detriment of goods of a similar kind already in that market, as well as of the articles of that sort, in the same market, manufactured in the country. But there was one difficulty in his mind as to the expediency of striking out the fifth section. The largest portion of foreign merchandise imported into the United States came into the port of New York. The Boston, Philadelphia, and Baltimore merchants imported many of their goods into New York. If they were required to pay the duties on them before they could take them out of the public warehouse in that city, it would place them on an unequal and disadvantageous footing with the New York importers, and would concentrate all the money paid for duties on merchandise intended for other cities, in the port of New York, already sufficiently favored by nature and circumstances as the great money and commercial emporium of the country. He desired to place all the importing merchants on an equality. If the Senator from Kentucky would remove this difficulty, if there were any substance in it, he would cheerfully vote for his motion to strike out the fifth section.

After some further discussion on this bill, it was postponed until to-morrow.

Mr. WRIGHT, from the Committee on Finance, then reported the bill from the other House, to "authorize the issuing of Treasury notes," without amendment.

Mr. WRIGHT explained the difference between the bill as received from the House, and that which had originated in the Senate.

Mr. BENTON moved so to amend the first section, as to strike out the words *fifty* dollars, and insert *one hundred*; that would make the bill approximately nearer to what it was when it left the Senate. Mr. B. expressed his strong objections to Treasury notes in general, and it was with great reluctance he could bring himself to vote for any bill that contained such a clause; nothing but the fact that Government would stop for the want of money would have induced him to vote for any paper money, in a time of peace. As the bill had gone from the Senate, it was well guarded, but in the other House these guards had been broken down; it would require but another plunge to reduce to *twenty*, then

ten, and by-and-by we should have notes as small as were now issued from banks; such was the tendency of the whole paper system. Mr. B. here alluded to the Bank of England, which in the first instance had issued no notes of a less denomination than one hundred pounds; but such was the genius of paper money, that in the course of about one hundred and three years it was reduced to one pound, when not a piece of gold was to be seen afterwards. The same was the fact with regard to the French assignats, first from five thousand to one thousand; and each successive diminution the gold was driven out, until at last they were reduced to ten sous. He had determined never to lend his sanction to such a proceeding, and would call for the yeas and nays on his motion, that he might at least record his name against the proceeding.

Mr. NORVELL remarked, that all the objections urged by the Senator from Missouri to the issue of notes of the denomination of fifty dollars, applied with nearly equal force to the issue of notes of the denomination of one hundred dollars. As far as either could be considered a currency, one hundred dollar notes were as much a currency as fifty dollar notes. Bearing interest, however, he doubted whether they did not possess more the character of a temporary loan than of a current circulating medium. One suggestion seemed not to have occurred to the Senator from Missouri. Many persons who emigrated to the western country and settled there, desired to purchase forty acres of public land. Fifty dollars in a Treasury note would precisely pay for such a tract. In the absence of a specie circulation, while the banks were in a state of suspension of specie payments, Treasury notes of that denomination, receivable at the land offices, would prove a great convenience to the poorer purchasers of public lands, and would accelerate the settlement and improvement of the West. For these reasons, he should vote against the motion of the honorable Senator.

Mr. CLAY supported the motion of Mr. BENTON to retain the \$100 as the least objectionable. He contended, however, that the whole measure was, to all intents and purposes, a national bank, and maintained it to be a great bank experiment—that in time of profound peace to issue ten millions additional capital, after decrying the banks for enlarging their circulation. Instead of issuing these notes, he thought it would have been better to have suspended some of these works, authorized by the appropriation of thirty-two millions.

Mr. WEBSTER made some remarks against the system, but in favor of the motion of Mr. BENTON to retain \$100 as the minimum.

The question being taken by yeas and nays on Mr. BENTON's motion, there appeared for it 16, against it 25, as follows:

**YEAS**—Messrs. Allen, Benton, Clay of Kentucky, Clayton, Kent, King of Georgia, McKean, Pierce, Rives, Robbins, Smith of Connecticut, Southard, Spence, Tipton, Webster, and White—16.

**NAYS**—Messrs. Buchanan, Clay of Alabama, Crittenden, Fulton, Grundy, Hubbard, King of Alabama, Knight, Linn, Lyon, Morris, Nicholas, Niles, Norvell, Roane, Robinson, Smith of Indiana, Strange, Swift, Tallmadge, Walker, Wall, Williams, Wright, and Young—25.

The bill was then reported to the Senate, and ordered to a third reading; and being read a third time, on the question of its passage,

Mr. WHITE asked for the yeas and nays, as he wished to record his vote; when there appeared—yeas 35, nays 6, as follows:

**YEAS**—Messrs. Allen, Buchanan, Calhoun, Clay of Alabama, Clayton, Fulton, Grundy, Hubbard, Kent, King of Alabama, King of Georgia, Knight, Linn, Lyon, McKean, Morris, Nicholas, Niles, Norvell, Pierce, Rives, Roane, Robinson, Smith of Connecticut, Smith of Indiana, Strange, Swift, Tallmadge, Tipton, Walker, Wall, Webster, Williams, Wright, and Young—35.

**NAYS**—Messrs. Clay of Kentucky, Crittenden, Robbins, Southard, Spence, and White—6.

On motion of Mr. BUCHANAN, the Senate

proceeded to the consideration of Executive business, and then

Adjourned.

## HOUSE OF REPRESENTATIVES,

TUESDAY, October 10, 1837.

Petitions and memorials were presented, on leave, by Messrs. LAWLER and LYON of Alabama.

Mr. JOHNSON of Louisiana.

Mr. GRAHAM of North Carolina.

Mr. CHEATHAM of Tennessee.

## UNITED STATES, MEXICO, AND TEXAS.

The House then proceeded to the consideration of the unfinished business of the morning hour, being the resolution submitted on yesterday morning by Mr. ELLMORE, calling for the publication of extracts of correspondence in relation to Mexico.

The question pending, was the motion of Mr. ADAMS to strike out the latter part of the resolution, and insert a clause providing that the whole of the correspondence communicated by the President be printed.

Mr. WHITTLESEY of Ohio, rose to inquire if it was the intention of the gentleman from South Carolina to reprint the correspondence already printed.

Mr. ADAMS said the intention of the gentleman was to publish certain extracts made by himself.

Mr. ELLMORE said the gentleman from Massachusetts was mistaken in this respect. He had not made the extracts, and only proposed to publish what was sent to the House by the Secretary of State, in answer to a call made upon him by the House. He explained that there was but a small portion of the correspondence transmitted, which had any bearing on the question in relation to the annexation of Texas; the greater portion of it being in relation to a commercial treaty and the boundary line. The gentleman was certainly mistaken in supposing that the selection was made by him. It was made by the President of the United States or the Secretary of State; and the only objection he had to having it all printed, was that it would add to the cost, occasion delay in the printing of the document, and be of no sort of service when done. He wished it printed as soon as possible, with a view of being laid before the people, so that they might be enabled to make up their minds in relation to the great issue presented to them by the gentleman from Massachusetts himself, in relation to this question of annexation, being a question of union or disunion. This was his only object in having the correspondence printed in the form proposed in the resolution.

Mr. ADAMS said that, after all, if the proposition prevails, it will be a garbled document. He had not supposed that the gentleman had made a selection of extracts from particular letters, but it was a selection of extracts from the whole publication; and he doubted not that the selection was made to suit the gentleman's own purposes, excluding all others; and the distinction the gentleman takes is that the remaining portions of the correspondence is in relation to a treaty of commerce and the boundary question, and has nothing to do with annexation. Now Mr. A. contended that the boundary question had something to do with the question of annexation. It was the boundary question which authorized us in the first place to propose to the Mexican Government a cession of their claim to that portion of their territory. We have had a special communication from the Executive but two sessions ago, stipulating to settle this boundary question, and bills were brought before this House for the appointment of Commissioners to settle it, but commissioners were never appointed, and the Texan revolt rendered it impossible to settle the boundary question. It might, perhaps, be looked upon as a violation of faith with Mexico that these commissioners had never been appointed; and why it was not done, could only be attributed to the impulse which carried forward a portion of our community to get possession of the whole of the Territory by treaty, by invasion, or by any other means.

The CHAIR interposed, and informed the gentleman that the merits of the question could not now be discussed.

Mr. ADAMS then proceeded to give his reasons for not wishing to have the extracts published without having the whole document published.

Mr. OWENS thought it must be very evident that it was not the intention of the gentleman from South Carolina to garble the correspondence, or suppress any matter connected with the question of annexation. His object simply was to have printed all the correspondence relative to the subject, without having it accompanied by matter foreign from the subject. With a view, however, of removing the difficulty in the mind of the gentleman from Massachusetts, he moved to amend the resolution, by adding to the end thereof the words "and all other matters having reference to the subject embraced in that correspondence."

Mr. ELMORE accepted this as a modification, and further modified his resolution, by omitting the word "extract," wherever it occurs.

Mr. HOWARD (chairman of the Committee on Foreign Affairs) said that he would not have participated in this debate, if he had not understood the honorable gentleman from Massachusetts (Mr. Adams) to say that it was the fault of the American Government that the boundary line between the United States and Mexico had not been run long ago, and from the high respect to which the opinions of that gentleman were entitled, especially respecting our foreign affairs, he wished to say that commissioners had been appointed to run the line, on our behalf, in proper time.

Mr. ADAMS said he had not expressed the opinion that the Government of the United States was in fault.

Mr. HOWARD said he had so understood him. With regard to the question of printing 10,000 additional documents, according to the list prepared by the gentleman from South Carolina, (Mr. Elmore,) he was obliged to vote somewhat in the dark, because, as the document had not been printed, he could not know what papers would be excluded by following that list, and he should therefore vote for printing the whole. The proposition to print this additional number of the document he considered as an appeal to the people from the decision of the President upon the question of the annexation of Texas; and he would suggest to the friends of that measure whether it would be prudent to assail the President upon what he (Mr. H.) considered to be an impregnable position. There were three classes of opinions in the House and in the country upon this subject.

The SPEAKER interposed, and said the debate was likely to take too wide a range.

Mr. HOWARD observed that he would not discuss these several opinions, but merely remark, that it was entirely for those who were considered as the especial friends of the annexation to say how far they were forwarding their own views by pressing this appeal. If they chose to take this course he had no objection, and would cheerfully vote for any number of copies they might propose. He felt very confident that the nation would sanction the position taken by the Executive department of the Government; and if the Texas question should be now pressed, it would inevitably become mixed up with extraneous matter, the result of which would be inauspicious to the cause which a portion of this House so zealously advocated. This, however, was a question entirely for them to consider. For himself, he would say, that he intended to make up his judgment upon national considerations only, throwing out of the case all sectional interests and sectional feelings, which, if not discarded, must lead to incorrect conclusions.

Mr. BIDDLE could not consent to have a set of extracts made out for publication, for the purpose of showing that the gentleman from Massachusetts had pursued a course in relation to this subject which was inconsistent. It might be made to appear, by extracting from any correspondence, that gentlemen had pursued an inconsistent course, when, by taking the whole in connection, such might not be the fact. He thought it entirely improper that a gentleman should be permitted to publish and circulate, at the public expense, a document, for the purpose of prejudicing the gentleman from Massachusetts with the people of the country.

Mr. ELLMORE explained that the gentleman

had totally misapprehended him. He had no objection if the House authorized the printing of the correspondence called for by the gentleman from Massachusetts. His only objection to it in the first place, was that it would delay the printing, and keep the information back from the people. The gentleman from Massachusetts, however, might move to have the whole printed separately.

Mr. BIDDLE resumed, and argued that if the public was once put in the possession of the documents proposed to be published by the gentleman from South Carolina, it would be very difficult to change the impression which would be made by them, and it would be doing injustice to the gentleman from Massachusetts to publish these documents separately. If they were to be published, they should be published all together.

Mr. PICKENS could not help being pleased at the generous sympathy exhibited by the gentleman from Pennsylvania (Mr. Biddle) for his distinguished friend (Mr. Adams.) He had always understood that charity covered a multitude of sins, but he could tell the gentleman that if he set out with the intention of covering up the inconsistencies of his friend, he would have a difficult task to perform. He understood the motion of his colleague to be to print the documents relating to the subject as they were sent from the President. Not to make any interpolation of them, but to print them as they were prepared at the State Department, and sent to this House, and as his colleague had accepted the proposition of the gentleman from Georgia, all the correspondence in relation to the subject would be laid before the public. If, then, the gentleman from Massachusetts desired other correspondence to be printed, the only course for him to pursue was to introduce a resolution without the limitation which accompanied the other resolution. He desired this correspondence laid before the public, so that they might be enabled to come to correct conclusions in relation to the subject, and that it might be known at the next session of Congress what the public sentiment was in relation to this question.

Mr. SLADE could see no reason why a selection should be made of this correspondence to be sent out to the people. We had had it all laid upon the Clerk's table, and printed; and why now make a selection, for the purpose of making an impression in a particular way on the public mind? He desired to have the whole correspondence published, if any was published. It appeared to him that there must be some motive for urging the publication of these extracts which did not meet the eye. He attributed no improper motives to gentlemen, but it appeared to him as extraordinary that a portion of this correspondence was only asked to be printed.

Mr. BRIGGS said he understood the gentleman from South Carolina had no objection to receive the amendment of his colleague as a modification. This being the case, he hoped the gentleman would modify his resolution, so as to put an end to the discussion.

Mr. THOMSON hoped his colleague would accept of this amendment as a modification. He would rather print a volume as large as the American state papers, than do injustice to the gentleman from Massachusetts, or have the suspicion created that injustice was intended to be done him. In relation to the remark of the gentleman from Maryland, (Mr. Howard) with respect to an appeal from the President to the people, he looked upon it as singular that a great leader of the democratic party should object to an appeal being taken from the President of the United States to the people. He had always understood that this was a doctrine which they held to, and ought never to raise objections to.

Mr. HOWARD explained, that he had not objected to it on this ground. He had not the least objection to its being printed.

Mr. ELLMORE accepted the amendment of the gentleman from Massachusetts as a modification. The question was then taken, and the resolution, as modified, was adopted without a division.

On motion of Mr. CAMBRELENG, the House then proceeded to the orders of the day.

The CHAIR laid before the House a communi-

cation from the Secretary of the Treasury, in relation to the claims of Orange H. Dibble, which, on motion of Mr. E. WHITTLESEY, was laid on the table, and, on that of Mr. FILLMORE, ordered to be printed.

#### EXPRESS MAIL.

The joint resolution from the Senate, directing the postage on letters sent by the express mail to be paid in advance, was taken up on its first and second reading, and the same having been twice read,

Mr. ADAMS objected to the form of the resolution, on the ground that it should be presented as a bill.

Mr. CONNOR did not deem the objection a very valid one, and moved its engrossment.

Mr. BIDDLE wanted some satisfactory reasons why this measure had been called for. They had no report from the Postmaster General, but, on the contrary, he had expressly disclaimed the necessity of any change being made. Mr. B. objected to it also, on the ground that it broke in upon the now established mode, and it would be a long time before the mass of the community would be made acquainted with the change.

Mr. BRIGGS briefly supported the resolution.

Mr. WILLIAMS of North Carolina moved to refer the resolution to the Committee on the Post Office and Post Roads.

Mr. CONNOR remarked, that if it should be sent to that committee it could not be acted on without a suspension of the rules, since the House had passed an order to take up no subject not embraced in the President's Message.

With reference to the necessity for the passage of the resolution, Mr. C. was not specially apprised of the reasons in its favor, no report having accompanied it from the Senate, but he had been given to understand that one main reason was, that it was almost impossible to make the community understand that letters sent to members of Congress by the Express Mail did not go free. From the inconvenience suffered by a number of gentlemen this way, he hoped the resolution would pass.

Mr. WILLIAMS then varied his motion to refer the resolution to the Committee of the Whole.

Mr. CUSHING hoped that motion would prevail.

Mr. BRIGGS hoped not.

The motion was disagreed to.

Mr. GRENELL wanted more information on the subject, and he therefore moved to postpone its further consideration till the first Monday in December next.

Mr. CAMBRELENG said they had not time to devote to a long discussion of this question. He thought it so simple and proper a one that they ought to pass upon it at once, and he must, therefore, move the previous question; which was seconded—yeas 88, nays 53, and the main question was ordered and carried.

So the resolution was ordered to be engrossed, and, having been engrossed, was read a third time and passed.

#### DIVORCE BANK BILL.

On motion of Mr. CAMBRELENG, the House resolved itself into a Committee of the Whole on the state of the Union, Mr. SMITH in the chair.

Mr. PICKENS moved to take up Senate bill, No. 6, being the "bill imposing additional duties as depositories in certain cases on public officers."

Mr. LEGARE hoped the other two bills would be first acted on.

The motion was agreed to—yeas 100, nays 80.

The bill was then taken up and read through by the Clerk.

Mr. PICKENS then addressed the committee at length in support of the principles of the bill.

Mr. GARLAND of Virginia said it was his intention to offer the substitute of which he had given notice, but he would wait until the friends of the divorce bill had perfected their measure.

Mr. CAMBRELENG said he appreciated the courtesy of the gentleman, but he had no amendment to offer to the bill, and preferred, himself, addressing the House on the subject to-morrow.

#### MERCHANTS' BONDS.

Mr. PHILLIPS moved that the bill be laid aside, and that the committee take up the "bill au-



thorizing a further postponement of payment upon duty bonds."

Mr. CAMBRELENG said it was his intention to have asked the consideration of that bill, and also the bill granting indulgence to the deposit bank, especially as they would, he supposed, take up but a very few minutes. He would, therefore, assent to the motion made by the gentleman from Massachusetts with the understanding that the divorce bill be again taken up in the afternoon.

The motion was agreed to—ayes 88, noes 54.

The bill was accordingly taken up, and having been read through—

Mr. CAMBRELENG submitted the following amendment, explaining that it had been unanimously agreed upon by the Committee of Ways and Means.

Strike out the second section, and insert:

"SEC. 2. *And be it further enacted*, That a credit of three and six months shall be allowed on the duty on all merchandise which shall be imported on or before the first day of November next, upon which the duties are payable in cash, and that the bonds received for such duties shall be payable in equal instalments, bearing interest at the rate of six per cent. per annum, and shall be in the form and upon the conditions prescribed by existing laws and by this act."

The amendment having been agreed to, the committee then rose and reported the bill as amended to the House; and the question being on concurring therein—

Mr. TITUS commenced addressing the House, but gave way for the House to take its usual recess (the time having arrived) till four o'clock.

#### [EVENING SESSION.]

But few members appearing in their seats when the Speaker resumed the chair,

Mr. BRIGGS moved a call of the House, which was ordered, and, after proceeding some time, was dispensed with.

#### MERCHANTS' BONDS.

The House then resumed the consideration of the "bill extending the time on merchants' bonds," reported this morning from the Committee of the Whole.

The question pending was on concurring with the committee in the following amendment:

Strike out the second section, and insert:

"*And be it further enacted*, That a credit of three and six months shall be allowed on the duty on all merchandise which shall be imported on or before the first day of November next, upon which the duties are payable in cash, and that the bonds received for such duties shall be payable in equal instalments, bearing interest at the rate of six per cent. per annum, and shall be in the form and upon the conditions prescribed by existing laws, and by this act."

After some remarks from Mr. McKAY,

Mr. CAMBRELENG modified the amendment by inserting the words "shall have been, or may be."

The question was then taken on agreeing with the Committee of the Whole in their proposed amendment, and adopted.

Mr. MENIFEE moved to add to the 3d section, the following proviso:

*Provided further*, That all others in anywise indebted to the United States, except for the public moneys received, shall be entitled to the benefits of this act, on the terms and considerations heretofore prescribed. Adopted.

Mr. ADAMS moved to commit the bill to the Committee on Manufactures: rejected.

Mr. DUNN moved to amend by adding an additional section, viz: That all persons indebted on such extended bonds, may pay the same or any part thereof in Treasury notes, at any time, whether said bonds or Treasury notes are due or not at the time of such offer to pay: rejected.

The question then recurred on engrossing the bill, and ordering it to a third reading, which was adopted, and the bill ordered to be read a third time this day. The question was then taken on the passage of the bill, and adopted without a division. So the bill passed.

On motion of Mr. CAMBRELENG, the house

resolved itself into a Committee of the Whole on the state of the Union, Mr. SMITH in the chair.

Mr. GARLAND moved to take up for consideration the Senate bill No. 4, for adjusting the remaining claims upon the late

#### DEPOSIT BANKS.

On this motion the ayes and noes were ordered, and resulted as follows: ayes 92, noes 41. So the bill was taken up.

Mr. GARLAND then moved to amend the bill by striking out all after the enacting clause, and inserting,

"That for every sum of money that may be owing by any of the former deposit banks to the United States, and standing to the credit of the Treasurer, or any disbursing officer, on the first day of the month of October, in the year eighteen hundred and thirty-seven, the Secretary of the Treasury is hereby authorized and required to allow to such of said banks as may ask the same, a delay for the payment of one-fourth of such sum as may be so owing, until the 30th day of the month of June, in the year 1838; for one other fourth until the 30th day of the month of September, in the year 1838; and for one other fourth until the 31st day of the month of December, in the year 1838, and for the remaining fourth until the 30th day of March, 1839: *Provided*, That each bank so applying for such delay shall, within forty days after the passage of this act, execute, or cause to be executed, a bond or bonds, with good and sufficient security, payable to the Treasurer of the United States, for each of said instalments, with interest thereon from the 1st day of October, in the year 1837, until paid, at the rate of five per cent. per annum; such security or securities to be approved by the judge of the district in which said bank or banks may be situated, and by the Secretary of the Treasury. Said bond or bonds shall be so taken from each bank as to include any costs or damages which may have accrued to, or been sustained and paid by the United States, from protests of drafts or checks drawn upon it at any time since the 1st day of the month of May last, one-third of such costs or damages to be included in each instalment. And in case any of said banks shall neglect or refuse to enter into or execute such bonds, and give such security as before provided, within the delay aforesaid, it shall be the duty of the Secretary of the Treasury to cause a suit or suits to be instituted against such bank or banks in the district court of the United States, holden in and for the district or State in which such bank or banks may be situated, to recover the amount due or owing."

Mr. LYON made some remarks in favor of striking out the interest to be paid by the banks.

Mr. LOOMIS could see no reason why the banks should be exempted from paying interest on the money owing by them to the Government, as the banks made those pay interest who held their paper. But the true object of the bill was to relieve the people through the banks, as, by granting indulgence to the latter, it would necessarily be extended to the former. He offered the following amendment to the first section of the bill: "Providing, that all banks give security for the payment of four per cent. per annum on all sums of money remaining in their possession as deposits." He also wished the interest to be paid semi-annually.

Mr. MARTIN gave notice, that at a proper time, he should move to strike out "four, six, and nine months," and to insert "six, twelve, and eighteen months." He considered that would afford ample time for the banks to wind up their concerns.

Mr. POPE was in favor of fixing July next as the time for the first instalment to be paid, as, for various reasons, it would be much more convenient at that time than before.

Mr. ROBERTSON moved that the committee rise.

On this motion a division was called, and tellers appointed, which resulted, ayes 74, noes 67.

So the motion prevailed; and the committee rose, and reported the bill to the House, without coming to any resolution thereon.

Mr. REED moved an adjournment; and on this motion,

Mr. CAMBRELENG demanded the ayes and noes, which were ordered, and resulted as follows: Ayes 98, noes 78.

So the House adjourned.

#### IN SENATE,

WEDNESDAY, October 11, 1837.

Mr. McKEAN presented two memorials from citizens of Montgomery county, and one from citizens of Southwark, in Pennsylvania, against annexing Texas to the United States; which were laid on the table.

Also, a petition from thirty-three females of Bucks county, in the same State, praying Congress to abolish slavery in the District of Columbia and the Territories of the United States.

Mr. WHITE moved that these petitions be not received; which motion was laid on the table.

The Senate then proceeded to the order of the day: the bill authorizing the deposit of merchandise in public warehouses, and for other purposes.

Mr. CLAY advocated the postponement of this bill until the first Monday in December next; on the ground that the other House could not, at this late stage of the session, possibly take it up. In the interval of six weeks which would intervene between this and that period, opportunities would be afforded to learn the views of the commercial and manufacturing interests in relation to the measure. Mr. C. came to the Senate with every disposition to support the bill; but there were views connected with it which, in his opinion, made it safer to postpone it. One he had alluded to the other day, the compromise act, which he felt particularly anxious to preserve inviolate; and the other was the expense of the warehousing system—the relative difference between England and this country, were all matters worthy the serious attention of the Senate; and he therefore hoped that the Senator would, from a spirit of conciliation and accommodation, agree to the postponement.

Mr. BUCHANAN said he had no doubt that the Senator from Kentucky (Mr. Clay) was sincere in what he said and felt in relation to the compromise act and domestic manufactures; but, for his part, he did not see how the bill before them could interfere with either the one or the other; if he thought it did, it would not have his support. Under the peculiar circumstances the compromise act was passed, he felt disposed to respect it more than a mere ordinary legislative enactment. So far from the present bill acting against the compromise, or the interests of domestic manufactures, it struck him that it would be beneficial to all classes. The merchants were now largely indebted to the Government, which state of things would be prevented hereafter; there was no complaint from the mercantile community; on the contrary, this class was anxious for its passage. Instead of being obliged to bond his goods as formerly, at a credit of nine or twelve months, as the case might be, he could now store them for three years if he pleased; or, if the demand for goods required it, he could pay the duty, and let his goods find the best market. Under the old system, merchants frequently had to make the most ruinous sacrifices to meet their bonds, and this it was that did the injury to the manufacturing interests.

As to the expense of warehousing, he apprehended it would not be so great as the fears of the gentleman seemed to suggest. Whatever would be the price, if the house was hired, the importers would have to pay the cost. Mr. B. professed himself the firm, undeviating friend of domestic manufactures, and would go all lengths to support them, provided, in so doing, he did not injure or cripple the other great interests of the country. This bill, in his opinion, would have a tendency to keep the market steady. The great injury that had occurred to the manufacturing interests was from the fluctuations in the foreign trade, which kept the market in an unsettled state, to the great injury of our domestic industry.

Mr. WRIGHT said the bill had been before the Senate for some weeks, and its passage had been pressed upon him; but if the Senate were unwilling to act upon it, he would not press it upon their consideration. In his opinion, however, it was free from all the objections that had been urged against it. It did not, so far as he could see, compromise

any of the great interests of the country. On the contrary, he thought it beneficial to all, and he really hoped it would be permitted to pass. He would, however, cheerfully acquiesce in the will of the majority.

Mr. CLAY testified to the liberality of the Senator from New York, (Mr. Wright.) He absolved him from all party feelings in relation to the premature passage of the bill, but he submitted to the better judgment of the gentleman, whether it would not be better to give time to act understandingly on the matter. He could not agree with his friend from Pennsylvania, (Mr. Buchanan) that the bill did not conflict with the principles laid down in the compromise act. The abolishing of credit, on the one hand, and the extension on the other, were clear violations of the spirit of that act. Again, he was not prepared to say what the warehousing system might be; it was a new and untried experiment, and should therefore be approached with caution. The Senator from Pennsylvania thinks it will have a tendency to steady the market; he (Mr. C.) was by no means certain that such would be the case. Instead of goods remaining in Europe, they would be thrown in immense masses into the warehouses here, where the dealers could raise or depress the price at pleasure. At all events he would like to have the views of sound practical men, of the mercantile and manufacturing interests, before he entered on an untried experiment. The relative charge of storing between Liverpool and the ports of this country, would have so important a bearing on this matter, that Senators must see the necessity of having all the light that could be afforded, and he therefore hoped sincerely that the bill would be postponed until the first Monday in December next.

Mr. BUCHANAN made a short reply, stating his inability to vote for the postponement, and reiterating his convictions that the bill would prevent fluctuations of the prices of foreign commodities—the great cause of injury to home manufactures.

Mr. BAYARD thought the bill had a tendency to disturb the compromise act. It gave the importer a credit of three years at his option, which must be considered as beneficial to the importing interest; it enabled the foreign manufacturer to fill the warehouses with goods and deluge the markets at pleasure. No interest could thrive where there was such an eternal shifting. It was the ever varying policy of this administration and Government that created the present embarrassment. The compromise act had been passed with the solemn understanding, that the features contained in it were to remain inviolate for a given number of years; he therefore thought it sound policy not to touch any subjects that could by any possibility be construed into an infraction of its principles. He would therefore vote for the postponement.

Mr. NILES said there was some weight to be attached to the remarks he had heard from the opposite side in relation to the abolishment of the credit system. He was glad to hear it admitted that we looked to all the great interests of the country. He thought it had been said that we looked only to the interests of the Treasury. He was pleased to say that the measures of that body had already made a salutary change, and this was one of the measures to be acted on to settle public opinion. He was anxious that this bill should be added to those already passed, because in his opinion it would do much to give people that confidence in Congress which he was sorry to say had been wanting for some time. It had been said there were no feelings in this body for the people, and that idea had been spread far and wide, with a view to strengthen the assertion. He felt convinced, however, that the people were well satisfied with the measures that had emanated from that body; and there required but this one to pass to make them the crown and glory of this Congress. He thought it would do much to raise the value of glory, which his friend from Georgia (Mr. King) had said, on a late occasion, was so much depreciated. He had no idea that the Executive should engross all the glory, but insisted that the Senate came in for its share.

It had been said that confidence alone was wanting to heal every thing; but it was his impression

that stability was quite as much wanting as confidence. When the people saw a uniform system of legislation, they would conform to that legislation, and deduce good from the evils they had been made to suffer through the banking system. Such was their native activity and energy, they would rise superior to every crisis. The bill before them was fraught with good to the mercantile and manufacturing interests, and he therefore hoped it would not be postponed.

Mr. CLAY would suggest to the gentleman from Connecticut (Mr. Niles) whether it would not be better to economise his glory, and reserve a little for the next session; and he put it to Mr. N. whether he ought not to join in postponing this matter, lest he should have no subject for glory in the coming day.

The question was then taken on the postponement of the bill to the first Monday in December.

Mr. CLAY having asked for the yeas and nays, there appeared for postponing 15, against it 23, as follows:

YEAS—Messrs. Bayard, Calhoun, Clay of Kentucky, Clayton, Kent, Knight, Prentiss, Roane, Robbins, Smith of Indiana, Southard, Spence, Swift, Tipton, and White—15.

NAYS—Messrs. Allen, Benton, Buchanan, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, Lyon, Nicholas, Niles, Norvell, Pierce, Ruggles, Smith, of Connecticut, Strange, Walker, Wall, Williams, Wright, and Young—23.

The bill having been reported to the Senate as amended, in Committee of the Whole, the question was taken on ordering it to be engrossed for a third reading by yeas and nays, when there appeared for it 28, against it 5, as follows:

YEAS—Messrs. Allen, Benton, Buchanan, Clay of Alabama, Clayton, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, Lyon, McKean, Nicholas, Niles, Norvell, Pierce, Roane, Ruggles, Smith of Connecticut, Strange, Swift, Walker, Wall, White, Williams, Wright, and Young—28.

NAYS—Messrs. Calhoun, Kent, Smith of Indiana, Spence, and Tipton—5.

Mr. WRIGHT moved to take up the bill extending the time on merchants' bonds, which had been returned from the House of Representatives with an amendment. Mr. W. explained that the Committee on Finance had examined the amendment, and were of opinion that it ought to be concurred in.

Mr. KING of Alabama moved to lay it on the table, that he might examine it, pledging himself to call it up to-morrow. The motion was adopted, and the bill laid on the table.

Mr. WRIGHT said he felt it his duty now to move to take up the bill revoking the charters of certain banks in the District of Columbia, and for the suppression of small notes therein.

Mr. NORVELL urged the postponement of the bill to the regular session. He adverted to its character, and said that if the stern and rigid features of this bill could be applied to the banks of New York, (by which the example of suspending specie payments had been set,) he should be entirely willing so to apply them; and he would follow up the application to all the banks that had followed that pernicious example. But it must be perfectly manifest to every Senator who had reflected upon the subject, that while the neighboring State banks refused to redeem their bills with specie, the banks of this District could not keep their vaults open twenty-four hours. It would, therefore, be useless, it would be vain, it would not produce the desired effect, to urge the passage of this bill at the present time. It not only required an impossibility of the banks, but, in their efforts to comply with the wishes of Congress, they would have to press their debtors. The people of the District were without a representation in this or the other body. The bill would oppress them; and, as they had no special representative to support their interests here, they deserved the particular consideration of every Senator. It could be productive of no evil consequences to postpone the bill to the regular session; and, in conclusion, he would make a motion to that effect.

Mr. WRIGHT said the bill before the Senate had two objects in view: one to coerce as early a day as practicable, a resumption of specie payments by the banks; the other to suppress the worthless paper rags which had become almost the exclusive circulation of the District. Over the banks of this district, Congress had exclusive control, and the question involved no constitutional objection. If, however, gentlemen thought it too severe on the banks, and that some consideration was due under existing circumstances, he was not disposed to resist such modifications as might be offered. If sixty days was too short a period, that might be extended to a longer term; he was not disposed to act harshly with these institutions, but he considered it the duty of Congress to coerce as speedily a resumption as possible; but above all was it incumbent on them to discountenance and suppress the issues of individuals.

Mr. KENT thought the banks of this District in as good and sound a condition as those of any other in the country; the Bank of the Metropolis had done what few others had, that had been honored with the deposits. Almost its first step after the suspension, was to cancel its debt to Government.

Mr. BENTON did not think it was generally understood in the Senate, that these banks had already had three continued renewals within the last eighteen years. In the first one given, it was expressly stipulated that if, at any time, they should fail to redeem their notes in specie, it should be the duty of Congress to revoke their charters. It was also stipulated, that they should not issue or reissue any notes of a less denomination than five dollars; and yet we had seen that they had not only suspended specie payments, but had been issuing notes of as low a stamp as twenty-five cents. As their charters would expire in July next, it was the object of the committee to force a resumption before that period.

He did not believe Congress was disposed to perpetuate those institutions; they were, in his opinion, quite unnecessary, as Government disbursed more hard money than could be absorbed in the District. But, if we did not require them to wind up, we should, at least, force them to a resumption before their charter expires. We already saw another bank issuing the notes of a defunct institution; and so far as he was concerned, he was unwilling to leave the people to individual action, to obtain their money after their charters had expired. It had been said that the people of this District had no representation. When he saw the honest and industrious mechanic toiling from morning until night cracking stone, and paid in wretched irredeemable paper and shin-plasters, while this body was paid in gold, he felt indeed that the people had no representation. We had been told that one of these banks had paid up its debt to the Federal Government; and how was it paid? Why, in wretched depreciated paper, which the Government had received, and pushed on the needy and helpless laborer, who, with his starving family, was obliged to take that or nothing, and who would be glad to get it, even though it were fifty per cent. below par. By this mode of paying, the bank had made fifteen per cent. out of the Government, and now thought it a hardship to be made to redeem its notes of five dollars. With all the profits made out of the Government and people, they did not put themselves in a condition to redeem their pledges. He would not only give his voice to make them pay up, but to keep out of circulation that moral pestilence, a shin-plaster currency. What, asked Mr. B. would be the example to the States, if we, where we had the control, did not exercise it to bring about a healthful medium of exchange? Would it not be saying to them, "do likewise, and continue to deluge the whole country with shin-plasters?" If a little more time was asked, he had no objection to grant it; but he would lift his voice against any postponement of the bill, and against fixing a reasonable period for the resumption, as he had no idea of leaving the people to promote the interests of the lawyers by suits against these institutions after their charters had expired.

Mr. KENT said the currency was no worse here than in other portions of the Union; it was in

the same wretched condition every where. We had as good a currency as ever nation was blessed with; but the Government would not "let well alone." The few gold coins that were scattered through that body did not change the condition of things; for his part, he had not touched them, nor did he mean to do so; he recollected the same attempt was made in 1815, when he was a member of the other body, and was indignantly voted down. He did not stand there the advocate of any bank, nor had he seen any one connected with them; but he was unwilling to see harsh and tyrannical measures resorted to against the people of a district that had no representation. The people of this District had paid much into the Treasury—more indeed than those of other places, from the peculiar condition in which they were placed at the seat of Government; (he meant the pride of dress incident to such a location,) and yet, in the distribution of the surplus revenue among the States, not a cent was given to them; and now we seek to extinguish every hope by rudely revoking the character of their moneyed institutions for not doing what it is impossible for them to do, unless it would be by a simultaneous act throughout the whole country. It was said coming events cast their shadows before. The ex-President had written a letter, stating that now was the time to cut loose from all the banks. He wished that individual would refrain from interfering in public affairs; his action and evil counsels were already apparent. We were promised a better currency. Had we got it? We had the humbug of a few millions of gold imported in violation of the natural course of trade, and, with that in the country, we seek to make war upon the State institutions. Ay, with scarcely a majority in either branch of the Legislature, they seek to put down institutions that were here before the adoption of the Federal Constitution, and which he believed had as much capital, in proportion to the wealth and population of the country at that time, as those of the present day. The banks were now in as good and sound a condition as ever they were, and we had the authority of the Secretary of the Treasury for saying that the banks of this District were never stronger than at the present time.

Mr. NORVELL observed, that in the allusions made by the honorable Senator from Maryland to the Bank of the United States, and to the proceedings of this body in regard to the financial affairs of the country, he had touched a chord whose vibrations would, he was afraid, operate unfavorably to the object which he had in view. He regretted that the Senator had indulged in them; and he deprecated the effect which they might produce on a part of the Senate. The subject did not require the expanded view which that honorable Senator had taken of it. He hoped that it would be decided on its own merits. The principle involved in the bill was in a narrow compass. It resolved itself into the question whether the District banks could resume specie payments, with any prospect of continuing them over twenty-four hours, while the New York and other State banks were in the condition of a suspension of specie payments? In the general principles advanced by the honorable Senator from Missouri, and in his denunciations of individual issues of bills, he cordially concurred. He would, if he had the power, refuse to suffer the charter of a bank which, contrary to law, ceased to redeem its notes with gold or silver, to exist for a day; but he would begin with the originators of the transgression. Abstract principles, however, must sometimes yield to circumstances. We must be governed, in some degree, by those which surround us. The neighboring banks did not, at this time, redeem their notes with specie; and, he repeated, as long as this was the case, the District banks could not resume. The people of the District were debtors to the banks. This bill would compel the banks to press them; and he was extremely apprehensive that extensive suffering and distress among this unrepresented people, who were entitled to our sympathies, would be the consequence of its passage. In relation to the notes which were issued and circulated by individuals, he would go as far as any Senator to suppress them; and if the honorable Senator from New York, whose ability was compe-

tent to the performance of any task devolved upon him, would propose any provision for their suppression, he should have his cheerful co-operation and support.

Mr. STRANGE spoke some time in favor of the postponement. He felt painfully the position in which the District was placed. Every step taken convinced him more and more of the danger of the banking system. We had created these institutions, and must leave the result to the people. The same anxiety, he presumed, would be felt in every State. You can not approach the banking system without being told of the ruin in which some individual or other would be involved. He was opposed to all the features of the bill; of the three clauses he did not know which was most objectionable. He could not consent that the issuing of a *shin-plaster*, which another man agreed to take, should be punished penally, any more than for the issuing of "promise to pay" notes of another kind. When a man issued the *shin-plasters*, he expected to redeem them; it was the folly of the people which tolerated such a state of things, and he thought it better to leave the whole matter to experience, which could alone cure the evil.

Mr. CLAYTON also spoke against the bill.

Mr. WALKER announced his intention to vote for the postponement. He was opposed to the whole wretched banking system, the curse of the country; and when the proper time came, he would be found arrayed against it. But he asked what practical good could come from discussing this bill at this time, when unless it got through the Senate that day, there was no possible chance of its passage in the other House; he thought it waste of time to pursue any further legislation on the subject, and hoped the bill would be postponed.

Mr. WRIGHT made some further remarks.

Mr. NILES said that the true question which the motion to postpone the bill presented, seemed to be overlooked. The bill contains two principles; one to coerce the banks to resume payment, and fulfil their engagements to the public; the other the suppression of the small bills, appropriately called *shin-plasters*. To postpone the bill, will be to abandon the principle of coercion, and if not expressly, at least tacitly, to sanction the opinion that the legislature cannot, or ought not, to compel the banks to fulfil their engagements to the public. He was not willing to sanction any such idea. He believed it to be the duty of every legislature, which had created banking institutions, and conferred on them the power to supply a currency, and thus to exercise a part of the sovereign power, to supervise those institutions, so far as the security of the public might require; they were bound to see that they did not defraud the community, by flooding the country with irredeemable paper, which may become entirely worthless. His friend from North Carolina (Mr. Strange) seems to think that it is not proper for the legislature to interfere, but to leave individuals to their remedies, and to suffer the banks and individuals to go on and swindle the community by their fraudulent issues of spurious paper, which has entirely superseded and repealed that provision in the Constitution which was intended to secure to the people of the United States a stable and honest currency, consisting of coin.

This was carrying the principle of free trade one step too far for him. Free banking, so far as it consisted in supplying and issuing a paper currency, was, in his opinion, only another name for swindling. The creation of a currency could not safely be trusted to individuals; to provide and regulate the currency belongs to the sovereign power of the State. Money being the standard of value, by which property and contracts are governed, the legislature was bound to keep this standard as uniform and stable as possible. This cannot be done except by the sovereign power of the State. It is as important that we have a uniform standard of value, as it is that we have a uniform standard of weights and measures.

He could not subscribe to the doctrine that the Legislature can create banks and authorize corporations to issue a spurious currency, and thus depriving the people of the rights secured to them by the Constitution, and then leaving them to take

care of themselves, and to get rid, as well as they can, of the evils of a vicious paper currency. As legislation had created the mischief, it was the proper business of legislation to correct it.

Mr. N. said he did not regard this question, so far as respects the District, as of so much importance as he did its moral influence on the country. The banks of all the States have violated their engagements, and brought upon the people the evils of a depreciated currency; and the question now is, whether the Legislature can, and ought to coerce, and force them to redeem their bills? Congress has no power to act on this subject, except as respects the banks of this District. Yet our action would have force, as an example, and by its moral influence. In some few of the States the Legislature has been in session since the suspension of the banks; and some, if not all of them, have given, in some way, directly or indirectly, a sanction to this suspension for a limited time. These Legislatures, many of them, were in session at the time of the failure of the banks, and acted suddenly, and under surprise, and a species of duress. Now, after the lapse of some months, the public mind has become calm and settled upon this subject. The Legislatures of most of the States will soon be in session, and will be called upon to act upon this subject. The question will arise whether the banks or the State Governments are masters. Shall Congress set them an example of yielding to the banks; of suffering them to go on and defraud the community? Or shall we assert and exercise the principle of coercion, and of compelling the banks to pay their debts? Meeting here as we have, and finding the banks of the District prostrate, and refusing to redeem their notes, shall we adjourn without any action on the subject? Would not this be giving a tacit sanction to the conduct of the banks? Would it not be, tacitly at least, to sanction the opinion that the Legislature either can not, or ought not, to interfere to relieve the people? That they can not lay their hands upon the banks, and force them to redeem their bills? He thought that the action of Congress would have a salutary influence on the action of the States; and he was, therefore, opposed to the postponement of the bill.

Mr. HUBBARD spoke in favor of the postponement, rather than adopt the bill in its present shape. He thought the banks of the District as safe as any others; in fact, one already paid its bills on presentation, and the others would no doubt do so, as soon as practicable. Much as he was disposed to prohibit the individual issues of paper, he could not feel himself authorized to support the bill.

Mr. KING of Alabama thought it prudent to postpone the bill: he was not disposed to support it in its present shape. The banks of the District, he believed, were in as good a condition as any banks in the country. As their charters expired in July, he thought it better to allow more time for consideration: he should vote for the postponement.

Mr. BUCHANAN avowed himself unfriendly to the first and second sections of the bill; he thought they pressed too severely on the banks, that would in turn press on the people for their debts, at a time when they were least able to bear it. He would not vote to perpetuate these institutions. The charters expired in July next, when he should vote for the establishment of one bank, in which the stock and debts of the others might be merged, so as not to create any pressure. Mr. B. was decidedly in favor of retaining the last section by which *shin-plasters* could be put down.

Mr. YOUNG spoke against the postponement of the bill. He thought we ought to fix the time of resumption of specie payments before we attempted to renew their charters. The issuing of *shin-plasters* was penal in his State, and should be made so here. If a proper stand were made in this District by the National Legislature, it would at least have a moral effect abroad.

Mr. WEBSTER said there appeared to be a general feeling in the Senate that the first and second sections of the bill pressed too heavily on the banks, and as general a feeling to retain the last section, which prohibited the wretched issues with which this quarter was deluged. He thought the latter deserved no countenance, and, so far as



the Government could reach them, he would be pleased to see them put down. To press on the banks now, would be to press on the people; if the motion to postpone was withdrawn, he would move to strike out the first and second sections.

The motion to postpone being withdrawn, the question on striking out the first and second sections was carried.

Some further debate took place on amending the last section, in which Mr. SMITH of Indiana, Mr. YOUNG, Mr. BENTON, and others, took part.

The bill was then ordered to be engrossed for a third reading, and reads as follows:

*Be it enacted*, That after the expiration of thirty days from the passage of this act, it shall be unlawful for any individual, company, or corporation, to issue, pass, or to offer to pass, within the District of Columbia, any note, check, draft, bank bill, or any other paper currency, of a less denomination than five dollars; and if any person or corporation shall violate the provisions of this section, the person so offending, or, in case of any corporation so offending, the officers of any such corporation for the time being, shall be liable to indictment by the grand jury of the county within the District where the offence shall have been committed; and the person so offending, or the officers of the corporation so offending, shall, on conviction thereof, be fined in a sum not exceeding fifty dollars, at the discretion of the court, for every offence: one-half of said fine shall be paid to the prosecutor, the other half shall be for the use of the county where the offence shall have been committed; and the person so offending, and the officers of any corporation, shall also be liable to pay the amount of any note, bill, check, draft, or other paper, constituting part of such currency, to any holder thereof, with all costs incident to the protest and legal collection thereof, with fifty per cent. damages for non-payment on demand, to be recovered by action summarily and without delay, and with a right of immediate discovery on oath, in all cases where the defendant shall deny the issuing, or passing, or attempting to pass, the note, bill, check, draft, or other paper in question; and in case of judgment for the plaintiff, execution thereon shall be had forthwith; and it shall be the duty of the District Attorney of the District of Columbia to commence prosecutions against all persons and every corporation offending against this section, of which he shall have knowledge or probable information; and, in case of corporations, the prosecution shall be against the president, or any director or cashier thereof, for the time being; and it shall be the duty of the grand jurors to present all such offences of which they shall have knowledge or probable information; and that no member of a grand jury shall be ignorant of his duty in this particular, it shall be the duty of the court having cognizance of all offences against this section, to give the same in charge to the grand juries at the commencement of the first term after the passage of this act.

Mr. WALL introduced a bill for the relief of Mrs. Madison; which was passed to a second reading.

On motion of Mr. TIPTON,

The Senate went into Executive business, and soon after adjourned.

#### HOUSE OF REPRESENTATIVES,

WEDNESDAY, October 11, 1837.

On motion of Mr. JOHNSON of Louisiana, the following resolution, submitted by him on the 26th of September, was taken up, considered and adopted.

*Resolved*, That the Secretary of War be directed to submit to this House, as soon after the meeting of the next Congress as practicable, a plan for the protection of the western frontier of the United States against Indian aggression; designating the points to be permanently occupied by garrisons; the auxiliary stations for reserves and deposits of munitions, arms, and other supplies; the routes to be established for the purpose of maintaining a safe and prompt intercourse between the several stations, and from these with the depots in the interior; and finally the minimum force which, in his opinion, will be required to maintain peace among the several tribes, and cause our border settlements

to be respected. Also, to report, as far as the same can be ascertained, the number of Indians who will be in the occupancy of the country west and north of the States of Louisiana, Arkansas, and Missouri, and the number of warriors they may, collectively, be able to bring into the field; or such other plan as he may think proper.

Mr. CHAPMAN, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Committee of Claims be instructed to inquire into the expediency of extending the provisions of the act approved on the 18th of January, 1837, entitled "An act to provide for the payment of horses lost or destroyed in the military service of the United States," to cases where horses have been surrendered or turned over by such persons to the Government, by order of the commanding officer, on leaving the service.

Mr. JOHNSON of Virginia, from the Committee of Accounts, to which the subject had been referred by a resolution of the House, reported the following resolution, which was considered and adopted:

*Resolved*, That the Clerk of the House of Representatives be authorized to retain in employ the assistant and additional assistant clerks now in the office of the Clerk of the House of Representatives, at the lowest rate of compensation fixed by law for clerks in said office, commencing with this session of Congress.

#### INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th of September:

*Resolved*, That a select committee be appointed by ballot to inquire into the cause of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers, and that it have power to sit in the recess, and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution, by striking out all after the word "resolve," and insert the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

The question immediately pending, was the motion of Mr. HOWARD to strike out the words "that a select committee be appointed," and insert "that the Committee on Military Affairs be instructed."

Mr. McKAY, who was entitled to the floor, addressed the House at some length in opposition to the adoption of the resolution. He opposed the raising of this select committee, because the same subject was now under investigation in various ways. It had been referred to the President of the United States, who had caused an inquiry to be instituted, and had made a report in part, and he understood would probably report in full at the next session of Congress. Besides this, the chairman of the Committee on Indian Affairs (Mr. Bell) had moved to have this subject referred to that committee, and after a lengthy, and no doubt arduous investigation, the papers had been reported back to the House without coming to any conclusion thereon. He presumed, however, that, at the commencement of the regular session, the chairman of that committee would move to have the subject again referred to that committee, and proceed with the investigation. He could not, therefore, see the necessity of raising this select committee, because it was before the President of the United States, who had appointed commissioners to investigate the matter, and the gentleman from Massachusetts (Mr. Adams) had admitted that they had performed their duty faithfully, so far as they went, and laid before the House information of which, to use his own expression, had

made the blood tingle in his veins. They will doubtless lay the whole proceedings before the House at the next session of Congress. In relation to the causes of delays and failures of the campaign, it will be recollected that an inquiry was instituted by the President at Frederick, at which all the officers engaged in the first campaign, Scott, Gaines, and Clinch, were fully examined, and the court came to the conclusion that the failures and delays of the campaign were in consequence of the insubriety of the climate, the impregnability of the swamps, and the absence of all knowledge of the topography of the country by the commanding generals, and the difficulty in transporting supplies for the army from one point to another. Here, then, at this tribunal, all the causes of the failures of the campaigns conducted by General's Gaines and Scott were examined into; and it certainly could not be designed by the House to institute an inquiry in relation to the conduct of the present commander in Florida, (Gen. Jesup,) at a time when he was just preparing and organizing his forces for another campaign. It would certainly be improper for the House to interfere with this campaign before there was an opportunity of doing any thing with it. It would be interfering with the legitimate duties of the Executive to send an investigating committee, with power to send for persons and papers, into Florida; and by so doing, the whole of the benefits to be derived from the approaching campaign might be set aside. Mr. McK. next referred to the remarks of the gentleman from Tennessee, (Mr. Bell,) who had stated that the probable causes of failures of the campaigns in Florida had arisen from the deficiency in the number of officers connected with the army in Florida. He admitted that there might be some justice in this remark, but said the subject had already attracted the attention of the President of the United States, and referred to an order issued as early as October last, directing all officers of the army on detached service to join their regiments and companies, in which order the President had said that this state of things must no longer exist. If any notice was to be taken of this matter, however, by this House, it was the legitimate business of the Committee on Military Affairs to take charge of it, and he hoped they would take the matter under consideration. In relation to the subject of expenditures, he admitted that they had been very large, amounting, he believed, to about seven millions; but he could see no necessity of appointing a select committee to take charge of this subject, when we have committees appointed under the rules whose special business it was to take charge of these subjects. He alluded to the Committee on the Expenditures of the Executive departments, all of which committees he believed were composed of majorities opposed to the administration. The Committee on the Expenditures of the War Department should take this subject into consideration, and report upon it. Mr. McK. concluded by moving to postpone the further consideration of the resolution until the first Monday in December next.

Mr. WILLIAMS, of North Carolina, hoped this motion would not prevail. If a committee was to be appointed at all, it ought to be appointed at the present session of Congress. He doubted not if a committee was appointed, it would occupy their attention during the whole of the coming session of Congress. He trusted the resolution would be adopted, and the committee appointed at the present session of Congress.

Mr. ADAMS replied at some length to the arguments of the gentleman from North Carolina, (Mr. McKay.) If the gentleman's argument was good for any thing now, it would just be as good at the commencement of the next session of Congress. If it was improper to appoint a committee now, it would just be as improper then. He contended that the subject being referred to the President was no reason why this committee should not be appointed. The reading of the report made by the President proved the necessity of adopting this resolution. If he had had any doubt about the matter, that report would have confirmed him, and inclined him to vote for the resolution. In relation to the subject being referred to the Committee on Indian Affairs, he believed that inquiry had now ceased to exist; and if it

was not able to conclude its labors, and make a report after an investigation of a whole session, it was the strongest proof which could be adduced of the necessity of appointing this committee at the present session of Congress. As to the Committee on the Expenditures of the Executive Departments taking charge of this subject of the expenditures made in this service, he took it to be entirely out of the province of their duties, as their business, so far as he understood, was merely to take charge of the expenditures connected with the administration of the Departments. When he had the honor of being at the head of one of those Departments, reports on expenditures related merely to the expenditures connected with the Department, and no notice was ever taken of the expenditures connected with our foreign affairs. Of late years, however, he believed these committees seldom took upon themselves to make any inquiries into the condition of the Departments at all; and, in support of this, he instanced that the chairman of one of those committees, at a late session, had asserted on the floor that he did not even know who were members of the committee, it never having been called together.

Mr. A. then proceeded to make some comments upon the composition of the military committee, as regarded its political and geographical organization. He could not account for the fact of there being eight members on that committee from the southern and western States, while there was but one from the northern and eastern States, unless it was because the whole benefits of the army of the United States accrued to the people of the South and West. The whole military array of the United States was not of the slightest pecuniary benefit to his constituents, and he did not know how the gentleman from South Carolina, in his eye, (Mr. Thompson,) could reconcile this expenditure of seven or eight millions of dollars in Florida with the frequent assertions he had made on this floor that the whole expenditures of the Government flowed to the North and East.

At this stage of the proceedings, on motion of Mr. CAMBRELENG, the House proceeded to the orders of the day.

The Senate "bill to regulate the fees of district attorneys in certain cases" was taken up, ordered to a third reading, and then read a third time and passed.

#### DIVORCE BANKS BILL.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, (Mr. SMITH in the Chair.)

The first business in order, being the "bill for adjusting the remaining claims upon the late deposit banks."

Mr. PICKENS said he felt bound to move that the committee resume the consideration of the "divorce bill," which was agreed to—ayes 105, noes 35.

The bill was then taken up, the question pending being on the amendment or substitute for the whole bill submitted by Mr. GARLAND of Virginia.

Mr. HOFFMAN gave his reasons at length against the bill.

Mr. HUNTER, of Virginia, followed in reply, and in support of the bill.

Mr. MASON, of Virginia, gave the reasons which would constrain him to vote against the bill, regarding it, as he did, as an entire departure from those principles which were put forth by the late administration, and eagerly and warmly advocated by the people of the country, before whom those principles were promulgated.

Mr. M. spoke till the time arrived for the House to take its usual recess, from half past two till four o'clock, p. m.

#### [EVENING SESSION.]

The House went into Committee of the Whole, and resumed the consideration of the Senate bill "imposing additional duties as depositories on public officers, in certain cases."

Mr. MASON resumed his remarks. He denied any partiality for a national bank. He had always been known, both at home and abroad, as the uncompromising foe of such an institution. He would

like gentlemen who advocated this bill to say what they would next resort to, in case it failed, for fail it must. In his opinion, it could never be carried out. In that case, he did not know to what they could resort, unless they went to the Treasury to make a circulation, or threw themselves into the arms of a national bank. It was for that reason he wished to oppose the present bill, for he was convinced that if an issue of Treasury notes did not effect relief, nothing else would.

Mr. ROBERTSON gave notice, that at a proper time he would offer an amendment, authorizing the Secretary of the Treasury to deposit the public money in such banks as chose to receive it, for a fair compensation, as a special deposit, and without discounting on or using the same.

Mr. R. made some remarks in support of his proposed amendment. He contended that the fatal objection to the bill was, the temptation public officers would be under to speculate on the money in their possession.

Mr. GARLAND thought it his duty to make some remarks on the amendment he had proposed. After replying to some arguments of his colleague in relation to the Virginia banks, he adverted to the present bill. He was sure the Government would never prosper when divorced from the banks, between whom and the people there still existed a matrimonial connection. It was his opinion that, in less than eighteen months after the passage of this measure, the Government would seek to re-unite itself with the banks. The relief now proposed to the people, in lieu of the State banks, reminded him of a certain criminal, who, when on his way to the gallows, was offered a reprieve on condition of his marrying an ugly, wrinkled old woman. The man, after a moment's reflection, exclaimed:

"A sentence hard you do impart;

The woman's worse—drive on the cart."

And thus preferred hanging to a wedding on such terms. So the sentence was more preferable to the people than the system now proposed. The object of the divorce bill was to take the money from banks and to deposit it with sub-agents. But in his opinion, taking into consideration the frailties of human nature, it would be a dangerous scheme. He did not mean to say that the officers of Government had less integrity than other men; but when the lamentable instances were called to mind where individuals of high standing had sacrificed an unblemished character for a mere paltry amount, it ought to teach a lesson to guide them in the present instance. He would repeat the words of his colleague this morning, who had said even the words of our Savior were, "lead us not into temptation." He advocated the plan of keeping the money in the vaults of the banks, as more secure, and particularly if the amendment last offered were adopted, which provides that the banks shall receive the money as a special deposit, and without using it in any way whatever. He denied that the banks were insolvent, as had been stated. He had been informed on unquestionable authority, that they were as sound now as before they suspended specie payment. As regarded the proposed separation, he had always understood that our system of Government, although necessarily divided into many branches, was all one. But now they talked of a separation from those institutions of which the States had laid the foundation, and which they had cherished to this time. How fearful would be that time, should it ever occur, when this Government should consider it as its duty to make its action independent of the States! He did not say that gentlemen designed this, but he would entreat them to reflect whether the present measure would not pave the way for such a state of things. The true policy of Government was to cement itself more closely with the States, and he had no doubt but that the issue of Treasury notes would speedily afford relief, and enable the banks to resume specie payments. It had been said that these notes would lay the foundation of a Treasury bank, but he had no apprehension of that kind, for the restrictions to that bill would render such a result impossible. He contended that the bank note system had not had a fair trial, and referred to the Bank of France, and other institu-

tions, in support of his position. At the conclusion of his remarks,

On motion of Mr. HAYNES, the committee rose and reported the bill to the House, without coming to any resolution thereon; when,

On motion of Mr. BRIGGS, the House adjourned.

#### IN SENATE.

THURSDAY, October 12, 1837.

Mr. WEBSTER presented a large number of memorials from several of the eastern States, in relation to the annexation of Texas, which were ordered to lie on the table.

Mr. WILLIAMS presented memorials relating to the same.

Mr. MCKEAN presented memorials relating to the same.

Mr. SWIFT presented memorials relating to the same; these petitions were severally ordered to lie on the table.

Mr. WEBSTER introduced the following resolution, which was agreed to:

*Resolved*, That the President be requested to communicate to the Senate, early after the opening of the next session of Congress, copies of the instructions given to our Charge d'Affairs at the Hague, (if not inconsistent with the public interests,) relative to the seizure and sequestration, of the ship Mary and cargo belonging to Baltimore, by the Dutch Government at the island of Curacao, during the year 1800; also, copies of communications which may have been received from our said Charge d'Affairs at the Hague, to the Secretary of State, which may show the reasons assigned by the Dutch Government for so long refusing to restore to citizens of the United States their lawful property.

#### BANKRUPT LAW AGAINST BANKS.

Mr. GRUNDY moved that the Committee on the Judiciary be discharged from the further consideration of so much of the President's Message as related to the bankrupt law.

On this motion:

Mr. BENTON rose and said: The recommendation of the President for a bankrupt law, applicable to banks and bankers, has been made the subject of repeated animadversion on this floor, and that while the subject was not before the Senate, but in the hands of a committee. I noticed these animadversions on a former occasion; not for argument, but for the purpose of exhibiting their unparliamentary character; to dissent from their justness; to express my own approbation of the recommendation; and to declare myself ready to support it, whenever it could be done in a parliamentary manner, and without obliquing into a discussion foreign to the subject in hand. The suitable occasion now presents itself; and I embrace it with pleasure, that the great remedial measure proposed by the President, and called for by the rights and interests of the people, and by the character of the country, may not be prejudiced by the unparliamentary and precocious assaults which have been made upon it.

At the head of those who have made the attack on this part of the Message, and whose objections cover all the ground which has since been occupied by others, is the Senator from Massachusetts, who delivered his sentiments on the Treasury note bill, (Mr. Webster.) That Senator spoke briefly, but comprehensively, against this Executive recommendation. He presented all the points which others have since elaborated. In answering him, I answer all. His objections were particularly noted as he delivered them; but I find the substance of what he said so accurately condensed in one of the reports, that I think it the part of fairness to drop my own notes, and to have recourse to that report for the text of the observations which I propose to make. This is the report:

"Now, Mr. President, it is certainly true that the Constitution authorizes Congress to establish uniform rules on the subject of bankruptcies; but it is equally true, and abundantly manifest, that this power was not granted with any reference to currency questions. It is a general power—a power to make uniform rules on the subject. How is it possible that such a power can be fairly exercised by seizing on corporations and bankers, but excluding all the other useful subjects of bankruptcy laws? Besides, do such laws ordinarily extend to corporations at all? But suppose they might be so extended by a bankrupt law enacted for the usual purposes contemplated by

such laws, how can a law be defended which embraces them and bankers alone?

"How do the President's suggestions conform to his notions of the Constitution? The object of bankrupt laws, sir, has no relation to currency. It is simply to distribute the effects of insolvent debtors among their creditors; and I must say, it strikes me that it would be a great perversion of the power conferred on Congress, to exercise it upon corporations and bankers, with the leading and primary object of remedying a depreciated paper currency.

"And this appears the more extraordinary, inasmuch as the President is of opinion that the general subject of the currency is not within our province. Bankruptcy, in its common and just meaning, is within our province. Currency, says the Message, is not. But we have a bankruptcy power in the Constitution, and we will use this power, not for bankruptcy, indeed, but for currency. This, I confess, sir, appears to me to be the short statement of the matter. I would not do the Message, or its author, any intentional injustice, nor create any apparent where there was not a real inconsistency; but I declare, in all sincerity, that I cannot reconcile the proposed use of the bankrupt power with those opinions of the Message which respect the authority of Congress over the currency of the country."

These are the objections which the Senator from Massachusetts takes to the Executive recommendation. They are of a two-fold character: first, to the constitutional power of Congress to pass a bankrupt law, confined to moneyed corporations and bankers, and with a view to operate upon the paper currency; secondly, to the consistency of the President in having made such a recommendation.

I take up the second of these objections first, because it creates a prejudice against the whole recommendation of the President. The imputation of inconsistency creates a prejudice; and it is necessary to remove that prejudice before the recommendation can be fairly considered. The inconsistency imputed, lies in the supposed disclaimer of the President of all federal authority over the currency, and then, an assumption of power to regulate that currency, and to regulate it by an unauthorized exercise of the power to pass bankrupt laws. This is the point of the imputed inconsistency. It all turns upon this word currency; and now, what currency does the Senator from Massachusetts mean? Certainly not the currency of the Constitution; for the President recites the power to coin that currency, and to regulate its value. It must be the paper currency—the local bank notes and the shin-plasters—which are intended; and, if so, I have to remark that the President very explicitly disclaims both the authority, and the expediency, of having recourse to a national bank to regulate that species of currency. He disclaims that instrument of regulation; and in doing so, he stands upon the Constitution, which disowns its existence; upon the fact, which shows its impotency; and upon the ground which the authors of the first national bank occupied, and to whom the regulation of currency and of exchanges was wholly unknown as among the reasons for its creation. These reasons are of modern conception and recent date. They are an after-thought of the subsequent supporters of the second national bank. The President disclaims also a power to suppress the local banking institutions by federal legislation; but he nowhere disclaims the authority to prevent their paper issues from superseding and expelling the hard money currency of the Constitution. On the contrary, he claims that power, and points to the sources of its rightful exercise in the incidental effects of federal legislation in favor of hard money as necessarily improving the condition of paper currency; and then he points to the bankrupt power as furnishing the direct means of checking the issues of non-specie paying banks, and giving a remedy to the holders of their unpaid notes. This is what the President does; and nothing can be further from his words than a disclaimer of all authority over the regulation of currency. And here let me remark upon a systematic error into which some Senators incessantly fall: they always speak of the federal authority, and the federal duties over "the currency," meaning all the while, not gold and silver, but bank notes and shin-plasters. Now, sir, I repeat, for about the thousandth time, that the word currency is not in the Constitution, nor any word whatsoever which can mean what these speakers intend by it. The nearest approach to the term which the Constitution contains, is the word current, and that is coupled with the word coin; so that the thing which gentlemen have constantly in their minds, and which they use an equivocal term

to express, exists nowhere in the Constitution, and is not in any way known to that instrument, either by expression, or intendment. I think it right, on this occasion, thus to allude to the equivocal use of this phrase; for upon this equivocation there is built up, in these United States, an immensity of erroneous speaking, erroneous writing, and erroneous legislation. Vast is the number of persons who are mystified by the use of an equivocal term; and in nothing does the rhetorician show the perfection of his art in a higher degree, than in making a debate turn upon one of them.

The Senator from Massachusetts, in taking his objections, declared that he would not do intentional injustice to the Message or to its author; but it is the same thing to the Message, and to the author, if injustice had been done without intention; and this I apprehend to have been the case. The Message says nothing about confining the bankrupt law to corporations and bankers alone; it says nothing about excluding merchants and traders from the operation of the law; and it proposes something else to result from the law, besides an operation upon currency; and that something else is a remedy to the disappointed creditors of the delinquent banks. This is his recommendation:

"In the mean time, it is our duty to provide all the remedies against a depreciated paper currency which the Constitution enables us to afford. The Treasury Department, on several former occasions, has suggested the propriety and importance of a uniform law concerning bankruptcies of corporations and other bankers. Through the instrumentality of such a law, a salutary check may doubtless be imposed on the issues of paper money, and an effectual remedy given to the citizen, in a way at once equal in all parts of the Union, and fully authorized by the Constitution."

This is the recommendation—the whole of it; and here is no proposition to exclude merchants and traders; and here is an actual proposition to give a remedy to the injured citizens against the delinquent banks; which remedy would naturally be a *pro rata* distribution of the effects of the bankrupt institutions. Here, then, is injustice to the Message, in not stating it as it is, but as it is not; and here, also, is injustice to the author, in representing him as opposed to the extension of the bankrupt law to merchants and traders, when the records of this Senate bear the evidence of the fact that he has been one of the most able and zealous supporters of such a law applicable to the trading part of the community. I speak of the bill of 1827, brought in by General Hayne, of South Carolina, and earnestly supported by the present Chief Magistrate, then a member of this body. It is unjust to suppose that the present Chief Magistrate would object to a bill which should include now those for whom he so strenuously contended when a member of this body: there is nothing in life recommendation to deter the friends of a general bankrupt law from coming forward to include the trading class with the banking class; on the contrary, there may be something to encourage them. A general bill to include banks, as well as traders, might combine more support than the bills for the latter class alone have heretofore received. Besides, if the President had expressly recommended the exclusion of other classes from the bill, it would have been no impediment to the action of Congress. His recommendation would have been no prohibition upon their powers. They might have included what classes they pleased; and if they included those for which he contended in 1827, the bill might have become the more acceptable to him on that account.

The Senator from Massachusetts objects to our constitutional power to pass such a bankrupt law as the President recommends, qualifying that recommendation, as he does, with a limitation of the law to bankers and banking corporations, and with a primary view to the regulation of a paper money currency. I have shown that this qualification is an error and a mistake; and in doing that, I have sufficiently answered the Senator's objection; but I choose to go further, and to show not only the constitutional right, but the clear expediency, of passing such an act as the President recommends, whether merchants and traders shall be included in it or not.

The power of Congress to pass bankrupt laws is expressly given in our Constitution, and given without limitation or qualification. It is the fourth in the number of the enumerated powers, and runs

thus: "Congress shall have power—to establish an uniform rule of naturalization, and uniform laws on the subject of bankruptcies throughout the United States." This is a full and clear grant of power. Upon its face it admits of no question, and leaves Congress at full liberty to pass any kind of bankrupt laws they please, limited only by the condition, that whatever laws are passed, they are to be uniform in their operation throughout the United States. Upon the face of our own Constitution there is no question of our right to pass a bankrupt law, limited to banks and bankers; but the Senator from Massachusetts, (Mr. Webster,) and others who have spoken on the same side with him, must carry us to England, and conduct us through the labyrinth of English statute law, and through the chaos of English judicial decisions, to learn what this word bankruptcies, in our Constitution, is intended to signify. In his eye, and they, are true to the habits of the legal profession—those habits which, both in Great Britain and our America, have become a proverbial disqualification for the proper exercise of legislative duties. I know, Mr. President, that it is the fate of our lawyers and judges to have to run to British law books to find out the meaning of the phrases contained in our Constitution; but it is the business of the legislator, and of the statesman, to take a larger view—to consider the difference between the political institutions of the two countries—to ascend to first principles—to know the causes of events—and to judge how far what was suitable and beneficial to one, might be prejudicial and inapplicable to the other. We stand here as legislators and statesmen, not as lawyers and judges; we have a grant of power to execute, not a statute to interpret; and our first duty is to look to that grant, and see what it is; and our next duty is to look over our country, and see whether there is any thing in it which requires the exercise of that grant of power. This is what our President has done, and what we ought to do. He has looked into the Constitution, and seen there an unlimited grant of power to pass uniform laws on the subject of bankruptcies; and he has looked over the United States, and seen what he believes to be fit subjects for the exercise of that power, namely, about a thousand banks in a state of bankruptcy, and no State possessed of authority to act beyond its own limits in remedying the evils of a mischief so vast and so frightful. Seeing these two things—a power to act, and a subject matter requiring action—the President has recommended the action which the Constitution permits, and which the subject requires; but the Senator from Massachusetts has risen in his place, and called upon us to shift our view; to transfer our contemplation—from the Constitution of the United States to the British statute book—from actual bankruptcy among ourselves to historical bankruptcy in England; and to confine our legislation to the characteristics of the English model.

As a general proposition, I lay it down that Congress is not confined, like jurists and judges, to the English statutory definitions, or the *Nisi Prius*, or King's Bench, construction of the phrases known to English legislation, and used in our Constitution. Such a limitation would not only narrow us down to a mere lawyer's view of a subject, but would limit us, in point of time, to English precedents, as they stood at the adoption of our Constitution, in the year 1789. I protest against this absurdity, and contend that we are to use our granted powers according to the circumstances of our own country, and according to the genius of our republican institutions, and according to the progress of events, and the expansion of light and knowledge among ourselves. If not, and if we are to be confined to the "usual objects," and the "usual subjects," and the "usual purposes" of British legislation at the time of the adoption of our Constitution, how could Congress ever make a law in relation to steamboats, or to railroad cars? both of which were unknown to British legislation in 1789, and, therefore, according to the idea that would send us to England to find out the meaning of our Constitution, would not fall within the limits of our legislative authority. Upon their face, the words of the Constitution are sufficient to justify the President's re-



# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

WEDNESDAY, OCTOBER 18, 1837.

VOLUME 5.....No. 9.

BY BLAIR & RIVES.

—WEEKLY—

PRICE 32, FIRST TWO SESSIONS.

[Continued from No. 8.]

commendation, even as understood by those who impugn that recommendation. The bankrupt clause is very peculiar in its phraseology, and the more strikingly so from its contrast with the phraseology of the naturalization clause which is coupled with it. Mark this difference: there is to be a uniform rule of naturalization; there are to be uniform laws on the subject of bankruptcies. One is in the singular, the other in the plural; one is to be a rule, the other are to be laws; one acts on individuals, the other on the subject; and it is bankruptcies that are, and not bankruptcy that is, to be the objects of these uniform laws.

As a proposition, now limited to this particular case, I lay it down that we are not confined to the modern English acceptance of this term bankrupt; for it is a term, not of English, but of Roman origin. It is a term of the civil law, and borrowed by the English from that code. They borrowed from Italy both the name, and the purpose of the law; and also the first objects to which the law was applicable. The English were borrowers of every thing connected with this code; and it is absurd in us to borrow from a borrower—to copy from a copyist—when we have the original lender, and the original text before us. *Bancus* and *rupus* signifies a broken bank; and the word broken is not metaphorical but literal, and is descriptive of the ancient method of cashing an insolvent, or fraudulent banker, by turning him out of the exchange, or market place, and breaking the table to pieces on which he kept his money and transacted his business. The term bankrupt, then, in the civil law from which the English borrowed it, not only applied to bankers, but was confined to them; and it is preposterous in us to limit ourselves to an English definition of a civil law term.

Upon this exposition of our own Constitution, and of the civil law derivation of this term bankrupt, I submit that the Congress of the United States is not limited to the English judicial or statutory acceptance of the term; and so I finish the first point which I took in the argument. The next point is more comprehensive, and makes a direct issue with the proposition of the Senator from Massachusetts, (Mr. Webster.) His proposition is, that we must confine our bankrupt legislation to the usual objects, the usual subjects, and the usual purposes of bankrupt laws in England; and that currency (meaning paper money, and shin-plasters of course,) and banks, and banking, are not within the scope of that legislation. I take issue, sir, upon all these points, and am ready to go with the Senator to England, and to contest them, one by one, on the evidences of English history, of English statute law, and of English judicial decision. I say English; for, although the Senator did not mention England, yet he could mean nothing else, in his reference to the usual objects, usual subjects, and usual purposes of bankrupt laws. He could mean nothing else. He must mean the English examples, and the English practice, or nothing; and he is not a person to speak, and mean nothing.

Protesting against this voyage across the high seas, I, nevertheless, will make it, and will ask the Senator on what act, out of the scores which Parliament has passed upon this subject, or on what period, out of the five hundred years that she has been legislating upon it, will he fix for his example? or, whether he will choose to view the whole together? and out of the vast chaotic and heterogeneous mass, extract a general power which Parliament possesses, and which he proposes for our exemplar? For myself, I am agreed to consider the question under the whole, or under either of these aspects, and, relying on the goodness of the cause, expect a safe deliverance from the contest, take it in any way.

And first, as to the acts passed upon this subject; great is their number, and most dissimilar their provisions. For the first two hundred years, these acts applied to none but aliens, and a single class of aliens, and only for a single act, that of flying

the realm to avoid their creditors. Then they were made to apply to all debtors, whether natives or foreigners, engaged in trade or not, and took effect for three acts: 1st. Flying the realm; 2d. Keeping the house to avoid creditors; 3d. taking sanctuary in a church to avoid arrest. For upwards of two hundred years—to be precise, for two hundred and twenty years—bankruptcy was only treated criminally, and directed against those who would not face their creditors, or abide the laws of the land; and the remedies against them were not civil, but criminal; it was not a distribution of the effects, but corporal punishment, to wit: imprisonment and outlawry.\* The statute of Elizabeth was the first that confined the law to merchants and traders, took in the unfortunate as well as the criminal, extended the acts of bankruptcy to inability, as well as to disinclination to pay, discriminated between innocent and fraudulent bankruptcy, and gave to creditors the remedial right to a distribution of effects. This statute opened the door to judicial construction, and the judges went to work to define by decisions, who were traders, and what acts constituted the fact, or showed an intent, to delay or to defraud creditors. In making these decisions, the judges reached high enough to get hold of royal companies, and low enough to get hold of shchemakers; the latter upon the ground that they bought the leather out of which they made the shoes; and they even had a most learned consultation to decide whether a man who was a landlord for dogs, and bought dead horses for his four-legged boarders, and then sold the skins and bones of the horse carcasses he had bought, was not a trader within the meaning of the act, and so subject to the statute of bankrupts. These decisions of the judges set the Parliament to work again to preclude judicial constructions by the precision, negatively and affirmatively, of legislative enactment. But, worse and worse! Out of the frying pan into the fire. The more legislation the more construction; the more statutes Parliament made, the more numerous and the more various the judicial decisions; until, besides merchants and traders, near forty other descriptions of persons were included, and the catalogue of bankruptcy acts, innocent or fraudulent, is swelled to a length which requires whole pages to contain it. Among those who are now included by statutory enactment in England, leaving out the great classes comprehended under the names of merchants and traders, are bankers, brokers, factors, and scriveners; insurers against perils by sea and land; warehousemen, wharfingers, packers, builders, carpenters, shipwrights and victuallers; keepers of inns, hotels, taverns and coffee-houses; dyers, printers, bleachers, fullers, calenderers, sellers of cattle or sheep; commission merchants and consignees; and the agents of all these classes. These are the affirmative definitions of the classes liable to bankruptcy in England; then come the negative; and among these are farmers, graziers, and common laborers for hire; the receivers general of the king's taxes, and members or subscribers to any incorporated companies established by charter or act of Parliament. And among these negative and affirmative exclusions and inclusions, there are many classes which have repeatedly changed position, and found themselves successively in and out of the bankrupt code. Now, in all this mass of variant and contradictory legislation, what part of it will the Senator from Massachusetts select for his model? The improved and approved parts, to be sure! But here a barrier presents itself—an impassable wall interposes—a *veto* power intervenes. For it so happens that the improvements in the British bankrupt code, those parts of it which are considered best, and most worthy of our imita-

tion, are of modern origin—the creations of the last fifty years—actually made since the date of our Constitution; and, therefore, not within the pale of its purview and meaning. Yes, sir, made since the establishment of our Constitution, and, therefore, not to be included within its contemplation, unless this doctrine of searching into British statutes for the meaning of our Constitution, is to make us search forwards to the end of the British empire, as well as search backwards to its beginning. Fact is, that the actual bankrupt code of Great Britain—the one that preserves all that is valuable, that consolidates all that is preserved, and improves all that is improvable, is an act of most recent date—of the reign of George the Fourth, and not yet a dozen years old. Here, then, in going back to England for a model, we are cut off from her improvements in the bankrupt code, and confined to take it as it stood under the reign of the Plantagenets, the Stuarts, and the earlier reigns of the Brunswick sovereigns. This should be a consideration, and sufficiently weighty to turn the scale in favor of looking to our own Constitution alone for the extent and circumscription of our powers.

But let us continue this discussion upon principles of British example and British legislation. We must go to England for one of two things; either for a case in point, to be found in some statute, or a general authority, to be extracted from a general practice. Take it either way, or both ways, and I am ready and able to vindicate, upon British precedents, our perfect right to enact a bankrupt law, limited in its application to banks and bankers. And first, for a case in point, that is to say, an English statute of bankruptcy, limited to these lords of the purse-strings: we have it at once, in the first act ever passed on the subject—the act of the 30th year of the reign of Edward the Third, against the Lombard Jews. Every body knows that these Jews were bankers, usually formed into companies, who, issuing from Venice, Milan, and other parts of Italy, spread over the south and west of Europe, during the middle ages, and established themselves in every country and city in which the dawn of reviving civilization, and the germ of returning industry, gave employment to money, and laid the foundation of credit. They came to London as early as the thirteenth century, and gave their name to a street which still retains it, as well as it still retains the particular occupation, and the peculiar reputation, which the Lombard Jews established for it. The first law against bankrupts ever passed in England, was against the banking company composed of these Jews, and confined exclusively to them. It remained in force two hundred years, without an alteration whatever, and was nothing but the application of the law of their own country to these bankers in the country of their sojournment—the Italian law, founded upon the civil law, and called in Italy *banco rotto*, broken bank. It is in direct reference to these Jews, and this application of the exotic bankrupt law to them, that Sir Edward Coke, in his Institutes, takes occasion to say that both the name and the wickedness of bankruptcy were of foreign origin, and had been brought into England from foreign parts. It was enacted under the reign of one of the most glorious of the English princes—a reign as much distinguished for the beneficence of its civil administration as for the splendor of its military achievements. This act of itself is a full answer to the whole objection taken by the Senator from Massachusetts. It shows that, even in England, a bankrupt law has been confined to a single class of persons, and that class a banking company. And here I would be willing to close my speech upon a compromise—a compromise founded in reason and reciprocity, and invested with the equitable mantle of a mutual concession. It is this: if we must follow English precedents, let us follow them chronologically and orderly. Let us begin at the beginning, and take them as they rise. Give me a bankrupt law for

\* Preamble to the act of 34th of HENRY VIII.

"Whereas divers and sundry persons craftily obtained into their hands great substance of other men's goods, do suddenly flee to parts unknown, or keep their houses, not minding to pay or restore to any of their creditors, their debts and duties, but at their own wills and own pleasures consume the substance obtained by credit of other men, for their own pleasures and delicate living, against all reason, equity, and good conscience."

two hundred years against banks and bankers; and, after that, make another for merchants and traders.

The Senator from Massachusetts (Mr. Webster) has emphatically demanded, how the bankrupt power could be fairly exercised by seizing on corporations and bankers, and excluding all the other usual subjects of bankrupt laws? I answer, by following the example of that England to which he has conducted us; by copying the act of the 30th of Edward the Third; by going back to that reign of heroism, patriotism, and wisdom; that reign in which the monarch acquired as much glory from his domestic policy as from his foreign conquests; that reign in which the acquisition of dyers and weavers from Flanders, the observance of law and justice, and the encouragement given to agriculture and manufactures, conferred more benefit upon the kingdom, and more glory upon the king, than the splendid victories of Poitiers, Agincourt, and Cressy.

But the Senator may not be willing to yield to this example—this case in point—drawn from his own fountain, and precisely up to the exigency of the occasion. He may want something more, and he shall have it. I will now take the question upon its broadest bottom, and fullest merits. I will go to the question of general power—the point of general authority—exemplified by the general practice of the British Parliament, for five hundred years, over the whole subject of bankruptcy. I will try the question upon this basis; and here I lay down the proposition, that this five hundred years of parliamentary legislation on bankruptcy, establishes the point of full authority in the British Parliament to act as it pleased on the entire subject of bankruptcies. This is my proposition; and when it is proved, I shall claim from those who carry me to England for authority, the same amount of power over the subject which the British Parliament has been in the habit of exercising. Now, what is the extent of that power? Happily for me, I, who have to speak, without any inclination for the task—still more happily for those who have to hear me, peradventure without profit or pleasure—happily for both parties, my proposition is already proved, partly by what I have previously advanced, and fully by what every Senator knows. I have already shown the practice of Parliament upon this subject—that it has altered and changed—contracted and enlarged—put in and left out—abolished and created, precisely as it pleased. I have already shown, in my rapid view of English legislation on this subject, that the Parliament exercised plenary power, and unlimited authority, over every branch of the bankrupt question; that it confined the action of the bankrupt laws to a single class of persons, or extended it to many classes; that it was sometimes confined to foreigners, then applied to natives, and that now it comprehends natives, aliens, denizens and women; that at one time all debtors were subject to it; then none but merchants and traders; and now, besides merchants and traders, a long list of persons who have nothing to do with trade; that at one time bankruptcy was treated criminally, and its object punished corporeally, while now it is a remedial measure for the benefit of the creditors, and the relief of unfortunate debtors; and that the acts of the debtor which may constitute him a bankrupt, have been enlarged from three or four glaring misdeeds, to so long a catalogue of actions, divided into the heads of innocent and fraudulent—constructive and positive—intentional and unintentional—voluntary and forced—that none but an attorney, with book in hand, can pretend to enumerate them. All this has been shown; and, from all this, it is incontestable that Parliament can do just what it pleases on the subject; and, therefore, our Congress, if referred to England for its powers, can do just what it pleases also. And thus, whether we go by the words of our own Constitution, or by a particular example in England, or deduce a general authority from the general practice of that country, the result is still the same: we have authority to limit, if we please, our bankrupt law to the single class of banks and bankers.

The Senator from Massachusetts (Mr. Webster)

demands whether bankrupt laws ordinarily extend to corporations, meaning moneyed corporations. I am free to answer that, in point of fact, they do not. But why? because they ought not? or because these corporations have yet been powerful enough, or fortunate enough, to keep their necks out of that noose? Certainly the latter. It is the power of these moneyed corporations in England, and their good fortune in our America, which, enabling them to grasp all advantages on one hand, and to repulse all penalties on the other, has enabled them to obtain express statutory exemption from bankrupt liabilities in England, and to escape, thus far, from similar liabilities in the United States. This, sir, is history, and not invective; it is fact, and not assertion; and I will speedily refresh the Senator's memory, and bring him to recollect why it is, in point of fact, that bankrupt laws do not usually extend to these corporations. And, first, let us look to England, that great exemplar whose evil examples we are so prompt, whose good ones we are so slow, to imitate. How stands this question of corporation unliability there? By the judicial construction of the statute of Elizabeth, the partners in all incorporated companies were held subject to the bankrupt law; and under this construction, a commission of bankrupt was issued against Sir John Wolstenholme, a gentleman of large fortune, who had advanced a sum of money on an adventure in the East India Company's trade. The issue of this commission was affirmed by the Court of King's Bench; but this happened to take place in the reign of Charles the Second—that reign during which so little is found worthy of imitation in the government of Great Britain—and immediately two acts of Parliament were passed, one to annul the judgment of the Court of King's Bench in the case of Sir John Wolstenholme, and the other to prevent any such judgments from being given in future. Here are copies of the two acts:

*First act, to annul the judgment.*

"Whereas, a verdict and judgment was had in the Easter Term of the Kings Bench, whereby Sir John Wolstenholme knight, and adventurer in the East India company, was found liable to a commission of bankrupt, only for, and by reason of, a share which he had in the joint stock of said company: Now, &c. Be it enacted, that the said judgment be reversed, annulled, vacated, and for nought held." &c.

*Second act, to prevent such judgments in future.*

"That whereas divers noblemen and gentlemen, and persons of quality no ways bred up to trade, do often put in great stocks of money into the East India and Guinea company: Be it enacted, that no persons adventurers for putting in money or merchandise into the said companies, or for venturing or managing the fishing trade, called the royal fishing trade, shall be reputed or taken to be a merchant or trader within any statutes for bankrupts."

Thus, and for these reasons, were chartered companies and their members exempted from the bankrupt penalties under the dissolute reign of Charles the Second. It was not the power of the corporations at that time—for the Bank of England was not then chartered, and the East India Company had not then conquered India—which occasioned this exemption; but it was to favor the dignified characters who engaged in the trade—noblemen, gentlemen, and persons of quality. But afterwards, when the Bank of England had become almost the Government of England, and when the East India Company had acquired the dominions of the Great Mogul, an act of Parliament expressly declared that no member of any incorporated company, chartered by act of Parliament, should be liable to become bankrupt. This act was passed in the reign of George the Fourth, when the Wellington ministry was in power, and when liberal principles and human rights were at the last gasp. So much for these corporation exemptions in England; and if the Senator from Massachusetts finds any thing in such instances worthy of imitation, let him stand forth and proclaim it.

But, sir, I am not yet done with my answer to this question, do such laws ordinarily extend to corporations at all? I answer, most decidedly, that they do! that they apply in England to all the corporations, except these specially excepted by the act of George the Fourth; and these are few in number, though great in power; powerful, but few—nothing but units to myriads, compared to those which are not excepted. The words of that act are: "Member of, or subscriber to any incorporated commercial, or trading companies, established by charter act of Parliament." These words cut off at

once the many ten thousand corporations in the British empire existing by prescription, or incorporated by letters patent from the King; and then they cut off all those even chartered by act of Parliament, which are not commercial, or trading in their nature. This saves but a few out of the hundreds of thousands of corporations which abound in England, Scotland, Wales, and Ireland. It saves, or rather confirms, the exemption of the Bank of England, which is a trader in money, and it confirms; also, the exemption of the East India Company, which is, in contemplation of law at least, a commercial company; and it saves or exempts a few others deriving charters of incorporation from Parliament; but it leaves subject to the law the whole wilderness of corporations, of which there are thousands in London alone, which derive from prescription, or letters patent; and it also leaves subject to the same laws all the corporations created by charter act of Parliament, which are not commercial or trading. The words of the act are very peculiar; "charter act of Parliament;" so that corporations by a general law, without a special charter act, are not included in the exemption. This answer, added to what has been previously said, must be a sufficient reply to the Senator's question, whether bankrupt laws ordinarily extend to corporations? Sir, out of the myriad of corporations in Great Britain, the bankrupt law extends to the whole, except some half dozen, or dozen.

So much for the exemption of these corporations in England; now for our America. We never had but one bankrupt law in the United States, and that for the short period of three or four years. It was passed under the administration of the elder Mr. Adams, and repealed under Mr. Jefferson. It copied the English acts in including among the subjects of bankruptcy, bankers, brokers, and factors. Corporations were not included; and it is probable that no question was raised about them, as, up to that time, their number was few, and their conduct generally good. But, at a later date, the enactment of a bankrupt law was again attempted in our Congress; and, at that period, the multiplication and the misconduct of banks presented them to the minds of many as proper subjects for the application of the law: I speak of the bill of 1827, brought into the Senate, and lost. That bill, like all previous laws since the time of George II, was made applicable to bankers, brokers, and factors. A Senator from North Carolina (Mr. Branch) moved to include banking corporations. The motion was lost, there being but twelve votes for it; but in this twelve there were some whose names must carry weight to any cause to which they are attached. The twelve were, Messrs. Barton, Benton, Branch, Cobb, Dickerson, Hendricks, Macon, Noble, Randolph, Reed, Smith of South Carolina, and White. The whole of the friends of the bill, twenty-one in number, voted against the proposition, (the present Chief Magistrate in the number,) and for the obvious reason, with some, of not encumbering the measure they were so anxious to carry, by putting into it a new and untried provision. And thus stands our own legislation on this subject. In point of fact, then, chartered corporations have thus far escaped bankrupt penalties, both in England, and in our America; but ought they to continue to escape? This is the question—this the true and important inquiry, which is now to occupy the public mind.

The Senator from Massachusetts (Mr. Webster) says the object of bankrupt laws has no relation to currency; that their object is simply to distribute the effects of insolvent debtors among their creditors. So says the Senator, but what says history? What says the practice of Great Britain? I will show you what it says, and for that purpose will read a passage from McCulloch's notes on Smith's Wealth of Nations. He says:

"In 1814—15—and '16, no fewer than 240 country banks stopped payments, and ninety-two commissions of bankruptcy were issued against these establishments, being at the rate of one commission against every seven and a half of the total number of country banks existing in 1813."

Two hundred and forty stopped payment at one dash, and ninety-two subjected to commissions of

bankruptcy. They were not, indeed chartered banks, for there are none such in England, except the Bank of England; but they were legalized establishments, existing under the first joint stock bank act of 1708, and they were banks of issue. Yet they were subjected to the bankrupt laws, ninety-two of them in a single season of bank catalepsy; their broken "*promises to pay*" were taken out of circulation; their doors closed; their directors and officers turned out; their whole effects, real and personal, their money, debts, books, papers, and every thing, put into the hands of assignees; and to these assignees, the holders of their notes forwarded their demands, and were paid, every one in equal proportion—as the debts of the bank were collected, and its effects converted into money; and this without expense or trouble to any one of them. Ninety-two banks in England shared this fate in a single season of bank mortality; five hundred more could be enumerated in other seasons, many of them superior in real capital, credit, and circulation to our famous chartered banks, most of which are banks of moonshine, built upon each others paper, and the whole ready to fly sky-high the moment any one of the concern becomes sufficiently inflated to burst. The immediate effect of this application of the bankrupt laws to banks in England, is twofold; first, to save the general currency from depreciation, by stopping the issue and circulation of irredeemable notes; secondly, to do equal justice to all creditors, high and low, rich and poor, present and absent, the widow and the orphan as well as the cunning and the powerful, by distributing their effects in proportionate amounts to all who hold demands. This is the operation of bankrupt laws upon banks in England, and all over the British empire; and it happens to be the precise check upon the issue of broken bank paper, and the precise remedy for the injured holders of their dishonored paper, which the President recommends. Here is his recommendation: listen to it:

"In the mean time, it is our duty to provide all the remedies against a depreciated paper currency which the Constitution enables us to afford. The Treasury Department, on several former occasions, has suggested the propriety and importance of a uniform law concerning bankruptcies of corporations and other banks. Through the instrumentality of such a law, a salutary check may doubtless be imposed on the issues of paper money, and an effectual remedy given to the citizen, in a way at once equal in all parts of the Union, and fully authorized by the Constitution."

The Senator from Massachusetts says he would not, intentionally, do injustice to the Message or its author; and doubtless he is not conscious of violating that benevolent determination; but here is injustice, both to the Message and to its author; injustice in not quoting the Message as it is, and showing that it proposes a remedy to the citizen, as well as a check upon insolvent issues; injustice to the author in denying that the object of bankrupt laws has any relation to currency, when history shows that these laws are the actual instrument for regulating and purifying the whole local paper currency of the entire British empire, and saving that country from the frauds, losses, impositions, and demoralization of an irredeemable paper money.

The Senator from Massachusetts says the object of bankrupt laws has no relation to currency. If he means hard money currency, I agree with him; but if he means bank notes, as I am sure he does, then I point him to the British bankrupt code, which applies to every bank of issue in the British empire, except the Bank of England itself, and the few others, four or five in number, which are incorporated by charter acts. All the joint stock banks, all the private banks, all the bankers of England, Scotland, Wales, and Ireland, are subject to the law of bankruptcy. Many of these establishments are of great capital and credit; some having hundreds, or even thousands of partners; and many of them having ten, or twenty, or thirty, and some even forty branches. They are almost the exclusive furnishers of the local and common bank note currency; the Bank of England notes being chiefly used in the great cities for large mercantile and Government payments. These joint stock banks, private companies, and individual bankers are, practically, in the British empire what the local banks are in the United States. They perform the same functions, and differ in name only; not in substance, nor in conduct. They

have no charters, but they have a legalized existence; they are not corporations, but they are allowed by law to act in a body; they furnish the actual paper currency of the great body of the people of the British empire, as much so as our local banks furnish the mass of paper currency to the people of the United States. They have had twenty-four millions sterling, one hundred and twenty millions of dollars, in circulation at one time; a sum nearly equal to the greatest issue ever known in the United States, and more than equal to the whole bank note circulation of the present day. They are all subject to the law of bankruptcy, and their twenty-four millions sterling of currency along with them; and five hundred of them have been shut up and wound up under commissions of bankruptcy in the last forty years; and yet the Senator from Massachusetts informs us that the object of bankrupt laws has no relation to currency!

But it is not necessary to go all the way to England to find bankrupt laws having relation to currency. The act passed in our own country, about forty years ago, applied to bankers; the bill brought into the House of Representatives about fifteen years ago by a gentleman then, and now, a representative from the city of Philadelphia, (Mr. Sergeant,) also applied to bankers; and the bill brought into this Senate ten years ago by a Senator from South Carolina, not now a member of this body (General Hayne) still applied to bankers. These bankers, of whom there were many in the United States, and of whom Girard in the East, and Yeatman and Woods in the West, were the most considerable—these bankers all issued paper money; they all issued currency. The act, then, of 1798, if it had continued in force, or the two bills just referred to, if they had become law, would have operated upon these bankers and their banks—would have stopped their issues, and put their establishments into the hands of assignees, and distributed their effects among their creditors. This, certainly, would have been having some relation to currency: so that, even with our limited essays towards a bankrupt system, we have scaled the outworks of the banking empire; we have laid hold of bankers, but not of banks; we have reached the bank of Girard, but not the Girard bank; we have applied our law to the bank of Yeatman and Woods, but not to the rabble of petty corporations which have not the title of their capital and credit. We have gone as far as bankers, but not as far as banks; and now give me a reason for the difference. Give me a reason why the act of 1798, the bill of Mr. Sergeant in 1821, and the bill of Gen. Hayne in 1827, should not include banks as well as bankers. They both perform the same function—that of issuing paper currency. They both involve the same mischief when they stop payment—that of afflicting the country with a circulation of irredeemable and depreciated paper money. They are both culpable in the same mode, and in the same degree; for they are both violators of their "*promises to pay*." They both exact a general credit from the community, and they both abuse that credit. They both have creditors and they both have effects; and these creditors have as much right to a *pro rata* distribution of the effects in one case as in the other. Why, then, a distinction in favor of the bank? Is it because corporate bodies are superior to natural bodies? Because artificial beings are superior to natural beings? or, rather, is it not because corporations are assemblages of men, and assemblages are more powerful than single men; and, therefore, these corporations, in addition to all their vast privileges, are also to have the privilege of being bankrupt, and afflicting the country with the evils of bankruptcy, without themselves being subjected to the laws of bankruptcy? Be this as it may—be the cause what it will—the decree has gone forth for the decision of the question—for the trial of the issue—for the verdict and judgment upon the claim of the banks. They have many privileges and exemptions now, and they have the benefit of all laws against the community. They pay no taxes; the property of the stockholders is not liable for their debts; they sue their debtors, sell their property, and put their bodies in jail. They

have the privilege of stamping paper money; the privilege of taking interest upon double, treble, and quadruple their actual money. They put up and put down the price of property, labor, and produce as they please. They have the monopoly of making the actual currency. They are strong enough to suppress the constitutional money, and to force their own paper upon the community, and then to redeem it or not as they please. And is it to be tolerated, that, in addition to all these privileges, and all these powers, they are to be exempted from the laws of bankruptcy? the only law of which they are afraid, and the only one which can protect the country against their insolvent issues, and give a fair chance for payment to the numerous holders of their violated "*promises to pay*."

I have discussed, Mr. President, the right of Congress to apply a bankrupt law to banking corporations; I have discussed it on the words of our own Constitution, on the practice of England, and on the general authority of Parliament, and on each, and every ground, as I fully believe, vindicated our right to pass the law. The right is clear; the expediency is manifest and glaring. Of all the objects upon the earth, banks of circulation are the fittest subjects of bankrupt laws. They act in secret, and they exact a general credit. Nobody knows their means, yet every body must trust them. They send their "*promises to pay*" far and near. They push them into every body's hands; they make them small to go into small hands—into the hands of the laborer, the widow, the helpless, the ignorant. Suddenly the bank stops payment; all these helpless holders of their notes are without pay, and without remedy. A few on the spot get a little; those at a distance get nothing. For each to sue, is a vexatious and a losing business. The only adequate remedy—the only one that promises any justice to the body of the community, and the helpless holders of small notes, is the bankrupt remedy of assignees to distribute the effects. This makes the real effects available. When a bank stops, it has little or no specie, but it has, or ought to have, a good mass of solvent debts. At present, all these debts are unavailable to the community—they go to a few large and favored creditors; and those who are most in need get nothing. But a stronger view remains to be taken of these debts: the mass of them are due from the owners and managers of the banks—from the presidents, directors, cashiers, stockholders, attorneys; and these people do not make themselves pay. They do not sue themselves, nor protest themselves. They sue and protest others, and sell out their property, and put their bodies in jail; but, as for themselves, who are the main debtors, it is another affair! They take their time, and usually wait till the notes are heavily depreciated, and then square off, with a few cents in the dollar! a commission of bankruptcy is the remedy for this evil; assignees of the effects of the bank, are the persons to make these owners, and managers, and chief debtors to the institutions, pay up. Under the bankrupt law, every holder of a note, no matter how small in amount, nor how distant the holder may reside, on forwarding the note to the assignees, will receive his rateable proportion of the bank's effects, without expense, and without trouble to himself. It is a most potent, a most proper, and most constitutional remedy against delinquent banks. It is an able and a brave remedy. It does honor to the President who recommended it, and is worthy of the successor of Jackson.

Senators upon this floor have ventured the expression of an opinion that there can be no resumption of specie payments in this country until a national bank shall be established, meaning, all the while, until the present mis-called Bank of the United States shall be rechartered. Such an opinion is humiliating to this Government, and a reproach upon the memory of its founders. It is tantamount to a declaration that the Government, framed by the heroes and sages of the Revolution, is incapable of self preservation; that it is a miserable image of imbecility, and must take refuge in the embraces of a moneyed corporation to enable it to survive its infirmities. The humiliation of such a thought should expel it from the imagination of every patriotic mind. Nothing but a dire



necessity, a last, a sole, an only alternative,—should bring this Government to the thought of leaning upon any extraneous aid. But here is no necessity, no reason, no pretext, no excuse, no apology, for resorting to collateral aid, and, above all, to the aid of a master in the shape of a national bank. The granted powers of the Government are adequate to the coercion of all the banks. As banks, the Federal Government has no direct authority over them; but, as bankrupts, it has them in its own hands. It can pass bankrupt laws for these delinquent institutions. It can pass such laws either with or without including merchants and traders; and the day for such law to take effect, will be the day for the resumption of specie payments by every solvent bank, and the day for the extinction of the abused privileges of every insolvent one. So far from requiring the impotent aid of the miscalled Bank of the United States to effect a resumption, that institution will be unable to prevent a resumption. Its *velo* power over other banks will cease; and it will itself be compelled to resume specie payment, or die!

Senators have referred to this bank as the regulator of paper currency and of exchanges. Events have shown that it has no power upon these points but to make bad worse; to ruin paper currency by expansions, and by exporting specie; and to derange exchanges by flying kite-bills across the continent, and over the high seas. This is what experience has shown; but the whole conception is an afterthought! It is an *ex post facto* conception. Look to General Hamilton's reasons for the establishment of a national bank in 1791; look to all the debates of Congress at the charter of the first bank; you will not find one word upon the subject of regulating currency and exchanges. These modern conceptions, now so hackneyed in the use, and so flippantly discoursed on, and so conspicuous in the political debates of the haberdashers' shops, were unknown to the authors of the first bank! It was not until that institution, and still more its successor, had ruined currency and deranged exchanges, that these new-fangled reasons were thought of. It was only after it had done the mischief that the DESTROYER was appealed to as a REGULATOR; an appeal which can only be entertained on the principle of the proverb, that the hair of the dog is good for the bite. On that principle I could go for the appeal myself; for the meaning of the proverb is—not what is superficially believed by some, that you are to pull a few hairs out of the dog's back, and lay them on the bitten part—but that you must take all his hair, kill him, and skin him, and sell his hide to the tanner, and then he will never bite you again. In this sense of the appeal, I should be willing to have recourse to the Bank of the United States to cure the mischiefs of which it is the author.

Senators have demanded, somewhat in the tone of victory and exultation, where is this gold currency of which the promise was held out three years ago? They have put this question with an air of triumph! Has it not occurred to these Senators to extend the inquiry to the silver currency, and to the copper currency also? The same answer will meet the whole inquiry; and that answer is this: That the edict of the bank oligarchy has suppressed it since May last! suppressed it in that memorable act of suspension which was celebrated as a political victory over the Government of the country, and hailed as the restoration of the bank, and of the federal dynasty, to power. That edict suppressed all hard money—suppressed it—gold, silver, and copper; and breathed into existence that pestilential compound of lampblack and rags, yclept shinplasters, which now infests the land. Yes, sir, the oligarchy of banks, the present masters of our America, suppressed the gold, and the silver, and the copper; and they will suppress it again, and again, and as often as it suits their politics, or their purses, to do so, until this bankrupt law is passed, or until ruin provokes remedy.

Besides these great objects to be attained by the application of a bankrupt law to banking corporations, there are other great purposes to be accomplished, and some most sacred duties to be fulfilled, by the same means. Our Constitution contains three most vital prohibitions, of which the Federal

Government is the guardian and the guaranty, and which are now publicly trodden under foot. No State shall emit bills of credit; no State shall make any thing but gold and silver coin a tender in payment of debts; no State shall pass any law impairing the obligation of contracts. No State shall do these things. So says the Constitution under which we live, and which it is the duty of every citizen to protect, preserve, and defend. But a new power has sprung up among us, and has annulled the whole of these prohibitions. That new power is the oligarchy of banks. It has filled the whole land with bills of credit; for it is admitted on all hands that bank notes, not convertible into specie, are bills of credit. It has suppressed the constitutional currency, and made depreciated paper money a forced tender in payment of every debt. It has violated all its own contracts, and compelled all individuals, and the Federal Government and State Governments, to violate theirs, and has obtained from sovereign States an express sanction, or a silent acquiescence, in this double violation of sacred obligations, and in this triple annulment of constitutional prohibitions. It is our duty to bring, or to try to bring, this new power under subordination to the laws and the Government. It is our duty to go to the succor of the Constitution—to rescue, if possible, these prohibitions from daily, and public, and permanent infraction. The application of the bankrupt law to this new power, is the way to effect this rescue—the way to cause these vital prohibitions to be respected and observed, and to do it in a way to prevent collisions between the States and the Federal Government. The prohibitions are upon the States; it is they who are not to do these things, and, of course, are not to authorize others to do what they can not do themselves. The banks are their delegates in this three-fold violation of the Constitution; and, in proceeding against these delegates, we avoid collision with the States.

Mr. President, every form of government has something in it to excite the pride, and to rouse the devotion, of its citizens. In monarchies, it is the authority of the King; in republics, it is the sanctity of the laws. The loyal subject makes it the point of honor to obey the king; the patriot republican makes it his glory to obey the laws. We are a republic. We have had illustrious citizens, conquering generals, and victorious armies; but no citizen, no general, no army, has undertaken to dethrone the laws, and to reign in their stead. This partrical world has been reserved for an oligarchy of banks! Three times, in thrice seven years, this oligarchy has dethroned the law, and reigned in its place. Since May last, it has held the sovereign sway, and has not yet vouchsafed to indicate the day of its voluntary abdication. The Roman military dictators usually fixed a term to their dictatorships. I speak of the usurpers; not of the constitutional dictators for ten days. These usurpers usually indicated a time at which usurpation should cease; and law and order again prevail. Not so with this new power which now lords it over our America. They fix no day; they limit no time; they indicate no period for their voluntary descent from power, and for their voluntary return to submission to the laws. They could agree in the twinkling of an eye—at the drop of a hat—at the crook of a finger—to usurp the sovereign power; they can not agree, in four months, to relinquish it. They profess to be willing, but can not agree upon the time. Let us perform that service for them. Let us name a day. Let us fix it in a bankrupt law. Let us pass that law, and fix a day for it to take effect; and that day will be the day for the resumption of specie payments, or for the trial of the question of permanent supremacy between the oligarchy of banks, and the constitutional Government of the people.

We are called upon to have mercy upon the banks; the prayer should rather be to them, to have mercy upon the Government and the people. Since May last the ex-deposit banks alone have forced twenty-five millions of depreciated paper through the Federal Government upon its debtors and the States, at a loss of at least two and a half millions to the receivers, and a gain of an equal amount to the payers. The thousand banks have the country

and, the Government under their feet at this moment, owing to the community upwards of an hundred millions of dollars, of which they will pay nothing, not even ninepences, picayunes, and coppers. Metaphorically, if not literally, they give their creditors more kicks than coppers. It is for them to have mercy on us. But what is the conduct of Government towards these banks? Even at this session, with all their past conduct unatoned for, we have passed a relief bill for their benefit—a bill to defer the collection of the large balance which they still owe the Government. But there is mercy due in another quarter—upon the people, suffering from the use of irredeemable and depreciated paper—upon the Government, reduced to bankruptcy—upon the character of the country, suffering in the eyes of Europe—upon the character of republican government, brought into question by the successful usurpation of these institutions. This last point is the sorest. Gentlemen speak of the failure of experiments—the failure of the specie experiment, as it is called by those who believe that paper is the ancient and universal money of the world; and that the use of a little specie for the first time is now to be attempted. They dwell upon the supposed failure of “the experiment;” while all the monarchists of Europe are rejoicing in the failure of the experiment of republican government, at seeing this Government, the last hope of the liberal world, struck and paralyzed by an oligarchy of banks—seized by the throat, throttled and held as a tiger would hold a babe—stripped of its revenues, bankrupted, and subjected to the degradation of becoming their engine to force their depreciated paper upon helpless creditors. Here is the place for mercy—upon the people—upon the Government—upon the character of the country—upon the character of republican Government.

The apostle of republicanism, Mr. Jefferson, has left it as a political legacy to the people of the United States, never to suffer their Government to fall under the control of any unauthorized, irresponsible, or self-created institutions or bodies whatsoever. His allusion was to the Bank of the United States, and its notorious machinations to govern the elections, and get command of the Government; but his admonition applies with equal force to all other similar or affiliated institutions; and since May last, it applies to the whole league of banks which then “*shut up the Treasury*,” and reduced the Government to helpless dependence.

It is said that bankruptcy is a severe remedy to apply to banks; it may be answered that it is not more severe here than in England, where it applies to all banks of issue, except the Bank of England and a few others; and it is not more severe to them than it is to merchants and traders, and to bankers and brokers, and all unincorporated banks. Personally, I was disposed to make large allowances for the conduct of the banks. Our own improvidence tempted them into an expansion of near forty millions, in 1835 and 1836, by giving them the national domain to bank upon; a temptation which they had not fortitude to resist, and which expanded them to near the bursting point. Then they were driven almost to a choice of bankruptcy between themselves and their debtors, by the act which required near forty millions to be distributed in masses, and at brief intervals among the States. Some failures were inevitable under these circumstances, and I was disposed to make liberal allowances for them; but there are three things for which the banks have no excuse, and which should for ever weigh against their claims to favor and confidence. These things are, *first*, the political aspect which the general suspension of payment was permitted to assume, and which it still wears; *secondly*, the issue and use of shin-plasters, and refusal to pay silver change, when there are eighty millions of specie in the country; *thirdly*, the refusal, by the deposit banks, to pay out the sums which had been severed from the Treasury, and stood in the names of disbursing officers, and was actually due to those who were performing work and labor, and rendering daily services to the Government. For these three things, there is no excuse; and, while memory retains their recollection, there can be no confidence in those who have done them.

The Committee on the Judiciary, to whom was

referred the consideration of the President's recommendation for a bankrupt law against banking institutions, have deferred their report, and moved to be discharged. I shall make no objection to the discharge, as legislation on this subject can be delayed, without material prejudice to any interest, until the regular session. I shall look for a bill then, either, with or without the inclusion of other classes; and shall consider the decision upon that bill as settling the question of the rights of the people, and the supremacy of their Government, on one hand, and of the pretensions of the banks, and their permanent supremacy over laws, Governments, Constitutions, and the people, on the other.

Mr. CRITTENDEN followed Mr. BENTON in a speech of some length.

Mr. WHITE offered a resolution instituting inquiries in relation to the commissioners under the treaty of 1830 with the Choctaw Indians.

Mr. SOUTHARD introduced a resolution calling upon the War Department to furnish certain information in relation to the treaty of 1835 with the Cherokee Indians.

Mr. WALL introduced a resolution inquiring into the expediency of increasing the number of bills and documents to be printed for the use of the Senate.

The bill "to authorize the deposit of merchandise in public stores, and for other purposes," was read a third time and passed.

The bill to revoke the charters of certain banks in the District of Columbia, was read a third time and passed.

At the suggestion of Mr. WRIGHT, the title of the bill was altered so as to read: "A bill to restrain the issuing of small notes in the District of Columbia."

[This bill was published in our paper of yesterday.]

A bill for the relief of Mrs. Madison was also passed.

On motion of Mr. SMITH of Indiana, The Senate then went into Executive business, and then adjourned.

## HOUSE OF REPRESENTATIVES,

THURSDAY, October 12, 1837.

On motion of Mr. EVERETT, a communication from the Secretary of the Treasury in relation to the claim of Stockton and Stokes was ordered to be printed.

On motion of Mr. WHITTLESEY, the Committee of Claims obtained leave to sit during the sessions of the house.

Mr. GARLAND, of Va. on leave, submitted the following resolution, which was considered and adopted.

*Resolved*, That the Secretary of the Treasury communicate to this House, as early in the next session as practicable, the names of all receivers, collectors, or depositors of the public money who are in default to the Government, the amount of such default, the length of time due, the security given, if any, and how much has been or will likely be lost, together with a copy of all correspondence upon the subject from the 1st day of January, 1834, to this time.

### INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th of September:

*Resolved*, That a select committee be appointed by ballot to inquire into the causes of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers, and that it have power to sit in the recess, and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution, by striking out all after the word "resolved," and insert the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of

the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

The question immediately pending, was the motion of Mr. HOWARD to strike out the words "that a select committee be appointed," and insert "that the Committee on Military Affairs be instructed."

Mr. McKAY made some explanations in relation to the remarks he had made on yesterday.

Mr. ADAMS supported the resolution, and contended that neither the Committee on Indian Affairs, nor the Committee on Military Affairs, were appropriate committees to whom to refer this subject. He next replied to the remarks of Mr. McKAY in relation to the composition of the committees of the House, and went into a lengthy detail to show how the Committee on Manufactures, of which he was chairman, had been made up for several years past. He opposed the motion to postpone, because the committee should have all the time which could be given them on this important inquiry.

Mr. WILLIAMS of North Carolina called for the yeas and nays, on the motion to postpone, which were ordered.

Mr. BOND then went into a recital of the various appropriations made by Congress, to show that there had been expended in the Florida war upwards of ten millions of dollars.

Mr. McKAY said the gentleman was mistaken. A great part of these appropriations were for other purposes, and not for the service in Florida. The expenditures in Florida, according to an estimate he had made, did not exceed seven millions of dollars. He insisted upon the propriety of his motion to postpone, so that, at the commencement of the next session, one branch of the inquiry might be sent to the Committee on Indian Affairs, another to the Committee on Military Affairs, and the matter of expenditures might be investigated by the Committee on the Expenditures of the War Department.

Mr. REED insisted that an investigation should be had by a select committee, as the subject was one of the greatest magnitude, and well worthy the attention of the Congress of the United States.

Mr. WHITTLESEY thought this discussion would have one good effect; namely, to make the committees on the expenditures of the different Executive Departments do their duties. It was the duty of these committees to inquire whether any improper expenditures were made, and suggest such retrenchments as were proper; yet with one exception, that of the Committee on the Expenditures of the State Department, these committees had for years neglected to perform their duties. This he considered improper, and hoped it might be corrected.

Mr. A. H. SHEPHERD regretted that his colleague, who was known to be a reformer at heart, had thrown any obstructions in the way of this inquiry. He then went on to detail the proceedings of the Committee on the Expenditures, of which he was chairman.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, Mr. SMITH in the chair.

Mr. GARLAND of Louisiana moved to take up the bill granting indulgence to the deposit banks: lost.

### DIVORCE BANKS BILL.

The committee then resumed the consideration of the "bill imposing additional duties, as depositors in certain cases, on public officers."

The question pending was the substitute submitted some time since by Mr. GARLAND of Virginia.

Mr. HAYNES, who was entitled to the floor, addressed the committee as follows:

Mr. CHAIRMAN: At an early stage of this discussion, while the Committee of the Whole on the state of the Union was engaged in the consideration of the bill to postpone the fourth instalment of deposit with the States, so extraordinary were some of the statements of fact, inferences, and arguments presented by some gentlemen who took part in it, more especially the remarks made by my honorable friend from South Carolina, (Mr. Thompson,) that nothing but the position occupied by me could have prevented my endeavoring to offer an im-

mediate reply. That honorable gentleman, in his zeal to throw upon the late and present administrations the burden of the present difficulties and embarrassments of this country, was pleased to institute a comparison between the course pursued by the monarchies of Great Britain and France, in periods of commercial distress in those countries, for the purpose of contrasting their paternal solicitude for their subjects, and the grievous oppression of the American Government towards its citizens. Among the extraordinary statements sometimes ventured in this House, I was not prepared to hear an honorable gentleman speak in terms of eulogy of the conduct of the French Government in the memorable explosion which terminated the Mississippi bubble. The honorable gentleman from South Carolina surely has not lately revived his historical recollections, or he would have held very different language in reference to the conduct of the French Government at the period to which he referred.

What, Mr. Chairman, is the history of the Mississippi bubble? A foreign adventurer established a bank in Paris in the year 1716 or 17, which, having been managed to apparent advantage for a few months, was purchased in the name of the King in the course of the following year. Banking was then a novelty in France, and the scheme seemed to work so successfully, that an emission of paper sufficient to redeem the public debt was issued shortly after the bank became the property of the King. It would be a waste of time to recapitulate the measures which were adopted to enable this bank to monopolize the whole external commerce of France. By what means it is unnecessary to inquire, the shares, originally of the value of 500 livres, were raised by a series of speculations, to the enormous advance of 10,000. The Government having become alarmed by the wild and reckless spirit of speculation produced by an immense issue of bank notes without a specie fund for their redemption, and fearing there might be a run upon the bank, issued an edict, under severe penalties, that no individual should have in his possession, in coin, more than the sum of five hundred livres. To aid the bank in sustaining its credit, the livre, in coin, was reduced or debased to one-half its original value; and to cover the difference between the livre in coin and the livre in paper, the latter was made to undergo such successive reductions in value as should, in the course of a few months, bring it down to the standard of the debased coin of that denomination. All would not do to sustain the credit of the bank, and in the course of three or four years from its establishment, having added the enormous sum of four or five hundred millions of dollars of irredeemable paper, the notable scheme was wound up by issuing an edict reducing the price of shares to 5000 livres; which was shortly followed by another, compelling its holders to fund the bills for the miserable pittance of an annuity for fifty years' purchase, and that, so far as I can ascertain, without interest. This, sir, is a statement of what the honorable gentleman from South Carolina has been pleased to eulogize, as showing the paternal care of the French Government for its subjects.

How far it tallies with the history of the late and present administrations of this Government, the committee can judge. Of the parallel the honorable gentleman was pleased to institute between the course of the British and American Governments towards their subjects and citizens, in periods of pressure and alarm, I shall speak hereafter. Flat, stale, and unprofitable as it would seem to be, I was not particularly surprised to hear the American Government charged, by almost every gentleman opposed to the system of measures under consideration, with having produced the extraordinary state of things which has existed for the last few months in this country. Such is the infirmity of our nature, that what is often repeated may, sometimes, come to be believed as truth, when at its original promulgation it was known to contain not one single element of truth whatsoever. And in what manner has this grave charge been supported? If it would not be disrespectful to those who have made it, I would say, we have had "declamation without argument, and assertion without proof."

That the late President should have come in for a full measure of condemnation is not wonderful, considering the tone in which the opposition have spoken of him ever since the commencement of his administration. But, sir, I will not imitate the example of those who have ascribed the late commercial revulsion to Executive usurpation, by relying on a mere contradiction of their charge, although, in all fairness, I might do so.

The first specification against General Jackson is, that by refusing to sanction the recharter of the United States Bank, he opened the field for the creation and operation of State banks without limitation or control; and, as a consequence, that the country has been flooded with irredeemable paper. And here it may be proper to remark, that the opponents of the late and present administrations are not agreed whether the paper currency has, or has not, been extended to an unreasonable amount. If I did not greatly misunderstand the honorable gentleman from South Carolina, a considerable portion of his remarks was intended to show that the local bank issues had, at no period, gone beyond their proper and healthful proportion to the specie in this country. If his argument be true—and for the present I shall pass it by without further examination—this grave charge of Executive influence in producing an unsafe increase of bank capital and circulation, must fall to the ground. That the veto upon the bill to recharter the United States Bank in 1832, may have had some influence in increasing the establishment of local banks, and their consequent issues, I might be disposed to admit, if the testimony of a distinguished financier, high in the confidence of my honorable friend from South Carolina, together with considerations connected with it, did not go to establish the contrary. It is well known that the advocates of a national bank base their support of that measure on the ground that it can and will so regulate and control the issues of the local banks, as to keep them in a sound and healthy condition. For the purpose of the present argument, it is sufficient that I admit it. It is equally well known, that after a charter had been granted to the stockholders of the late United States Bank by the State of Pennsylvania, its President congratulated them upon its severance of the connection which had existed between the Government and the old bank, because it was better for both, and the bank was stronger without it than with it. Put this testimony together, and how dare any gentleman to say that the circulation of the local banks has been unsound or excessive? They shall not discredit their own witness, Mr. Biddle, for the purpose of extricating themselves from the contradictions by which they are environed. What then is the result? Either that there has been no excess of local bank paper in circulation, or a national bank is impotent to restrain it. I care not which horn of the dilemma gentlemen may select—either is fatal to their favorite scheme of a national bank. If I understood the honorable gentleman from South Carolina, he argued, or if he did not so argue, it is a fair inference from his remarks upon the currency, that there had been no over-trading in this country. And here, too, if I am correct in my recollection of what was said by that gentleman, he is sustained by the testimony of Mr. Biddle, given in a letter addressed to the distinguished member from Massachusetts (Mr. Adams) about the time Congress convened in 1836, in which he showed by the state of foreign exchange that this country had not over-traded.

It is true, that in a subsequent letter, addressed by him to the same distinguished individual, he did say that we had eaten, and drunken, and worn, a little too much, and we must pay for it. How his friends can reconcile the inconsistency, it is not for me to determine. But as other gentlemen have pursued a line of argument very different from that trodden by my friend from South Carolina, it may be necessary that I should show in what they have been mistaken. They seem to think, one and all, except the honorable gentleman from South Carolina, that the increase of local banks and banking was occasioned entirely by the measures of General Jackson's administration, and in urging this charge we have been taunted with the pre-

dictions of two distinguished citizens of Massachusetts, one a member of this, (Mr. Adams,) and the other a member of another branch of this Government, (Mr. Webster.) It is said, and I do not pretend to question it, that it was foretold by both the individuals referred to, that expansion, over-trading, pressure, and ruin, would be the result of the Executive veto of the United States Bank charter, and the withdrawal of the public money from the custody of that institution. Well might those gentlemen predict such a result, when their own immediate fellow-citizens were so actively engaged in the bringing about its fulfilment. And here permit me to make one observation, which seems to be a fair inference from the general tenor of the remarks upon this subject, that it would seem to be imputed to the friends of the late and present administrations, that they have mainly contributed to that creation of local banks and banking, under which it is alleged the country is now suffering. For the purpose of ascertaining not only the rate of increase of banking capital within the seven years from 1830 to 1836 inclusive, and the States which have contributed to it in the largest proportions, I will present a table comprising five administration and five anti-administration States

Banking capital in—		
	1830.	1836.
New York	- \$20,083,353	\$37,308,000
Maine	- 2,050,000	3,935,000
New Hampshire	- 1,791,000	2,603,000
Virginia	- 5,571,000	6,511,000
North Carolina	- 3,195,000	2,664,000
	<u>\$32,690,353</u>	<u>\$53,076,000</u>
		32,690,353
Increase,		<u>\$20,385,643</u>
Massachusetts	- \$20,420,000	\$40,830,000
Vermont	- 432,000	1,125,000
Maryland	- 6,250,495	8,203,000
South Carolina	- 4,631,000	7,936,000
Kentucky	- 1,875,000	5,116,000
	<u>\$33,608,495</u>	<u>\$63,210,000</u>
		33,608,495
Increase,		<u>\$29,601,505</u>

I have not considered it necessary to carry the comparison further by arraying any additional State. This selection probably makes it fair as if it included all the rest. But does not the result excite our wonder? That, in five opposition States, containing an aggregate representative population of two millions and a quarter, without fractions, and sending to this House forty-seven representatives, the increase of banking capital within the period referred to should have exceeded the increase in the five administration States, containing a representative population of upwards of four millions, and sending here eighty-seven representatives, by more than nine millions of dollars; and that the increase in Massachusetts alone, loyal as she is to a national bank, should exceed the increase in all the five administration States just mentioned, notwithstanding that the greatest commercial city in the Union is situated in one of them. Henceforward, let no member of the opposition taunt us with the increase of local banks and banking, nor with the fulfilment of Massachusetts predictions. It is preposterous, sir, in view of these facts, to accuse General Jackson and his friends of their agency in this business.

Well may it have happened that some who have made the charge were unable to see the mote in our eye, because there was a beam in their own. Suppose, then, it be conceded for this argument, that local banks and issues have been inordinately increased: let those who have had the largest share in the mischief take their part of the odium, and I am satisfied. But until they shall have done so, let them not again say that we did it. I might have adverted to facts in the banking history of other States under the control of those opposed to the late and present administrations, by which the disproportion would be increased; but it can not be

necessary. As I have shown the relative increase of banks in a series of administration and anti-administration States, I will make a single observation upon the subject of the general expansion of the paper circulation which is believed to have occurred since the first of December, 1833. At that period, the order had been but recently issued to change the custody of the public money from the Bank of the United States to the local banks. Every one remembers the panic and pressure which existed from a short time after the meeting of Congress in 1833, to the close of that protracted session in 1834. There was no expansion, there could have been none, in the panic-stricken state of the country throughout that whole session. It is true that within a short time after the adjournment the storm subsided, and things gradually returned to their accustomed channels. What followed?

It has been asserted, and, so far as I know, without contradiction, that from about November, 1834, to July, 1835, the Bank of the United States extended its discounts about twenty, and its circulation about ten millions of dollars, thus taking the lead in stimulating at its commencement, and, as I believe, creating that very spirit of speculation under which, so far as causes in this country have been concerned, we are now laboring.

It is true, we have heard much about the effect of the Specie circular in producing the present embarrassments of the country. But for my own part, I have no doubt that its effect was any thing but injurious. If its operation was to restrain, as it certainly must have been, and not to stimulate the speculations in public lands, its effect could only have been salutary. But I forbear to go further into that subject. Before I dismiss my review of the causes which have contributed to the multiplication of local banks, and the increase of their capital, I must refer to one which, above all others, aside from the expanding resources and augmented population of the country, has in my opinion, been of the most efficient in bringing about that result; and that is the rapid and final extinction of the public debt since 1829. In whatever form a promise to pay money may be made, it is credit; in all conceivable varieties, from the open account to the instrument under seal, including bank notes and stocks, whether of corporations or the Government, and in all these various forms may that credit be used for commercial purposes. But it is not particularly for the purpose of illustrating the commercial uses of the evidences of the public debt, that I now speak of the effect produced by the redemption of that debt upon the banking institutions of the country. I intend to speak of it merely as producing a transfer of capital from one employment to another. In the year 1830, the public debt amounted to forty millions of dollars, which was redeemed in the short period of four years.

A very large portion of that debt, how much it is not particularly necessary to mention, was owned by capitalists in the commercial portions of the Union. Owned generally by those who preferred the security of the Government at even a moderate rate of interest, to any private security whatsoever, and who would have been glad that their stock could have been irredeemable for ever.

But the Government had the right and the means to redeem it, and it was redeemed accordingly.

The same motive which gave a preference to Government security, would naturally prefer the next best security, and that security existed, or was to be obtained, by banking corporations. Hence, the redemption of the public debt, at least in the commercial portions of the Union, by releasing the capital which had been invested in it, was one of the most efficient, I doubt not the most efficient, cause of increasing the number and capital of the local banks in that portion of the Union to which I have referred.

In the younger States, where capital was scarce, other causes have been instrumental to the same result—the multiplication of banks, and the augmentation of their capital. Nor is it to be wondered at, that the scarcity of a circulating medium, in the States last referred to, has been mainly instrumental in introducing to the establishment of banks. When we consider a well settled principle



of trade—that a profitable channel of enterprise always, for a time, tempts adventurers into it, until its profits are brought down to the level of other pursuits, and for a time below them—especially when capital is suddenly released from other pursuits, and left unproductive in the hands of its owners, we need not doubt that much of the over-banking of this country has resulted from the redemption of the public debt. Having, as I think, acquitted the late administration of the charge of producing the banking mania which has manifested itself within the last seven years, I will proceed to inquire into the immediate causes which have produced the revulsion under which the country is now laboring. Whatever may be the opinions of others, I have no doubt that this revulsion has been occasioned by the heedless extension of credit in every form in which credit may be employed, as by bank issues, bills of exchange, &c.

It may be impossible not only to ascertain what is the amount of the currency of a country, but what should be its proportion to the commerce of that country; nor is it at all material to my purpose, in regard to the present inquiry: that individual or community has over-traded which can not meet its engagements. Will any one controvert this proposition? If it be incontrovertible, and I believe it to be so, have the banks been guilty of over-banking, and the merchants of over-trading?

The present condition of the country can answer this question. With a large balance of foreign debt unsatisfied, and for which there are no present means of satisfaction, who can deny that the merchants have over-traded?—and are the banks in a better condition? How stood the accounts of the late deposit banks as to immediate means and liabilities on the 15th of August? They show immediate liabilities to the amount of one hundred and four millions of dollars, and immediate means to the amount of but forty-four millions and about eight hundred and nine thousand dollars, of which only ten millions five hundred and eighty thousand dollars and a fraction was in specie. In the general account of means and liabilities, it is true that a large amount of these obligations are to the stockholders; but the fact of the great disproportion between their discounts and circulation, shows conclusively that much of the stock itself has been withdrawn from them, and exists in mere credit in the notes of the stockholders; thus showing that the supposed capital of the banks is credit, and not money. But if evidence is wanting, as conclusive as evidence can be, to prove that the banks have over-traded, it is found in the fact, that they can not redeem their promises, and at best are only able to exchange one promise for another. For my part, I can not conceive how any advocate of the banks can pretend that they have not over-traded to an enormous extent, without indirectly charging them with deliberate and wilful fraud upon the public. It may be said that the banks are unable to meet their engagements because their debtors are unable to pay them. But this only carries us one step further to the conclusion, that the whole country has over-traded—a fact of which I have not the smallest doubt. I might have shown the enormous disproportion between the value of our exports and imports for the two or three years ending with the year 1836, of the immense sums vested in public lands, the disproportion between the prices of various species of property, and the annual profits of such property; but I have chosen to save the committee and myself such details, and only to present incontrovertible facts, establishing, beyond the shadow of doubt, that the banks have over-banked, and the traders have over-traded. What has stimulated to all this is the inordinate hastening to be rich. I will not stop to inquire whether this over-trading has been occasioned exclusively by an over-issue of paper money, from reduced supply, or speculative demand for various commodities, believing, as I do, that the first and last of these causes have operated jointly in producing the present embarrassment. For the first, there is no remedy but the partial one of reducing and reforming the currency. I may be asked, if, as you suppose, the Government is free from the sin of producing the evils under which the country now labors, what is the remedy

for relieving them? I answer, that the remedy is mainly to be found in the industry and economy of the people. So far as the Government can indirectly relieve, by its action on the deposit banks, and the obligations of the importing merchants, it can go, and no further. But, in its action on these subjects, its relief will reach the remotest ramifications of society. It has been well said, that the mercantile community pervades the remotest portion of the body politic. If this be so—and none can deny it—relief to the importers will be felt by the humblest and remotest citizen of this great Republic, to whom mercantile credit has been extended. And, although indulgence to the suspended deposit banks will not reach to so wide an extent, it will relieve those who stand in the greatest need of relief. Thus, the passage of the bills to extend indulgence on duty bonds, and to give time to the banks gradually to call in their dues from their debtors, will extend relief to a number of our embarrassed fellow-citizens, which no one is able to estimate. And here I may be permitted to reply to the remarks of my honorable friend from South Carolina, in which he endeavored to contrast the conduct of the British Government, in 1797, in a period of commercial distress, with that of his own Government, in this season of pressure and embarrassment. My honorable friend told us that the pressure in Great Britain was relieved, at the period referred to, by the issue of no more than twelve millions of exchequer bills. And if he has attended to the state of the money market at New York, he must know that it has been decidedly improved even by the passage of the bills which have come down from the Senate, especially those giving indulgence on duty bonds, and authorizing the issue of Treasury notes, especially the latter. How, then, can he extol the British Government, and condemn his own for adopting a measure of the same character? What distinction can be drawn between exchequer bills, in the one case, and Treasury notes in the other, in their effects, I am at a loss to discover. I pass over the question, whether or not there is, or soon will be, a deficit in the Treasury. To me it seems to be a question on which there can be but one opinion: if at there is such a deficit, and that it can only be met by using the credit of the Government. Whether it is best to use it in the form of Treasury notes, or by authorizing a loan in the ordinary way, is a matter of indifference, as it respects the obligations which will be contracted by the Government. Nor am I sufficiently versed in questions of finance to say which will be the preferable mode. But, to my mind, the most immediate and direct is the course best suited to the present wants of the Government, and that is to issue Treasury notes. Nor can it be of any very great consequence whether they are hoarded or go into general circulation. In either case, they will displace an equal amount of the present circulating medium, driving it out of, or into circulation, as they may be laid up, or otherwise; and if we may be permitted to look forward to their final effect, they will contribute, at no distant day, most materially, to restore a sound currency. Situated as I was during the discussion of the bill to postpone the fourth installment of deposit with the States, connected, as it is, with the bills yet to be disposed of, I may be permitted, in the latitude given to the debate, to say a word or two upon it.

The period of making that deposit was at hand; the Treasury had not the means of making it, nor could they be commanded without creating a public debt. Thus necessarily arose the question, whether Congress had the power to tax the people to enable it to raise a fund to deposit in the treasuries of the States? To my mind, the answer was clear, that the Constitution had conferred no such power upon us. If it had, the policy might well be doubted of taxing the people with one hand, and returning the money so raised with the other, by which they would receive it with the loss of the expense of collecting, and the interest for the time intervening between the collection and transfer, subject to the serious objection that it would never, it could never, be equitably returned to those from whom it had been collected.

I have already adverted to the causes which led

to the present embarrassments of this country, the over-banking and over-trading which have characterized its business transactions for the last two or three years. But as these were the remote, what was the efficient or proximate cause of the present revulsion both in Great Britain and America? I answer, the course adopted by the bank of England when called upon to prop the failing credit of American houses, so called, but English bankers, who had gone enormously beyond their means in the acceptance of drafts from this country for which the owners had furnished no fund of redemption whatsoever. That measure of the bank not only destroyed for the time the credit of the owners of the bills referred to, but shook American credit to its foundation, and resulted in the immediate and ruinous fall in the price of the great staple of our country, by which the means of American merchants were reduced to almost one-half the amount of their value at the time their debts were contracted. This being the fact, which none can question, is it wonderful that consternation and ruin spread over the land? If any one can doubt the effect of that measure of the bank, in applying the match which has produced this mighty explosion, he is a much greater sceptic than I am. If any other proof was wanting beside open and apparent connection of the cause and its effect, it will be found in the existing state of the money market in Great Britain. Shortly after the Bank of England had, intentionally or unintentionally, I shall not stop to inquire, knocked down the price of cotton, she came forward to sustain the private bankers who had involved themselves by their American acceptances, the London money market became easy, and we are now told that money is a drug there, and can be obtained on unquestionable security for three and a half per cent. per annum, and probably much lower. Thus am I sustained in the assertion that the immediate and efficient cause of the present pecuniary condition of this country, was the conduct of the Bank of England towards the British acceptors of American bills of exchange, and the fall of cotton, which was produced by it. Panic, then, on the part of that bank, or a motive so much worse that I will not impute it, was the match that lighted up this tremendous explosion. Nor was a similar course in this country without its instrumentality, if we have been correctly informed—that from first to last there were millions of idle capital in New York, Boston, and other cities, which remained idle for want of that confidence between man and man which is the life-blood of credit in every country in the world. I have already stated what measures might, and as I supposed would, be adopted by Congress for the relief of the country in the present extraordinary emergency: extension of time on duty bonds, and reasonable indulgence to the suspended deposit banks.

But can no measures be adopted as preventives against the recurrence of a similar calamity? I think there can; and that they are to be found, not in the charter of a national bank, but in the measures proposed for ultimately collecting the public dues in the only medium recognised by the Constitution as money, and in changing the mode of keeping the public revenue. But I may be asked, why not establish a national bank? I answer, first, not only because the Constitution confers no power to do so, either in terms or rational inference, but its history forbids the implication of it in the fact that the federal convention was asked to confer it, and it refused peremptorily to do so. I will not so far insult the committee as to go over the argument to show how far any doubt arising upon the face of an instrument is to be settled by a reference to its history.

The next place I answer, that if the power had been explicitly granted in the Constitution, it would be inexpedient to exercise it. It would be inexpedient, first, because the whole history of the late national bank, and its successor, the United States bank of Pennsylvania, conclusively shows, that it can not, or it will not, prevent over-banking, and consequent over-trading, through the instrumentality of the local banks.

Now as I may be to public affairs, I have not forgotten the history of the commercial embarrassment which reached its acme in the year 1819, les-

than three years from the time when the United States Bank, established avowedly to prevent the future recurrence of excessive local bank circulation, had gone into operation. An embarrassment occasioned by the same spirit of reckless adventure in public lands, and every thing else that could be made the subject of speculation, which characterized the money transactions of the country in 1835 and 1836. If there are any here too young to remember, or who have been too indolent to acquire, information upon that subject, it is sufficient to point them to the impotence of the Pennsylvania Bank of the United States, avowed by its president within two short years to be stronger than its predecessor, to ward off such a calamity.

It is true, that when its suspension was announced in May last, its presiding officer informed the country that if it had consulted its own strength, that suspension would not have been necessary.

But, if the fact was as he stated, how much worse was that act than it has been characterized by a distinguished individual to whom the declaration was made, let an insulted and injured people decide. If it was true, there are no terms of condemnation known to human language strong enough to express the execration which it merits.

But there is another, and to my mind, equally strong, or stronger, if possible, objection to the establishment of a national bank. It is the political character assumed by the late bank, especially when coupled with its foreign connections. To the employment of foreign capital, wielded by American hands, directed by American hearts, in furtherance of objects of public or private enterprise, I make no objection. But I protest most solemnly against permitting in its use the shadow of foreign control or direction.

The late Bank of the United States was believed to have been influenced in its political course by foreign stockholders, not only having no sympathy with our political institutions, but hostile to them. If it was so—and of the fact there can be little or no doubt—how much closer is the connection of its successor with foreigners, how much more powerful will be their influence over it, let recent facts, showing the establishment of its agencies in Liverpool and London, attest. Let me not be answered that a national bank is advocated. I am not to be misled by such a declaration, from my firm conviction that the war upon the late and present administrations of this Government was and is waged for the revival of the Bank of the United States.

Having shown, as I think, that such an institution is not only unconstitutional, but dangerous to the Constitution itself, I come to the measures which, in my judgment, are best calculated to save the country, so far as our legislation can save it, from future revulsion and embarrassment; and here I take occasion to say, that no free Government can so legislate as entirely to prevent their recurrence. But, before proceeding to consider the measures referred to, I may be permitted to state one other objection to the establishment of a national bank: it is the clearly and strongly expressed decision of the people against it.

In discussing the measures most likely so to check and control the local banks, as to restrain their issues within safe and proper limits, I will first consider the proposition to require all payments to the Government to be ultimately made in the constitutional coin of the country, and in that only. It has been said by gentlemen opposed to this, what they call innovation, that it is calculated and intended to destroy the system of credit upon which this country has reached its present elevated rank among the nations of the world. But in what manner can it effect such a result? Is any member of this committee prepared to permit the debts due to the Government to be discharged in irredeemable and inconvertible paper? If not, who can entertain a reasonable objection to requiring their payment, not in promises, but money?

Where would be the difference between the payment of coin or bank notes, convertible into it at the will of the holder, in its effect upon the interests of the banks? If they should be always ready, as they certainly should be, to redeem their notes at the will of the holder, what hardship can there be in requiring that the Government debtor shall convert

them without making it necessary that it should be done by the collecting officers of the Government? It may be said, that as it would only be a question of convenience between private individuals and the collecting officers, that the convenience of the community should always be preferred. But, upon a closer examination, it will be found, that, even upon this point, there is no equality whatsoever. The collecting agents of the Government may be engaged, and in the large importing cities will certainly be almost constantly, in receiving money for the Government; therefore it is much more reasonable that individuals should convert their bank notes into specie before making payment to the collecting agents of the Government, than that the whole burden should fall upon these agents. But, I apprehend, that to require payment to the Government in coin, in every instance, will have a salutary influence upon specie paying banks, so called, in restraining imprudent issues of paper by them. That no injustice would be done either to individuals or the banks, upon the principle that all bank paper shall be convertible into specie, by the adoption of the scheme proposed, is, to my mind, as clear and conclusive as mathematical demonstration could make it. But we have heard it said by the opponents of this measure, who are alike the opponents of the late and present administrations, with, perhaps, occasional exceptions, that by this scheme we should create one currency for the Government and another for the people. But how such an objection can be sustained I can not imagine. Gentlemen, in making it, would seem to confound the present condition of bank paper with what would be widely different, if it possessed the supposed convertibility, the only element which can entitle it to the character of money. If the operation of the system of specie payments should be such as to bring back the banks to the fair and proper redemption of their notes, I would ask what essential particular would the one currency differ from the other? In fact, the whole currency of the country would then consist of specie or credits equivalent: a result which would do more to prevent the indulgence of rash and ruinous speculation, than any other measure the Government could adopt short of the entire destruction of that system of commercial credit, which, properly controlled by prudent foresight and economy, is so essential to the maintenance of our national and individual prosperity. If I have been so fortunate as to make my meaning understood, I think I have shown that the scheme proposed, would establish a currency of equal value to the Government and the people, and such an one as would lay the fabric of our prosperity on foundations too stable ever to be again shaken down by such revulsions as have occurred, at least on two occasions, within less than the last twenty years.

In the discussion which has taken place upon the various propositions presented by the Committee of Ways and Means, in conformity to Executive recommendation, we have heard much about taking care of the Government, and neglecting the people. What, sir, is the Government? It is but an agency constituted by the people themselves, for the promotion of their own prosperity and happiness. And what, I would ask, is desired in the measures proposed for relief of the Government, but to give it the means of carrying out the will of the people? To my mind, it is the idlest of all clamors to say, that because we intend to place the Government in a condition to execute the purpose of its creation, that purpose being to secure the public prosperity and happiness, that we are providing for the Government, as something distinct from, and opposed to, the interests of the people.

The last particular topic upon which I desire to offer a few observations to the consideration of the committee, is the mode proposed for the safe keeping of the public revenue. And what is that mode, stripped of all the mystery and disguise which has been attempted to be thrown around it, by the incessant outcry of exchequer banks, Treasury bank, Sub-Treasury system, and all the et ceteras gentlemen have applied to it. Nothing more nor less than the plain republican, unsophis-

ticated scheme of requiring the receivers of the public revenue to be answerable for its safe-keeping. What feature of a bank can it be possibly supposed to possess? It is not contemplated to authorize the issue of paper of any kind as the mere representative of the money so deposited for safe-keeping.

All that is intended, beyond the payment of money, upon properly authorized drafts from the Treasury, to the public creditors, is the occasional transfer of it, as circumstances may require, from one place to another, for the disbursements of the Government. It is not, therefore—it can not in any sense be so considered—a bank of any sort whatever.

What, then, are the objections to it? That it will increase the patronage of the Government, by the increase of public officers, and the additional expenditure necessary for their compensation; that the money will be unsafe in the custody of the public officers; and that it will open the door to the corrupt influence of the Executive, and may lead to the establishment of an odious despotism upon the ruins of the Constitution. The very decisive vote which has been recently given, here and elsewhere, on the subject of a national bank, renders it unnecessary for me to discuss its merit as a public depository. The only comparison which it is then necessary to institute is between the system pursued and a return to the employment of the local banks. Nor does it seem material to carry that comparison further than the consideration of the objections just stated to the placing the custody of the revenue in the hands of the collecting officers of the Government. So far as I have heard, no one is willing to restore the revenue to the custody of the banks, upon any other principle than as a special deposit, not to be used by them for any purpose, and to be paid over to the orders of the Treasury whenever it may be required.

Nor is it proposed, so far as I have understood, to ask the banks to perform this service without just compensation. What compensation, I would ask, do gentlemen suppose they would require for such service, including the risk of safely keeping the public money?

I know but little of banking transactions, but have little doubt the service required would not be performed by them for less than one per centum upon the money committed to their charge. Taking then, the public revenue at twenty millions per annum, and the cost of its custody would be two hundred thousand dollars.

But that I may be within the rate which must be conceded by every one as low enough, I will fix it at one-half of one per cent. and the annual expense will be one hundred thousand dollars, a sum larger by forty thousand dollars than the sum estimated by the Secretary of the Treasury, if it shall be committed to the collecting agents of the Government. On the score of economy, therefore, the calculation is decidedly in favor of the system proposed.

But to the question of patronage. How much will Executive patronage be increased by the appointment of a small additional number of clerks in some half a dozen cities or less in this Union? So far from being increased, it will be lessened in comparison with the numerous banks which would seek the custody of the public money, and to which it would be committed, the compensation being made an object to them, and without it they would not resume the responsibility, by a President desirous to establish the reign of influence and corruption. It may be answered, that there would be less danger of a corrupt use of the public money, if placed in the keeping of the banks, than in the hands of public officers. For my part, I can not perceive the force of such an objection. Is it said that there is danger of servility on account of dependence of public agents upon the Executive for their offices? The question is then resolved into a question of money, and as that reduces the objection against the public officers and the bank to the same principle, it is unworthy of further consideration. But, it may be said that the chances of Executive corruption will be increased by the greater facility of obtaining money from public officers than from the banks. To this, I answer, that there can be no possible

difference in the matter. The same checks and control exist in the one case as the other. And the banks are as much bound to answer the drafts of the public Treasury, as the public officers could be, and would as readily answer them. Human nature is essentially the same under equal circumstances, and the officers of banks would be quite as likely to act under the influence of temptation to execute a corrupt Executive will, sufficient inducements being offered, as would the collecting officers of the Government. I come now to the only remaining question—the question of the safety of the public revenue under the system proposed. And in discussing this question, I must be permitted to inquire, what magic is imparted by an act of incorporation, by which the honesty of men becomes so purified and refined, that they are placed above the ordinary level of their race? If the homely proverb of an English lawyer of former days be true, corporation morality has nothing to boast of when compared with that of individuals. But it is said that allowing that public collecting officers are generally as honest as the officers of banks, yet the stock of the latter furnishes better security than an individual can offer. On this point I am at issue with the objector, and say that the public officer will be able to make the Government as secure as the banks.

But if it were allowed that occasional default might be the consequence of confiding the custody of the public money to the collecting officers, how long would it be before it would amount to the loss and inconvenience already experienced by employing the banks, and receiving bank paper in payment for public lands before the system of cash payments was adopted, or the inconvenience already experienced within the last five months, not to say—for yet it cannot be said—what losses may in the end be sustained in the debts now due by the late deposit banks.

NOTE.—In making the hasty report of the foregoing remarks, I gave more consequence to the redemption of the public debt than the course those remarks, as delivered in debate, gave to it. I have no doubt that it was one of the most efficient cause of that increase was the pernicious principle of establishing and conducting banks upon credit, and not money. C. E. H.

Mr. CALHOUN of Massachusetts spoke at some length in reply to Mr. HAYNES, and against the bill.

Mr. POPE followed on the same side, and continued till half-past two o'clock, when his remarks were arrested by the hour, and the House took its usual recess till four o'clock.

#### (EVENING SESSION.)

#### DIVORCE BILL.

The House went into Committee of the Whole, and resumed the consideration of the Senate bill "imposing additional duties on public officers as depositaries in certain cases," the question being on the amendment offered by Mr. GARLAND.

Before Mr. POPE resumed, he gave way, at that gentleman's request, to Mr. CUSHMAN, who addressed the committee as follows:

Mr. CUSHMAN observed, that as the gentleman from Kentucky had made a personal allusion to him, he would wish that gentleman's leave say a word or two, by way of explanation. It is true, as that gentleman says, that while the report of the Committee of Ways and Means was under discussion, and after it had been debated during the morning hour for several days, he moved the previous question. It is true also, that the honorable gentleman from Kentucky asked him to withdraw the motion, that he might make a few remarks upon that subject, and he now complains that he was then prevented from so doing by the above mentioned motion.

Mr. C. said there were two reasons why he did not comply with that request. The first was, that there was around him a general desire that it should not be granted; and if he had withdrawn it, the same motion would have been renewed by some other gentleman. Secondly, that the subject of a United States Bank had, for the last five or six years, been the common theme of discussion in every city, town, village, and hamlet in the country. It is true, he said, that several gentlemen, during this debate, had declared that the subject of a bank has not been before the people for their discussion, but it was the bank.

Mr. C. said if gentlemen would only go back to the re-election of the late venerable President of the United States, they would find that that Presidential canvass was put upon the question of bank or no bank. A bank, the bank, or any bank, were all denounced by the people at that time, as appears by the result of that election. It was the pivot upon which that election turned. But if the subject of establishing a bank was not before the people for consideration at that time, the whole subject was before them during the election of the present Chief Magistrate of the United States.

Mr. Van Buren, before the late Presidential election, in pursuance of a call which was made upon him for that purpose, declared, in the most unequivocal manner, that he could not sanction an institution of that character; and this was the pivot, also upon which that distinguished individual was elevated to

the Presidency. Twice, therefore, have the people declared that a United States Bank ought not to be established.

Mr. C. observed that from the course which he had thought proper to pursue, some gentlemen may have supposed that he was disposed to check unnecessarily the freedom of debate. But he would assure gentlemen that they mistook his character altogether. He would go with him who would go furthest to protect the great vital principles of civil and religious liberty, the freedom of speech, the liberty of the press, and the right of petition. These sacred rights he never would yield, but with the last breath of life.

But there is a very wide difference between the rightful exercise of these invaluable privileges, and a wilful abuse of them. To correct this evil, this abuse, the rule regulating a call for the previous question, was adopted as a part of the by-laws of this House. A rule which has existed ever since the formation of the General Government. A similar rule has been adopted by several State Legislatures to correct the abuses which are the subject of so much complaint in this House. In fact, nothing of any importance could be accomplished in this House without such a law.

On the east side of the Atlantic, in the Spanish Cortes, the question asked is, "Has not this subject been sufficiently debated?" If this question is responded to by a majority of that body, an end is put to the discussion, and a vote taken upon the main question. This is the operation of the rule for the previous question in this House: the design of the motion is to ask the House if the subject under consideration has not been sufficiently debated, and can not be enforced without a majority of the members present. As the gentleman from Kentucky states that he merely alluded to him as stating a fact, and not for the purpose of impugning the purity of his motives, Mr. C. observed that he would close his remarks by stating, that so long as his fellow-citizens of New Hampshire should provide him a seat upon this floor, he would faithfully and independently execute his political trust; and should any gentlemen here or elsewhere dare to question the purity of his motives, he would pronounce him a base calumniator.

Mr. POPE concluded his remarks.

Mr. W. C. JOHNSON of Maryland was in favor of postponing a subject of so much importance for discussion at the regular session. He deprecated the idea of hurrying through the House such weighty matters. He went on at considerable length to endeavor to prove that the present distress of the country was caused by the war of General Jackson on the United States Bank, and the issue of the Specie circular.

On concluding his remarks, Mr. CAMBRELENG moved that the committee rise and report the bill.

On this motion a division was called and tellers appointed, when the motion was negatived; yeas 75, nays 93.

The question was then taken on Mr. GARLAND's amendment, and, tellers being ordered, it was rejected; yeas 73, nays 90.

Mr. DAWSON then offered another substitute.

Mr. CUSHING then obtained the floor, and stated that he was prepared now to go on with an argument he intended to make; or he would, if it was the desire of gentlemen, move that the committee rise.

Mr. C. therefore moved that the committee rise; which motion was agreed to—yeas 97, nays 69.

The SPEAKER having resumed the chair, Mr. WHITTLESLEY, from the Committee of Claims, by the general consent of the House, reported a bill to amend an act entitled "An act to provide for the payment of horses lost or destroyed in the military service of the United States," approved January 30, 1837; which was twice read, and committed to the Committee of the Whole on the state of the Union.

On motion of Mr. WILLIAMS of North Carolina, the amendment of Mr. DAWSON of Georgia to the bill imposing additional duties as depositaries on public officers, was ordered to be printed.

Mr. PATTON then moved that the House adjourn.

Mr. CAMBRELENG called for the yeas and nays; which were ordered, and were—yeas 102, nays 85.

So the House adjourned at 9 o'clock, p. m.

#### IN SENATE.

FRIDAY, October 13, 1837.

The VICE PRESIDENT being absent, the Senate proceeded to ballot for Chairman *pro tem*, when the Hon. WILLIAM R. KING was duly elected.

Mr. KENT presented a memorial from J. H. Cansten, praying a revocation of the charter of the Bank of the Metropolis: ordered to lie on the table.

Mr. TIPTON presented a memorial from certain citizens of Cass county, Indiana, praying that the pre-emption law of 1830 may be revived: ordered to lie on the table.

Mr. SOUTHARD presented a petition of H. R. Lee and others, praying the incorporation of a national bank: ordered to lie on the table.

Mr. SOUTHARD also presented petitions against the annexation of Texas; which were ordered to lie on the table.

Mr. YOUNG presented a preamble and resolutions from the Illinois Board of Public Works, in favor of aid from the General Government for completing certain internal improvements: ordered to lie on the table, and be printed.

A resolution was passed giving to the several officers of the Senate two months' additional pay.

The following resolution, submitted by Mr. WHITE, was taken up and agreed to:

Resolved, That the President of the United States be, and he hereby is, requested to inform the Senate, at the commencement of the next session of Congress, whether a board of commissioners has

been organized under the provisions of the act of Congress, approved the 3d day of March, 1837, entitled "An act for the appointment of commissioners to adjust the claim to reservations of land under the 14th article of the treaty of 1830 with the Choctaw Indians;" when said board was organized, and what progress the commissioners have made in the discharge of their duties; and that he cause to be laid before the Senate, at as early a day of the next session as practicable, a copy of the report of the said commissioners, together with a copy of such instructions as may have been given them, and also the amount of expenses incurred under said act.

On motion of Mr. CLAY, it was Resolved, That the President be requested to communicate, at an early period of the next session, what progress has been made in securing from the Mexican Government any acknowledgment of, or provision for, the payment of the claims due to American citizens, if not incompatible with the public interests.

Mr. WILLIAMS submitted the following resolution:

Resolved, That the Secretary of War be directed to submit to the Senate, at as early a day as practicable, a plan for the protection of the northern and eastern frontiers of the United States, designating the points to be permanently occupied by garrisons, the auxiliary stations for reserves and deposits of munitions and other supplies, the routes to be established for the purpose of maintaining a safe and prompt intercourse between the several stations, and from these with the depots in the interior; and, finally, the minimum force which, in his opinion, will be required to maintain the peace of the country.

The following resolution, submitted by Mr. SOUTHARD, was taken up and agreed to.

Resolved, That the Secretary of War be directed to furnish to this House, at the commencement of the ensuing session, copies of all the correspondence between the War Department, or any officer thereof, with any commissioner, agent or other person, not heretofore communicated, leading to and connected with the treaty of December, 1835, or the supplemental articles thereof, between the United States and the Cherokee Indians, and also such correspondence as grew out of said treaty, and communications received from the Cherokees, or any portion of them in relation to the same; as also a statement of the amount of money which has been drawn from the Treasury under any appropriation connected with said treaty; how the same has been disbursed; how much remains in the hands of any and what disbursing officer or agent, and what agents, and for what particular objects such disbursements have been made; copies of the instructions to such disbursing agents in relation to the same; copies of their accounts and correspondence with them, and the present situation of the appropriations and objects of expenditure; showing also how much of said expenditure is charged or chargeable to the fund appropriated to carry into effect said treaty.

On motion of Mr. SOUTHARD, it was Resolved, That the Secretary of the Navy be directed to report to the Senate at the commencement of the next session of Congress—

1st. The state, condition and amount of the navy pension fund.

2d. The state, condition and amount of the said fund on the 1st December next.

3d. The operation and effect upon said fund of the act entitled an act for the more equitable administration of the navy pension fund, passed 3d March, 1837.

4th. The number and names of persons placed on the pension list, the times when pensions were granted to them, and the amount of money paid to each under said act.

The bill from the House of Representatives to provide for the payment of horses destroyed in the military service of the United States, was taken up and passed; also the bill for the relief of Mrs. D. P. Madison.

On motion of Mr. WHITE, the Senate went into Executive business, and soon after adjourned.



## HOUSE OF REPRESENTATIVES,

FRIDAY, October 13, 1837.

On motion of Mr. WHITTLESEY, the House resolved itself into Committee of the Whole, Mr. EAMES in the Chair, and took up the bill to amend the act entitled "An act to provide for the payment of horses and other property lost in the military service of the United States."

[This bill was to provide for a class of cases of horses lost in the service in Florida and Alabama, which was not provided for in the bill passed in January last.]

Mr. CARTER said he was not opposed to the bill now under consideration, except that its provisions were not sufficiently extensive. It did not embrace a class of cases of real hardship that he believed existed. He said he would take this occasion to bring to the notice of the Committee, and at the same time suggest to the honorable chairman of the Committee of Claims, that there were among the volunteers some cases of real and peculiar hardships, that were not yet provided for by law, although great exertions were made at the last Congress in their behalf; and he would now tender to the honorable chairman of the Committee of Claims his acknowledgments of gratitude for his assiduity and exertions favorable to the relief of those patriotic young men he had the honor to represent, and who had sustained losses in the service of their country.

Mr. Chairman, in my opinion, the Government should always be scrupulously careful never to permit the patriotism of her citizens to be rewarded with ingratitude and with losses, and, consequently, with embarrassments that may render their domestic peace and tranquillity precarious for years. Sir, it is not the aristocracy or the wealthy that most usually embark in the toils and dangers attendant on a campaign in time of troubles and of war; but, sir, real patriotism and love of country, in its most disinterested form, is always found with those whose circumstances are more humble—not humble in the common acceptation of the term, but only humble so far as wealth is concerned. These are the men who are always first in the field in defence of the country's rights and honor. In the late campaigns in the West, many of such men were volunteers; and many were they who had not the means of equipping themselves, furnishing their horses, &c. only upon time, and by the aid and endorsements of their friends. Now, I submit it to this House—I submit it particularly to the Committee of Claims, and to the country—whether such men as these are to be permitted to be the sufferers, on account of their manifested patriotism and risks in the service? If so, I say to all that such conduct, such ingratitude, will deter all men in humble circumstances, or who are poor, from engaging in the country's defence.

The provisions of the laws now in force, for the payment for lost property, are limited, and do not cover the cases of hardship to which I have allusion. Those laws merely provide payment for property lost in battle, or lost on account of the Government failing to furnish the necessary supplies of provender. But, sir, there are other cases that Congress is in honor and in duty bound to make ample remuneration. I know some volunteers, that involved themselves, and their friends with them, to purchase horses and other necessary equipment for the campaign, and who lost their horses in the service; but perhaps not in battle, nor for the want of forage. Therefore, by the laws now in force, their claims can not be recognized and paid by the Third Auditor, who is charged with the settlement of these claims. But, sir, these horses were lost by casualty or unavoidable accidents, and were lost in the service of the United States; and being so lost, the Government is as much bound, in honor and justice, to remunerate the soldier thus circumstanced, as though the loss had occurred in battle, or by the default of the United States in furnishing forage. Sir, some of these praiseworthy volunteers are now doomed to labor by the day, or the month, or by the year, to procure the money they owe for horses purchased and taken into the public service, and there lost by casualty; and thus far the Congress of the United States, who directed the Executive to invite them into service, having wholly failed to meet their distresses, by ordering their relief, and indemnifying them against these liabilities and their losses. Is this right, sir? I say most unequivocally it is not; and I say, further, let the Government continue to refuse payment, and you cast a damp upon the patriotism of the West, and upon the whole country, which will in all time to come deter, in a great degree, men in moderate circumstances from incurring monetary liabilities, to go to the field at the call of the Government, for their defence. And whenever you cut off that class, by your parsimony and rigid policy, you cut off that portion of the defence of the country that have never deceived you, and have never lent a deaf ear to your calls, and the distresses of the country.

Sir, I will take occasion here to say that, in my opinion, (if the reports be true that have reached my ears,) the Government have not dealt as kindly and as liberally as she should have done towards the volunteers of Tennessee. We provided by law at the last Congress, that the soldiers or volunteers who had rendezvoused, were mustered, and immediately discharged, should be paid one month's full pay; and by the estimates furnished the Committee of Claims by the War Department, one month's full pay was made to amount to between \$63 and \$70, I think, perhaps \$68 and some cents; and, by the decision of the Attorney General under the old law, another class of those volunteers, that were indefinitely furloughed, and required to return to service if they should be ordered to do so, were to be considered in service until absolutely discharged, and consequently were entitled to their full pay. I have heard some hints, sir, that the War Department has not carried into effect this law, and this decision, as was contemplated by Congress and those representatives who were looked to guard and sustain the rights of those particular individuals. I do not know, sir, how far the War Department have failed in a compliance with the law; nor have I any idea to what extent those volunteers have been injured by the default of the Government. But I hope, and I have no doubt, I will be able to obtain the information; and, if my fears are realized, and they have been defrauded out of any portion of the amount that Congress intended they should have, and I can not obtain redress by an application to the Secretary of War, I will feel myself bound to bring the subject again to the consideration of this House, believing that the representatives of the people are ready upon all occasions to do justice to the people. And I am glad now to have the assurance of the honorable chairman of the Committee of Claims that he will afford all the aid in his power to render to the volunteers of my State ample compensation for their services and their losses at the next meeting of Congress. I have also a right to complain, on behalf of these men, in another point of view. I am informed our volunteers were paid off in the depreciated bank paper that was perhaps ten or fifteen per cent. below par. If this be

true, and my former suggestions be true, that they have not been paid as much as Congress intended them to have, why, sir, your volunteer soldiery of Tennessee have been cheated and defrauded out of half, or at least a large portion, of their just dues. And if so, we must ask Congress hereafter, whenever the true state of facts can be ascertained, to grant such relief as the merits of those claimants may justly and honestly demand. And I have no doubt, from the disposition heretofore manifested by this House, and by the Committee of Claims, in relation to this deserving and meritorious class of claimants, that ample relief will be awarded them.

Mr. WHITTLESEY explained the grounds on which the Committee of Claims had reported the bill; and after a few remarks by Mr. CHAPMAN,

Mr. EWING offered an amendment, extending the provisions of the bill to all persons engaged in the service at the battle of Tippecanoe, and prior to the late war with Great Britain.

After some few remarks by Mr. CARTER, the amendment was rejected.

Mr. THOMPSON of South Carolina moved to add a section to the bill providing payment for all horses impressed into the service in Florida.

After a few remarks by Messrs. THOMPSON, WHITTLESEY, and CLARKE, the amendment was rejected.

On motion of Mr. WHITTLESEY, the committee then rose and reported the bill to the House.

The SPEAKER having resumed the Chair, and the question being on the engrossment of the bill,

Mr. EWING of Ohio, after some remarks, renewed the amendment he had submitted in Committee of the Whole, and called for the yeas and nays on the question; which were not ordered.

After a few words by Messrs. PETRIKEN, WHITTLESEY, and EWING, the amendment was rejected.

Mr. EWING then varied his amendment somewhat, and moved it again; but the CHAIR ruled it to be out of order.

Mr. THOMPSON then renewed his amendment made in Committee of the Whole.

Mr. CARTER called for the yeas and nays, but the House refused to order them, and the amendment was rejected.

Mr. PETRIKEN moved that the further consideration of the bill be postponed until the first Monday in December next: lost.

The bill then having been ordered to be engrossed, was read a third time and passed.

Mr. McKENNA then, on leave, presented a memorial on the subject of the currency: laid on the table, and ordered to be printed.

On motion of Mr. CAMBRELENG, the House proceeded to the orders of the day.

The SPEAKER laid before the House a communication from the Secretary of the Navy, in answer to a resolution of the 4th instant, calling upon him to lay before the House the causes of detention in the sailing of the exploring expedition, and the correspondence between the department and the officers of that squadron; which, on motion of Mr. PATTON, was laid on the table, and ordered to be printed.

The bill from the Senate to authorize the deposit of merchandise in the public stores, and for other purposes, was read twice, and committed to a Committee of the Whole on the state of the Union.

The bill from the Senate for the relief of Mrs. Dolly P. Madison, was read a third time, and passed.

The bill from the Senate to restrain the circulation of small notes in the District of Columbia, having been twice read—

Mr. CAMBRELENG, at the suggestion of Mr. PATTON, moved to commit it to the Committee for the District of Columbia.

Mr. THOMPSON moved to postpone the further consideration of the bill until the first Monday in December.

Mr. THOMAS thought the bill ought to go to the Committee on the Judiciary; and if there was time to take it up in the House, he thought it might be trusted to the House.

Mr. THOMPSON did not wish to leave the interests of the District of Columbia in the hands of a bare quorum, or a little over a quorum, of members of this House; and he was satisfied, that when this Sub-Treasury bill was disposed of, a great many of the members of the House would leave the city.

Mr. BOULDIN said, so far as he was concerned, the insinuation was groundless, that the interests of the District would not be protected by the District Committee and the House.

Mr. ADAMS thought if Congress restrained the issue of small notes in the District of Columbia, members would have a difficulty frequently in getting their dinners. He alluded to the laws for the prevention of the circulating of small notes in the State of New York, and said that there were more small notes in circulation in the city of New York from other States than any other city in the Union.

Mr. HARLAN then moved to lay the bill on the table, which was agreed to without a division.

## DIVORCE BANK BILL.

On motion of Mr. CAMBRELENG, the House then went into Committee of the Whole—Mr. SMITH in the Chair, and took up the "bill imposing additional duties as depositaries in certain cases on public officers." The question pending was the substitute proposed by Mr. DAWSON.

Mr. LEGARE addressed the committee at length in opposition to the bill.

Mr. NAYLOR followed on the same side, and continued up to the hour for taking a recess, when the House adjourned until four o'clock.

## [EVENING SESSION.]

The House went into Committee of the Whole on the Senate bill "imposing additional duties as depositaries, on public officers, in certain cases." The question pending being the substitute to the bill offered by Mr. DAWSON—

Mr. NAYLOR resumed his remarks, in opposition to the bill, and entered into a long defence of the credit system. He contended it was a fact, that in proportion as a well regulated credit system prevailed in any country, so the happiness of the human family would increase.

Mr. ELY MOORE said it was with great reluctance that he ventured to trespass on the time of the House at this advanced stage of the session. Since he had been honored with a seat on this floor, he had troubled the House but seldom. He had hitherto refrained, because he did not consider it right for members to occupy the time in speech-making, unless they could throw some new light on the subjects before them. But of late it had become a practice for members to be estimated at home by the length of their speeches; and if a man did not fill so many

columns of a newspaper by a lusty harangue, however destitute of ideas it might be, according to the present fashion, he would lose favor with his constituents, and on returning, would not be greeted with "well done, good and faithful servant." He deprecated the system as obnoxious; but, at the same time, he regretted that there were but too many who acted upon it, and sacrificed the time and money of the country to their own interest. He then replied at some length to the arguments of Mr. NAYLOR, in relation to the working classes of the North. He (Mr. M.) would tell that gentleman and the House that he was in daily correspondence with all the working classes of the North, and as God lived, he believed what he said, when he told the House that, ninety-nine out of a hundred, the working-men of the North were in favor of the bill: they knew their rights, and knowing, they dared to maintain them. Mr. M. said it would take him several hours to go through with what he intended to say; but sudden indisposition compelled him to close his remarks. He intimated that he would publish the remainder.

Mr. CUSHING said that all he proposed to do was merely to throw up a rocket to cast light on the subject at this advanced period of the debate, and to show gentlemen the relative position in which they stood. He denied that the banking institutions of the North were calculated to bring into vassalage the working classes, as had been alleged. He contended that if the whole of the banks of Massachusetts were destroyed, it would not in the least affect the prosperity of that State.

Mr. CAMBRELENG addressed the House at some length in support of the bill.

Mr. WISE followed, and spoke at great length in opposition to the bill; and, having concluded,

The amendment of Mr. DAWSON was rejected; when,

On motion of Mr. CAMBRELENG, The committee rose, and reported the bill to the House.

On motion of Mr. PATTON, The House adjourned, at 12 o'clock.

## IN SENATE,

SATURDAY, October 14, 1837.

Mr. BUCHANAN presented petitions from citizens of Philadelphia city and county, praying that no new State that permits slavery may be admitted into the Union. Also, memorials from citizens of Pennsylvania, remonstrating against the annexation of Texas to the United States; which were ordered to lie on the table.

Mr. McKEAN presented memorials from citizens of Montgomery county, Pennsylvania, remonstrating against the annexation of Texas; which were ordered to lie on the table.

Mr. WRIGHT presented a memorial from sundry citizens, traders of Brooklyn, New York, in relation to the currency.

On motion of Mr. LINN, it was

*Resolved*, That the Secretary of War be directed to submit to the Senate, as soon after the meeting of the next Congress as practicable, a plan for the protection of the western frontier of the United States against Indian aggression; designating the points to be permanently occupied by garrisons; the auxiliary stations for reserves and deposits of munitions, arms, and other supplies; the routes to be established, for the purpose of maintaining a safe and prompt intercourse between the several stations, and from these with the depots in the interior; and finally, the minimum force which, in his opinion, will be required to maintain peace among the several tribes, and cause our border settlements to be respected. Also, to report, as far as the same can be ascertained, the number of Indians who will be in the occupancy of the country west and north of the States of Louisiana, Arkansas, and Missouri, and the number of warriors they may collectively be able to bring into the field, and such other plans as he may think proper, and what progress has been made in the locations of the military road.

The several resolutions submitted yesterday, were taken up and agreed to.

Mr. HUBBARD introduced a resolution to compensate the Chaplain; but afterwards waived it to examine the act in relation to the appointment of that officer.

Mr. WRIGHT moved to take up the bill amended by the House of Representatives, to postpone the time of payment of the merchants' bonds. The amendment was concurred in. [The time given is to 1st January, 1839.]

Mr. WALKER introduced a joint resolution to suspend the 16th and 17th joint rules; which was passed.

On motion of Mr. WHITE,

The Senate went into Executive business, and, after a few minutes spent therein, the doors were again opened.

Mr. GRUNDY then introduced a resolution giving to the Chaplain \$300 for his services during the present session; which was read three several times by unanimous consent, and passed.

On motion of Mr. NILES,

The Senate took a recess till half past 4 o'clock.

## [EVENING SESSION.]

Mr. HUBBARD presented the petition of an individual, praying that provision may be made for the widows and children of the non-commissioned officers and privates who may die or be killed whilst in service; which petition was ordered to lie on the table.

Mr. RIVES moved that the Committee on Naval Affairs be discharged from the consideration of the petition of Eli Ridgeway, and the memorial of John C. Long.

On motion of Mr. HUBBARD,

Ordered to lie on the table.

Mr. WRIGHT moved that the Committee on Finance be discharged from the further consideration of the report of the Secretary of the Treasury on the state of the finances, and the memorial of Littleton Denis Teakle, with that of the citizens of Columbiana county; which motion was concurred in.

Mr. WALL submitted the following resolution:

*Resolved*, That the members of the Senate who have not received a copy of the American State Papers, printed by Gales and Seaton, be supplied with the same.

Mr. NORVELL moved to amend the resolution by adding after the words "State Papers," "and the Register of Debates."

Mr. WRIGHT said, while he had no objection to the original resolution, (the papers in question not being under the control of the publishers,) he would feel himself bound to object if the amendment was urged on the consideration of the Senate.

Mr. LYNN thought the resolution ought to pass. He was clear that all the members of the Senate should be placed on the same equitable footing, and saw no reasons why those who had received these books should fare better in that respect than other Senators.

Mr. RIVES agreed that there ought to be no discrimination; but he thought, when the present edition of these papers should have been exhausted, it would be time to stop.

Mr. WRIGHT said he had received many books since his entrance into the Senate. They had been sent to him always without his consent; and he ever had been, and still was, opposed to the practice.

Mr. CLAY of Alabama concurred entirely with the views of the Senator from New York, (Mr. Wright) in regard to the motion. He thought the proceeding objectionable in the extreme, and ought not to be encouraged, and he hoped the Senate would persevere in rejecting it. He had, it was true, also received books, but without his vote, for he had never given his consent for an appropriation of the kind. As the State Papers were not within the control of the publishers, he would not oppose the resolution as originally introduced; but if the Register of Debates were added, which were within the control of the publishers, he would most unquestionably protest against it.

The amendments being withdrawn, the original resolution was, by unanimous consent, read three several times and passed.

On motion of Mr. HUBBARD, it was resolved that the Senate take a recess until half past seven o'clock.

## [HALF-PAST SEVEN O'CLOCK.]

A message was received from the President, announcing the signature of the bill for the relief of Mrs. D. P. Madison.

On motion of Mr. NORVELL, the Senate next went into Executive business, and after a few moments spent therein, the doors were re-opened.

A message was received from the House of Representatives, announcing the passage of the joint resolution to suspend the joint rules 16 and 17, with an amendment; [these rules relate to the passing of bills and the signature of the President within the three last days of the session—the amendment of the House of Representatives was to exclude bill No. 6, in relation to the sub-Treasury system;] which was concurred in by the Senate.

A message was received from the House of Representatives, announcing the passage of a bill making appropriations for the year 1837. The bill having been read a first and second time, was,

on motion of Mr. WRIGHT, referred to the Committee on Finance; and after about half an hour,

Mr. WRIGHT reported the bill to the Senate with three several amendments. Mr. W. briefly explained to the Senate the nature of the amendments, which was to grant the sum of \$20,000 for the printing of Senate documents, which were already in course of publication, and \$2,000 increase of clerk hire for the office of the Solicitor of the Treasury, the duties of which had been greatly increased within a short period of time; the other was to authorize the Secretary of the Treasury to receive the unpaid drafts in favor of the State Government issued by the Treasury under the deposit law.

The several amendments were passed, and the bill, as amended, sent to the House of Representatives. The bill, as amended, was afterwards received from the House of Representatives, which body had concurred in the first and third amendments, and dissented from the second.

Mr. WRIGHT moved that the Senate concur in the amendments of the House; he would not press the other amendment at this time; which was agreed to, and the bill passed.

A message was received from the House of Representatives, announcing the passage of a bill making appropriations for the suppression of Indian hostilities in Florida.

On the first reading of the bill,

Mr. WRIGHT pledged himself that it was a literal copy of the bill introduced by the Senate; and hoped, therefore, it would be read a second and third time, by unanimous consent, and passed.

Mr. WEBSTER thought the proceeding very extraordinary, and, he would say, unparliamentary. A fortnight ago the Senate passed a bill to the same effect, and sent it to the House. Nothing is heard of that bill; and now, at a late hour of the night, and that the last of the session, we have a bill sent for approval. It was to his mind, to say the least, a very extraordinary business, and one which ought not to meet the sanction of the Senate. Suppose the other bill were passed by the House, did not gentlemen see what such irregularity might subject them to?

Mr. CLAY of Alabama was glad to hear the remark of the gentleman; he understood we had been taken to task in the House for usurping there prerogative in originating these bills; that relating to the time of fixing the adjournment, was made the subject of particular remark. At this time, and on this subject, he was not disposed, however, to be ceremonious. He wished the bill passed at once; Florida had been bleeding at every pore for the last two years; we received news of her distress through every channel of information; and he, therefore, hoped the bill would be permitted to pass. He thought the objections should have been urged before.

Mr. BUCHANAN said he was not disposed at this time of night, and with the present thin state of the Senate, to stand upon its dignity; if he did, in his opinion, the business would be poorly attended to.

Mr. NORVELL read the joint resolution in which the 16th and 17th rules of the Senate had been dispensed with, for which the Senator from Massachusetts had voted, and now how could he oppose the bill on the ground of the objection urged by him.

Mr. WEBSTER saw no analogy, no connection, real or imaginary, between the cases cited by the Senator last up. The gentleman from Pennsylvania (Mr. Buchanan) said he was not disposed to stand upon the dignity of the Senate; but it was not a matter of dignity at all, but of regularity of business; and he was sure gentlemen, when they came to look into the matter, would agree with him that it would be better to go back to the ancient usage, and let the different Houses keep each other informed of their business. Mr. W. admitted that the bill before them was important, very important, and should not be delayed. Gentlemen might see, from the condition of things, how dangerous the present practice would be, if permitted to prevail. He, as an individual, might be the means of stopping a bill indispensable to the interests of the Government.

If, said Mr. W. we give up regulating, where shall we get to? He would not object now to the proceeding; but he gave notice, if he were present at the next session, under the same circumstances, he would feel it his duty to oppose all such proceedings.

Some further discussion took place, in which Messrs. BUCHANAN, WHITE, CLAY, of Alabama, and LINN took part, acknowledging the general justice of the remark of the Senator, but urging with much zeal the passage of the bill.

The bill was then read a second and third time, by unanimous consent, and finally passed.

The bill for adjusting the remaining claims of the Government on the late deposit banks was received from the House, with two amendments, extending the time of the first payment to the 1st day of July next; and the second to the 1st day of January, 1839; and the third to the 1st day of July, 1839.

Mr. WRIGHT said that the time granted was more than was contemplated by the committee, or, he believed, by the Senate; but under the circumstances, he moved that the amendment be concurred in.

Mr. SMITH of Indiana said he did not rise at that late hour of the night, and period of the session, to make a speech. He begged, however, to detain the Senate for a single moment, while he read a letter which he had received from the cashier of the State Bank of Indiana, subsequent to his (Mr. S's) addressing the Senate on this subject. It would be perceived (said Mr. S.) that the letter refers to the time allowed the banks by the bill as originally reported from the Committee on Finance in the Senate. The bill was amended, it was true, but still the time allowed was not, in his opinion, sufficient to enable the banks to close this matter, without producing too much distress among the people.

He very sincerely hoped that these amendments of the House giving longer time, would be concurred in by the Senate. He agreed fully with the writer of the letter, (who he knew to be well acquainted with the concerns of the banks,) that whatever might be the policy of the Government, so far as the banks were concerned, that the question was one of relief to the people. The corporations will not suffer, but the people would, and must if the banks were pressed. Mr. S. said he wished to be distinctly understood; he did not stand there as the advocate of any bank, not even of those of his own State, further than would benefit the people; and the moment he became satisfied that their interests required the suspension of the corporate power of these institutions, he would say unhesitatingly, "let them expire!" He was satisfied, however, that a course of policy requiring at this time the banks to oppress their debtors, would be productive of the most disastrous consequences to the people of his State.

Mr. S. here read a letter from the cashier of the State bank of Indiana, inclosing the letter of instruction from Mr. Woodbury to the bank.

The letter of the cashier states that if they lose the fourth instalment, and have to comply with the terms of settlement required by the bill, the destruction of the people would be inevitable. This letter was dated the 23d September, 1837.

Mr. S. said he would make only one further remark, that whatever justification the Senator from Missouri (Mr. Benton) might find for his remarks against the banks, he (Mr. S.) felt satisfied that the banks of Indiana were perfectly and entirely solvent; and that they, at least, should have been exempted from the indiscriminate denunciations of that gentleman.

The people of Indiana had the fullest confidence in their moneyed institutions; and he had no doubt but they would finally redeem every dollar of their paper. Time, however, was necessary to enable the debtors to the banks to pay up. The relief and time were for the benefit of the people, and not exclusively for the banks, as some Senators seemed disposed to think.

Mr. BUCHANAN did not know that he would support the amendments of the House. The banks had the money of the Government, and were to be ready, at all times when called on, to return it.

And now we were asked to extend the time still further for their indulgence. Mr. B. also found fault with the wording of the bill, as not being sufficiently comprehensive in relation to the time when the interest should commence to be paid by those banks.

Mr. WRIGHT thought the wording of the bill sufficiently clear, and read the first section to show the meaning and spirit of the act.

Mr. CLAY of Alabama thought it best to concur with the House in extending the time for the banks, and that the indulgence given in the bill would be the best relief to the people, and urged its immediate concurrence.

Some further discussion took place on the suggestions of Mr. BUCHANAN, as to the meaning of time of default, in which he was opposed by Messrs. WALKER, WRIGHT, CLAY of Alabama, and others.

Mr. WEBSTER then suggested an amendment, to be appended to the end of the bill, in this shape:

"And the default mentioned in this act, on which interest is to commence at the rate of six per cent. per annum, shall be understood to be the neglect or omission of said banks to answer drafts made on them, according to the provisions of the first section."

The question being taken on this amendment, it was found there was no quorum present, when absent members were called in; and, the question being further debated, the amendment was adopted, and the bill sent to the House of Representatives.

Mr. CLAY of Alabama, on learning that the other House had adjourned, moved the adjournment of the Senate at about ten minutes before two; when

The Senate adjourned until half past eight o'clock, a. m. on Monday.

#### HOUSE OF REPRESENTATIVES,

SATURDAY, October 14, 1837.

Petitions and memorials were presented, on leave, by

Mr. DAVIS of Pennsylvania.

Mr. LOOMIS of Ohio.

Mr. JOHNSON of Maryland, on leave, submitted the following resolution; which was considered and adopted:

*Resolved*, That the Committee on the Public Buildings inquire into the propriety of making such alterations in this Hall as will promote the comfort and convenience of its members, and report to this House.

Mr. BRIGGS, on leave, submitted the following resolution; which was considered and agreed to:

*Resolved*, That the Clerk of this House be directed to pay to the Chairman of the House the usual compensation for his services during the present session.

Mr. EVERETT, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the President of the United States be requested to lay before this House, at the next session of Congress, a plan of the Treasury buildings now being erected, showing its location in reference to the adjacent street and public square, on which it is located—its elevation—the number and size of the rooms it will afford suitable for office business; and the number and size of those suitable only for the deposit of records, with a statement of the sum then expended on said building, and an estimate of the further sum that will be required to complete the same; and to state whether it is contemplated in the completion of said building to take down the building of the Department of State, or so to repair it, as to render it fireproof, and to make its outside conform to the other parts of the Treasury building; and what will be the difference of expense between those two modes of completing said building; and whether the public interest requires any change in the location or plan of said building; and also to state whether it is contemplated to appropriate any part of said Treasury building to the use of any other Department; and further, that he be requested to cause to be prepared by the heads of each of the Departments statements of the number and size of the rooms that are necessary for their respective departments, for office business,

and for the deposit of records; and that the same be communicated to this House at the next session of Congress.

Mr. PATTON, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Clerk be directed to cause a ninth volume of the laws to be compiled and printed, and distributed, after the manner of the eighth volume, printed and distributed under the order of the House of Representatives of the 30th of June, 1834, and 26th of June, 1836.

Mr. LEGARE, on leave, submitted the following resolution, which was considered and adopted:

*Resolved*, That the Secretary of the Navy be requested to report to the House, at its next session, his opinion as to the expediency of establishing a Navy Yard for sloops of war, and other ships of similar class, at Charleston, South Carolina, or some other port on the southern coast, together with any information he may possess on that subject.

Mr. CAMBRELENG, on leave, submitted the following resolution:

*Resolved*, That the Clerk of the House and his Assistants, the Sergeant-at-Arms, the Principal Door-keeper and Assistant Door-keeper, the Post Master, and the Messengers and other attendants on and about the House, be allowed, each, two months' pay, for services during the extra session: And that the Police and Lamplighter of the capitol and capitol square, be allowed one months' pay each.

Mr. WHITTLESEY moved to refer the resolution to the Committee of Accounts.

Mr. BRIGGS then moved to amend the resolution by embracing the Librarian, the Assistant Librarian, and Messenger of the Library.

After a few remarks by Mr. THOMPSON in favor of the resolution, Mr. WHITTLESEY withdrew the motion, but gave notice that he should introduce a resolution at the next session of Congress, requiring all these matters of extra services to go to committees, so that the House might know what these extra services would amount to before they were voted.

Mr. McKAY renewed the motion to refer the subject to the Committee of Accounts.

After some remarks by Mr. JOHNSON of Virginia, and Mr. THOMPSON,

Mr. EWING moved to lay the resolution on the table: lost.

The amendment was then agreed to; and after some remarks by Messrs. RENCHER and A. H. SHEPHERD in opposition to, and Messrs. BRIGGS, CAMBRELENG, and THOMPSON in favor of, the resolution was adopted.

#### INQUIRY IN RELATION TO THE FLORIDA WAR.

The House then proceeded to the unfinished business of the morning hour, which was the consideration of the following resolution, submitted by Mr. WISE on the 19th of September:

*Resolved*, That a select committee be appointed by ballot to inquire into the causes of the Florida war, and into the causes of the delays and failures, and the expenditures which have attended the prosecution of that war, and into the manner of its conduct, and the facts of its history generally; that the said committee have power to send for persons and papers, and that it have power to sit in the recess, and that it make report to the next session of Congress.

Mr. GLASCOCK had moved to amend the foregoing resolution, by striking out all after the word "*Resolved*," and insert the following:

"That a select committee be appointed to inquire into the cause of the Florida war, and the causes of the extraordinary delays and failures, and the expenditures which have attended the prosecution of the same, and all the facts connected with its history generally; and that said committee have power to send for persons and papers."

Mr. HOWARD had submitted a motion to strike out "a select committee," and insert "the Committee on Military Affairs."

The question pending was the motion of Mr. McKAY to postpone the further consideration of the resolution until the first Monday in December.

Mr. UNDERWOOD addressed the House briefly, and brought to its notice a letter which he had

received from General Jesup, in answer to a communication from himself on the subject, in which the General denied having entered into any treaty with the Indian chief Apothleoyohola, which was broken on his part.

Mr. WISE made a few remarks in explanation; when,

On motion of Mr. CAMBRELENG, the House proceeded to the orders of the day.

#### DIVORCE BANK BILL.

The first business in order was the "bill imposing additional duties as depositories, in certain cases, upon public officers."

The bill had been reported from the Committee of the Whole about half past 12 o'clock last night, without amendment, and the question was on concurring therein by the House.

Mr. WILLIAMS of Tennessee, moved to lay the bill on the table, but at the request of Mr. CLARK of New York, withdrew it, for the purpose of affording Mr. C. an opportunity of submitting some remarks.

Mr. CLARK then addressed the Chair as follows:

Mr. SPEAKER: I do not rise to discuss the merits of the bill, or to express any opinion in relation to it. I should have preferred that motion had been made to postpone its further consideration until the first day of the next session. The subject matter of the bill is one on which there is, among the friends of the administration, a difference of opinion, and, I have no doubt, an honest difference. The gentleman from South Carolina, a friend of the administration, in his remarks of yesterday, regretted that he should be called upon at this time for final action on the bill. He preferred to wait until an opportunity should be afforded to him to ascertain the wishes of his constituents. In these views I concur. In voting for the present motion, I shall do so for the same reasons which would influence me to vote for a postponement until the next session, considering the effects the same, neither of which determines the ultimate fate of the bill. The vote I am about to give will furnish no evidence of my opinion as to the merits of the bill, or of my action on the question of its final passage. The Sub-Treasury scheme, considered as an administration measure, is novel. In 1835, it was proposed by the whigs in Congress, and received the unanimous and vigorous opposition of the democratic members. Whether it is possible for the opposition to originate a good measure, I will not inquire. They, have, however, been unfortunate in presenting at this session any measure, good, bad, or indifferent, always saving and excepting their sovereign remedy, their universal panacea for all our fiscal maladies, the United States Bank.

I repeat that this measure, as a democratic one is new. Public opinion has not been sufficiently enlightened to draw any correct conclusion of its disposition. It has not been to any considerable extent, the subject of discussion, either in the social circle, or in the primary assemblies of the people. And the same remark is true as regards the newspaper press. I doubt whether five country papers in the State of New York, previous to the session of Congress, had canvassed this project, or given any opinions thereon. The Albany Argus, the leading democratic journal in that State, a journal which possesses great influence over the country press, had not, up to that period, taken ground on this subject. Under these circumstances, it can hardly be expected that resolutions emanating from county conventions could be considered as furnishing that evidence of the popular will as they otherwise would. All the republican conventions have expressed their approbation of the general principles set forth in the Message; few of them, however, have given any expression of opinion as regards this specific measure. No one is more ready, on all occasions, to bow with deference to the will of his constituents, when formed upon reflection and deliberation, and fairly and fully expressed, than myself; and it will ever be my pleasure to carry that will into execution. Were I opposed to this bill, (and I repeat that I give no opinion in regard to it,) I



would, with alacrity, surrender my own opinion at the feet of my constituents.

Sir, there is no pressing necessity for the immediate passage of this bill. The Government is now going on receiving and disbursing its revenue in the same manner as provided in the bill. Should it now pass, it will produce no change. Since the suspension of specie payments, the Government has met with no difficulty in the management of its fiscal operations, neither can it for six short weeks, at which time the bill can be acted on, under the influence of a well informed and plainly expressed public opinion. It has been my misfortune not to have enjoyed an interchange of sentiment with my constituents, as have most of the gentlemen of this House. Business of a private, but pressing nature, has entirely separated me from them since April last. I wish to obey their will, and for this purpose I should be glad, by a personal interview, to ascertain that will; and when ascertained, I shall not fail to execute it.

Mr. CLARK then, according to the pledge he had given, renewed the motion to lay the bill on the table.

Mr. CONNOR then moved a call of the House, and upon the motion asked for the yeas and nays, which were ordered, and were—yeas 186, nays 5.

The call being ordered, was proceeded in, through several stages, till 222 members had responded to their names, when, on motion of Mr. CHAMBERS of Kentucky, it was suspended—171 to 30.

The question then recurring to lay the bill on the table, thereupon,

Mr. GREENELL asked for the yeas and nays, which were ordered.

Mr. LEWIS asked the gentleman who made the motion, to withdraw it, so as to permit an amendment to be submitted, which would put the bill in a form less objectionable to a number of members.

Mr. WILLIAMS should like, he said, very much to accommodate the gentlemen, but there were a dozen others who would also wish to be accommodated in the same way; and he, therefore, could not assent to the request.

Several gentlemen wished to have the amendment read, but it was ruled to be out of order pending the motion to lay on the table.

The question was then taken, and decided in the affirmative—yeas 120, nays 107, as follows:

YEAS—Messrs. Adams, Alexander, Heman Allen, John W. Allen, Ayer, Bell, Bidd, Bond, Boyden, Briggs, William B. Calhoun, John Calhoun, William B. Campbell, John Campbell, William B. Carter, Casey, Chambers, Cuthbert, Childs, Clark, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Everett, Ewing, Richard Fletcher, Filmore, James Garland, Rice, Garland, Cooze, James Graham, William Graham, Graves, Grennell, Griffin, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Henry Johnson, William Cost Johnson, Kilgore, Lawler, Legare, Lincoln, Andrew W. Loomis, Lyon, Mallory, Marvin, James M. Mason, Samuel Mason, Maury, May, Maxwell, Menzies, Mercer, Milligan, Manbiss Morris, Calvary Morris, Naylor, Noyes, O'Leary, Patterson, Patton, Pearce, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Rencher, Richardson, Ridgway, Rumsey, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Shields, Sibley, Slade, Smith, Snyder, Southgate, Stanley, Stewart, Stone, Stratton, Tallaferro, Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Elisha Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and York—120.

NAYS—Messrs. Anderson, Andrews, Atherton, Beatty, Baird, Bicknell, Birrell, Boon, Bouldin, Brodhead, Bronson, Bruyn, Bynum, Cambreleng, Timothy J. Carter, Chaney, Chapman, Culley, Claiborne, Cleveland, Coles, Connor, Craig, Cushman, Davey, DeGraff, Duncan, Edwards, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, Gholson, Glascock, Grant, Gray, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Halsey, Howard, Hubley, William H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kemble, Klingensmith, Leadbetter, Lewis, Logan, Arphaxed Loomis, Mar in, McKay, Robert McClellan, Abraham McClellan, McClure, McKim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Noble, O'Leary, Palmer, Parker, Parmenter, Paynter, Pennybacker, Pettkin, Pickens, Plumer, Potter, Pratt, Prentiss, Reilly, Rives, Robertson, Sheffer, Shiloh, Spencer, Taylor, Thomas, Tins, Toucey, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—107.

So the bill was laid on the table.

Some conversation then arose as to whether a motion would be in order, and when, to take up the bill again—Mr. LEWIS wishing to make that motion, but it was ruled to be out of order, and that there was no other way of reaching the subject then but by a motion to reconsider; whereupon

Mr. RENCHER made that motion.

Mr. BORDEN moved to lay the motion to re-

consider on the table, and called for the yeas and nays, which were ordered, and were—yeas 119, nays 106.

So the motion to reconsider was laid on the table.

#### DEPOSITE BANKS.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, Mr. HOWARD in the Chair.

The subject was discussed at some length by Messrs. ELISHA WHITTLESEY, of Louisiana, CAMBRELENG, LYON, GARLAND of Louisiana, and LINCOLN; when the hour of half past 2 having arrived, the House took its usual recess till 4 o'clock.

#### [EVENING SESSION.]

The House went into Committee of the Whole on the Senate bill for adjusting the remaining claims against the late

#### DEPOSITE BANKS.

The question being on the amendment proposing the payment of six per cent. interest per annum to be required on all sums so deposited, and not paid over.

Mr. LINCOLN resumed his remarks. He said the House should judge the banks as they would in the case of individuals. If an individual deposited a thousand dollars at a bank, and on demanding it again were told that he could not be paid, as his money had been lent out, it would be but poor satisfaction. Yet so it was with the Government money. He considered that they were entitled to no indulgence, and that the proposed interest should be required.

Mr. MARTIN did not contend that the banks should be exempt from paying interest, but he objected to the amount required. He referred to the banks in the State of Alabama, and did not think it was necessary to call on the State for security for the payment of such interest as provided in the bill.

Mr. CHAMBERS said the banks stood in the same relation to Government as the Devil did to the human race; he first tempted them to disobedience, and then ruined them. So the Government had encouraged the banks to extend their circulation, and now was seeking their ruin.

Mr. ADAMS occupied considerable time in a critical examination of the first section of the bill, which he contended had no meaning whatever. He gave his views at some length against the bill, when

Mr. CAMBRELENG hoped the gentleman from Massachusetts would have some mercy on the House, and not speak all night, as it was very desirable that one or two appropriation bills should be sent to the Senate, which could not be done if so much time were consumed in useless debate.

Mr. ADAMS proceeded, until

On motion of Mr. CAMBRELENG, the present bill was laid aside, and the bill "making additional appropriations for the year 1837" taken up in its stead.

After some remarks from Mr. CAMBRELENG, in explanation of some additional items at the end of the bill,

Mr. WISE then took the floor. He said that had been the most important day of the session, for it had just been ascertained that the grand experiment had failed; the gold was all gone, and many of the members would be compelled to take their pay in shin-plasters, or the notes of the District. He wished it proclaimed to the country, that such had been the result of the great humbug gold currency, and that at eight o'clock on the last night of the session, the bubble had burst. As for himself, he had been so fortunate as to get gold and silver; and in order to commemorate the event, he intended to mark one of the half dollars, to be kept by his children, and his children's children, for generations to come. Yes, it had come to this at last. Besides, he would ask them if the man Levi, of what tribe he would not say, was fit to be a Secretary, when it was found that he could not even calculate how much gold he should require to carry his measure into execution? He hoped that some loco loco would now get up, and offer a resolution demanding equal rights, and that one man should

not have all gold, while another was paid in shin-plasters.

He then alluded to an item in the bill then before the committee, in which \$10,000 was appropriated for expenses attending the foreign agency at London in relation to the Smithsonian bequest. He contended that there was no necessity for Dr. Rush to remain at London at such an extravagant outlay, and moved to strike out that item from the bill. He adverted to the present distress of the country, and asked how the Committee of Ways and Means could think of smuggling in such an item at this time. He considered it a most prodigal expenditure.

Mr. CAMBRELENG said the gentleman had applied the word "humbuggery" to the administration, and had charged them with attempting to smuggle the item in question through the House. But he would tell the gentleman he was mistaken, and it was not the first time he had missed his mark. A paper had been lying on their tables for more than four weeks, in reference to this subject, which certainly showed any thing but a desire to smuggle it through the House. And as regarded the charge of extravagance, they were merely carrying into effect the act of 1836, which expressly provided for such appropriations to be made annually, for the object already stated.

Mr. WISE'S motion was disagreed to, taken by tellers—yeas 65, nays 74.

Mr. CAMBRELENG then moved an additional item of \$500 for the contingent expenses in the office of the Treasurer of the United States.

Mr. W. COST JOHNSON then addressed the House for an hour in a discursive speech, in which he complained, in very strong terms, of the breach of faith of the Secretary of the Treasury, in his public promise to pay the members in gold, if they desired it. Members had applied to the Sergeant-at-arms for gold, and had been told that there was no more of it, but that they could have silver, or notes of State banks, or of the District banks. He adverted to a number of other topics; but this was the principal theme of remark.

Mr. BYNUM said a very serious charge had been brought against the Secretary of the Treasury, for which, if guilty, he certainly deserved not only the censure of that House, but also of the whole people of the country. That gentleman had no seat upon that floor, and was thereby debarred from all opportunity of defending himself. Mr. B. did not rise at that time to defend the Secretary, but simply to ascertain the facts upon which this serious charge had been made against that distinguished individual. He would, then, premise that his honorable friend, who had just taken his seat, would find that the Secretary of the Treasury had not imposed upon him or other members, but that others had. He begged permission to have read the letter of that officer to the Clerk of the House, which was done.

The letter was as follows:

#### TREASURY DEPARTMENT,

August 16, 1837.

SIR: The near approach of the session of Congress makes it proper for me to apprise you, in order that the information may be used for the benefit and accommodation of the members of the House of Representatives, that this Department will be prepared to furnish funds for their payment in notes of the city banks or specie, or to give drafts upon several of the Collectors of the customs and Receivers of the public money, or the former deposit banks, in suitable sums, as may be most convenient to any of them.

I am, sir, very respectfully,

Your obedient servant,

LEVI WOODBURY,

Secretary of the Treasury.

W. S. FRANKLIN, Esq.

Clerk of the House of Reps. of the U. S.

Now, sir, (continued Mr. B.) the House would perceive that the honorable gentleman who had made this serious charge against the Secretary of the Treasury, had presumed too much upon that kind of information which often led to error, and involved him who relied upon it, likewise, in error. It had been stated there that the Secretary of the Treasury had proposed to pay the members of that body in "gold alone." The House had heard

the letter of that officer, and it contained so such promise whatever.

Mr. WISE. I would ask the gentleman if he referred to me.

Mr. BYNUM. I do not recollect who it was, but I heard it.

Mr. WISE. I never made such a statement that he promised to pay in "gold alone."

Mr. BYNUM. I care not who made the charge, but it must be in the recollection of the House that the assertion was made that he had given a promise to pay the members in gold; and I appeal to the House to say whether I do not state facts.

Mr. B. would now ask the reading of a letter from the Sergeant-at-Arms, in reply to one he had addressed to that officer, calling upon him to state the facts whether the specie was exhausted, and whether any members had been denied being paid therein, as set forth in that letter of the Secretary of the Treasury.

The following were the letter addressed by Mr. B. to the Sergeant-at-Arms, and his reply:

HO. OF REPRESENTATIVES, Oct. 13, 1837.

SIR: Will you be so good as to inform me if you have stopped paying the members of Congress in specie for their mileage and per diem for the present session, and whether you will not be able to pay the whole off in specie for the present session of Congress. Please answer this in writing.

Yours, respectfully,

J. A. BYNUM.

DEAR SIR: In reply to the above, I can only say that I have drawn from the bank coin (either gold or silver) for every member who has requested it, and have now about \$2,000 in specie drawn for the checks of members, that is now ready to be paid to them; and I have been assured by the cashier of the bank that they were prepared to pay in specie all our checks.

Respectfully, your ob't serv't.

ROD'K DORSEY.

Mr. W. C. JOHNSON said he was in the room of the Sergeant-at-Arms, about an hour or so ago, and he saw a member from Virginia being paid in notes; he did not then see that member in his seat. Mr. J. thereupon, asked Mr. Dorsey whether he was paying off members in gold and silver, and he replied that he was not. Mr. J. asked him if the specie was exhausted, and Mr. D. said that it was. This conversation took place in the presence of half a dozen members of the House. He repeated upon his own authority the Sergeant-at-Arms told him so, and he saw him with his own eyes dealing out notes.

Mr. RIVES said he was not the member from Virginia alluded to, but he thought if this matter were investigated, it would be found that that member preferred taking notes to specie; for Mr. R. had been otherwise informed, that that officer had a stock of specie on hand, and had not refused so to pay any member who desired it. Nay, more, that he had, on several occasions, when members have applied to him for their pay, inquired how they would wish to have it. Some of them replied that they would prefer Treasury notes, contemplating their issue, and, in that event, concluded to wait till they were issued. Some had preferred Virginia bank notes; others had preferred District paper, and others again gold and silver; perhaps none have preferred silver. There was no question that the promise contained in the Secretary's letter had been fully complied with, and every member, who desired it, had been paid in specie.

Mr. WISE again called for the "emphatic" reading of Mr. Woodbury's letter, (as given above) which he still insisted was an imposition.

The letter having been read, Mr. W. cited from it the following passage "as may be most convenient to any of them."

Now, said he, which was most convenient? Specie was the general term, embracing both gold and silver, but the letter was an imposition, for there was not a man there who would take forty or fifty pounds weight of silver, and that in fractions of a dollar, for they could not get it in whole dollars. Was it convenient then for members to take silver? No. Then they were reduced to Hobson's

choice—paper or silver, having no gold, and therefore they were compelled to take paper, and therefore too Levi could not redeem his promise. Mr. W. stated, in confirmation of this fact, that Mr. Halstead of New Jersey, made application to the Sergeant-at-Arms for gold, and could not get it. The Sergeant-at-Arms refused it.

Mr. JOHNSON interposed, and said that, in the remarks, he had made on this subject, he, in no way, intended to impeach that officer, for a more faithful, diligent, and honorable one they had never had.

Mr. WISE remarked that he did not design to impeach the conduct of the Sergeant-at-Arms, and that officer would not so understand him, but there were a dozen members who could confirm what he had stated. Mr. Dorsey had to pay out what funds were in his possession, or he was supplied with, and gold, at present, formed no part of them.

Let him also inform the House of another fact, that the very specie they were then paid with, even the silver, was the bank's specie, and not the Government's. The Bank of the Metropolis had loaned the Government some twenty or thirty thousand dollars in specie for this purpose, for the Government had neither gold nor silver of its own to pay out.

Mr. BRIGGS inquired of the Chair what was the question.

The CHAIR stated it was on the clause respecting the item for an agent in London to prosecute the Smithsonian bequest.

Mr. BRIGGS expressed an earnest hope that the committee would take the question. There they were at 10 o'clock of a Saturday night, on the last night too of the session, with much important business to act upon, wasting about two hours on the contemptible question, whether the Sergeant-at-Arms had gold or silver to pay the members! In the name of heaven, he called upon the members of that House to continue this discussion no further, a discussion, together with the question involved in it, of no consequence to any human being on earth.

While up, he must say, that the effort of his friend from Virginia, (Mr. Wise) to fix any thing wrong upon the Secretary of the Treasury, from the reading of his letter, did not meet Mr. B's approbation. The Secretary told the Clerk of the House, that the members would be paid either in notes of the city banks, or specie, or drafts upon collectors or receivers, or deposit banks, in one or the other, as should suit their convenience. Now he would ask the gentleman if it was a fair construction, to say that this was a promise to pay in "gold?"

Mr. WHITTLESEY, of Ohio, called the gentleman to order, for irrelevancy.

Mr. BRIGGS. I will come to order, sir; for I am too well aware of the utter irrelevancy of this whole discussion; and being so, I stand corrected.

Mr. HAWKINS begged leave to state what he witnessed in relation to this matter, in the room of the Sergeant-at-Arms.

Mr. CALHOUN of Massachusetts objected.

Mr. GLASCOCK hoped the gentleman from North Carolina would be allowed to go on, especially as he was a member who had never, in his life, delayed the business of the House. [Loud and general cries of "go on!" "go on!"]

Mr. HAWKINS then made a statement substantially as follows: That he had stepped in the room where the Sergeant-at-Arms was paying the members, when he heard the member from Virginia from the Richmond district, (Mr. Robertson,) apply to that officer to know in what kind of currency he intended to pay him. Mr. Dorsey observed that he could pay him in specie, and asked him what kind of money he wanted. Mr. Robertson stated that he wished Virginia paper. Mr. Dorsey said he had not got Virginia paper, but would try and get it for him. One of Mr. H's colleagues, standing by, said if Mr. Dorsey would give him specie for fifty dollars of United States Bank paper, perhaps these notes would suit Mr. R's convenience. Mr. Robertson said he would not take the notes of the United States Bank, but would much prefer Virginia bank paper to it.

The amendment was then disagreed to.

Mr. WISE then moved to amend the clause by reducing the item for the expenses of the agency to London, to attend to the Smithsonian bequest, from 10,000 to \$5,000.

Mr. CAMBRELENG said he had not the least objection, because, if the larger sum was found to be requisite, it could be provided for next session.

The amendment was accordingly agreed to.

On motion of Mr. CAMBRELENG, the committee then rose and reported, and the amendment having been concurred in, and then ordered to a third reading, it was then read a third time and passed.

The joint resolution of the Senate suspending the rules which prohibit the transmission of bills from one House to the other during the last three days of the session, and also the presenting of bills to the President within that time, was agreed to, after amending it so as to except the divorce banks bill from its operation, which was excepted, to on motion of Mr. THOMPSON of South Carolina.

On motion of Mr. F. O. J. SMITH, the Committee of the Whole on the state of the Union were discharged from the further consideration of the bill to settle with the deposit banks.

#### SEMINOLE WAR.

On motion of Mr. CAMBRELENG, the House then again went into Committee of the Whole on the state of the Union, (Mr. Briggs of Massachusetts, in the chair,) on the bill making appropriations for the Seminole war.

The bill having been read through,

Mr. CAMBRELENG submitted a variety of statements, showing the necessity of a further call of \$1,600,000, among which was the following letter from the Secretary of War:

WAR DEPARTMENT, Sept. 14, 1837.

SIR: The Seminole Indians having a second time failed to comply with their engagements, this department has been compelled to make extensive preparations for a vigorous prosecution of the war in Florida. The success of the measures adopted by the Government, in pursuance of a humane policy towards the Indians, and our duty to protect the persons and property of the citizens of that Territory from outrage and violence, leave us no alternative other than the enforcement of the treaty; and an effort is being made to enable the officer charged with its execution, effectually to accomplish this object. The nature of the country and of the climate, has enabled the enemy to prolong this contest to an unexpected length; but the experience of the officers who, with so much constancy and courage, have hitherto conducted the military operations there, the knowledge of the country they have acquired, and the means which will be placed at their disposal, all give reasonable hopes of bringing the war to a speedy and successful close.

The disastrous consequences of an unsuccessful summer campaign involved the country in great expenses, that were much increased during the protracted negotiations which terminated so unfortunately by the Indians again violating their treaty obligations. During this period, vessels were kept in readiness at great cost, and other means provided to facilitate the emigration of the Indians, while the ordinary expenses of the war establishment were necessarily continued. These unavoidable expenses, with those incurred by the preparations now making to collect a sufficient force and ample supplies for the ensuing campaign, have exhausted the means placed at the disposition of this department for the suppression of Indian hostilities, and will render further legislative provision necessary.

There will be required for the suppression of Indian hostilities, under the following heads, the sum of \$1,588,848 22, to wit:

For forage, means of transportation, and various other objects of supply, to be procured by the Quartermaster's Department, and to meet the contingent expenses of the service	\$800,000 00
For pay of volunteer force that will be employed in Florida	600,000 00
For clothing and equipage to be provided by the Purchasing Department	153,848 22

For supplies to be furnished by the	
Ordnance Department	25,000 00
For medical supplies	10,000,00
	<u>\$1,588,848 22</u>

With a view to an economical prosecution of the important work now in progress on the Red river—the removal of the raft—it is respectfully suggested that the sum of \$25,000 be appropriated at the present time. This amount, it is confidently believed, if applied now, will enable the department to complete that object; whereas, if the works be suspended for want of funds, until the usual period of making the annual appropriations, much precious time will be lost, and great additional expense incurred.

Very respectfully, your most obedient servant,  
J. R. POINSETT.

Hon. SILAS WRIGHT, Jr.

Chairman Committee of Finance, Senate.

The bill was then laid aside, to be reported to the House.

#### NEW YORK FIRE.

Mr. CAMBRELENG moved that the Committee take up the bill to remit the duties on certain goods destroyed by fire in the city of New York.

Mr. WHITTLESEY of Ohio wished to inquire of the gentleman if he thought to pass that bill the present session?

Mr. CAMBRELENG replied that he hoped so, and made an earnest appeal to the Committee to give its approbation to the measure.

The bill was then taken up, and having been read by the Clerk,

Mr. UNDERWOOD, to test the sense of the Committee, proposed that it be laid aside, and that the Committee refuse at present to act upon it.

Mr. CAMBRELENG hoped that motion would not prevail.

Mr. HOFFMAN also joined in that wish, and the motion was disagreed to, ayes 66, noes 67.

Mr. CAMBRELENG concurred with the gentleman from Kentucky, that they had not time to discuss this bill then, but he did not consider it necessary, after the very long debate upon it last year, which had been spread before the nation, and he therefore trusted the committee would act upon it at once, and report it to the House.

Mr. THOMPSON, of South Carolina, strongly opposed the bill, and expressed his determination to defeat it, and moved that it be laid aside.

Mr. PHILLIPS said a few words in its support.

Mr. OWENS moved that the committee rise, and report the Seminole war bill, which was agreed to; and that bill having been engrossed, was read the third time and passed.

#### DEPOSITE BANKS.

On motion of Mr. JOHNSON of Louisiana, the bill from the Senate, "for adjusting the remaining claims upon the late deposite banks" was taken up.

Mr. J. proposed to amend the bill by striking out the clause granting the deposite banks, four, six, and nine months, and by inserting the following: "The first instalment to be paid on the first day of July next, the second on the first day of January, 1839, and the remaining instalment on the first day of July, 1839." He explained the important services rendered to the Government by the two deposite banks in the city of New Orleans, and the strong claims they had for indulgence; and he exhibited a statement showing the millions which had been transferred, by order of the Secretary of the Treasury, from other points to the said banks in New Orleans, and paid there. He remarked, that those banks would probably sustain immense losses by remittances in exchange to points designated by the Secretary of the Treasury, in consequence of the proiest of the greater portion of them. Had the bills so purchased and remitted been paid, nearly the whole debt due to the Government would have been extinguished. They were drawn, he said, on houses believed to be perfectly good at the time, and would have been punctually paid, but for the recent pressure, which had created such a convulsion in the commercial affairs of the country. Notwithstanding those losses, however, the banks, he said, are now prepared, and always have been, to pay the whole amount due by them, in such

funds as they received in deposite. Mr. J. contended, that, independently of the claims of the deposite banks upon the Government for indulgence, it was due to the people that it should be granted. That by pressing the banks, a pressure would be created upon the people. He was decidedly opposed to the amendment presented by his colleague, (Mr. Garland) as well as to the one offered by the gentleman from New York. They were both calculated, if adopted, to operate injuriously.

Mr. POPE and Mr. ADAMS severally opposed the bill; when the amendment was agreed to—ayes 77, noes 54.

Mr. CAMBRELENG said, to put an end to this matter, he moved the previous question.

Mr. UNDERWOOD inquired, before he could vote for it, if the banks were required to pay interest?

Mr. CAMBRELENG replied in the affirmative. The previous question was then seconded, and the main question having been ordered, the amendment was concurred in; and the question being on the final passage of the bill,

Mr. WILLIAMS of North Carolina said he was totally opposed to this bill in every shape and form; and, therefore, he asked for the yeas and nays, but they were refused.

Mr. BELL opposed the bill, and demanded some explanations, as to its details, of the chairman of the Committee of Ways and Means, which were given. He then suggested, as the best mode of disposing of the subject at so late a period in the session, to authorize the Secretary of the Treasury to suspend all legal proceedings against the banks referred to in the bill, until the next session of Congress. He considered the bill to be loosely drawn, containing no provision for the case of those banks against which suits had been actually instituted.

After a few words from Mr. MARTIN of Alabama, the question was taken on the passage of the bill, as amended, and decided in the affirmative.  
GENERAL APPROPRIATION BILL—AMENDMENTS THERETO.

On motion of Mr. CAMBRELENG, the House then resolved itself into a Committee of the Whole on the state of the Union, (Mr. Briggs in the chair,) and took up the amendments proposed thereto by the Senate. There were three.

The first makes appropriation of \$25,000 for the printing and binding of certain documents ordered by the Senate.

The second provides for an additional appropriation of \$2,000, for extra clerk hire in the office of the Solicitor of the Treasury, under laws passed at the present session of Congress.

The third bill authorizes the Secretary of the Treasury to settle all outstanding Treasury drafts or transfers on the deposite banks, under the deposite act of 1836, such drafts or transfers to be received at par in the payment of debts, without allowance of interest or damages thereon.

Mr. GARLAND of Louisiana made objection to the second proposed amendment; and, by consent, the other two amendments were first taken up, and concurred in by the committee.

The second amendment being then exclusively under consideration, after some remarks from Messrs. JOHNSON of Louisiana, and THOMPSON of South Carolina, the proposition was rejected—ayes 67, noes 62.

On motion, the committee then rose, and reported the amendments to the House. And the question being on the concurrence of the House with the Senate in the proposed amendments, (the question being taken on them severally,)

Mr. WHITTLESEY of Ohio, demanded some explanation as to the second amendment calling for an additional appropriation of \$25,000 for certain printing and binding.

The CLERK read several resolutions of the Senate authorizing the printing of certain documents relating to the session of the District of Columbia to the United States, and other subjects; and,

After some remarks from Messrs. CARTER, MENFEE, CUSHING, and DUNCAN, the amendment was concurred in.

Mr. CUSHING then asked for some information in regard to the third proposed amendment; and

whether the provisions it contains were intended to reach, or apply to, any particular case?

Mr. CAMBRELENG made a brief reply.

The first and third amendments of the Senate were agreed to, the House non-concurring with the second.

#### THE NEW YORK FIRE BILL.

Mr. CAMBRELENG moved that the House go into Committee of the Whole on the bill to relieve the owners of goods destroyed at the great fire in New York from the payment of duties thereon.

Mr. RENCHER moved that the House adjourn: lost.

The motion to go into committee was also lost—ayes 66, noes 70.

#### HOOR OF MEETING ON MONDAY.

Mr. WHITTLESEY of Ohio asked the consent of the House to offer a motion, that when the House adjourn, it be to meet on Monday, at 7 o'clock, a. m. (Cries of No! no! from all sides.)

Mr. WHITTLESEY named 8 o'clock, a. m. (Cries of No! repeated.)

Mr. OWENS named 9 o'clock, a. m. (Same cries.)

Mr. WHITTLESEY demanded the suspension of the rule, to enable him to make the motion: this motion, requiring a vote of two-thirds, prevailed—ayes 119, noes not counted; and the motion to meet at 8 o'clock on Monday morning was carried.

Another unsuccessful motion was then made to adjourn.

Several enrolled bills were presented, and signed by the Speaker.

Mr. DUNCAN, on leave, had the record of his vote on the motion to lay the motion to reconsider the vote on the Sub-Treasury bill this day, changed from the affirmative to the negative.

#### THE DEPOSITE BANK ADJUSTMENT BILL, AS AMENDED.

The Senate, having concurred in the amendment proposed by the House to this bill, proposed a further amendment, declaring that the default referred to in the bill shall be understood to be a failure of any of the deposite banks to pay the drafts of the Treasury; and that such bank be charged six per centum per annum interest on such drafts for the time of default.

Messrs. McKAY, POPE, and GRAVES, made a few remarks upon the proposed amendment; and Mr. LOOMIS, of Ohio, moved to lay the whole bill on the table; which motion was lost.

Mr. GRAVES thought the amendment partial, and oppressive in its provisions, and was making some remarks to that effect, when he observed that he should suspend them until the Chair had finished his conversation with another member.

The SPEAKER said it was usual for the Chair to answer such questions, in regard to the pending business, as any member choose to come to the Speaker's table to propound; that he was doing this then, and could not be expected to look intently on every gentleman who addresses the House.

Mr. GRAVES thought the Chair could not attend to individual members of the House and to the business of the Chair at one and the same time.

The SPEAKER called the gentleman to order; and

Mr. GRAVES proceeded with his remarks. He wished the amendment proposed to be so modified as to be uniform in its application to all the deposite banks.

Mr. LOOMIS of New York, reviewed the course the debate had originally taken upon the proposed amendments, and upon the different propositions, as made by himself and others, and the action of the House upon the same. He thought the bill had better not pass in the form proposed by the Senate, but should rather, for the present, be postponed, and brought forward hereafter in a more digested form. Mr. L. closed his remarks by moving to postpone the further consideration of the bill until the first Monday in December next.

Mr. POPE of Kentucky, said he had conceived that there were two objects for the convention of Congress at this session: the first was, to relieve the mercantile distress of the country; and the second, to devise such means as would relieve the banks, and enable them to resume specie payments immediately. He was in favor of such action



on this bill as would accomplish the latter object most speedily.

Mr. CAMBRELENG reminded the House that it was then ten o'clock at night, and that the proposition before them was the only one impeding their progress.

Several gentlemen expressed opinions favorable to immediate action on the amendment, and Mr. GRAVES hoped that the gentleman from New York, (Mr. Loomis,) would withdraw his motion; which suggestion was complied with by the latter.

The question being on concurrence with the Senate in their amendments,

Mr. WISE called for a count, which was ordered, and it appeared that the House was without a quorum.

A motion being made to proceed with the consideration of the subject before the House,

Mr. WISE would not consent to act on a matter so important in that state of the House. Here were some 80 members doing the business, to transact which, 240 had been sent here! Nor was there a quorum in the Senate, either; and on a bill like this! at a distress session, too! He could not consent to it.

Mr. HOWARD moved that the House non-concur with the Senate in its proposed amendment, with a view to a conference between the two Houses.

Mr. LEWIS remarked that there was neither a quorum in the Senate nor in the House.

Mr. ADAMS said, the House can neither concur nor non-concur. It was then Sunday morning, he observed, and he would move that the House adjourn. But he withheld this motion until the question on concurring was put, when it appeared (by a count of tellers) that there was no quorum present, 61 voting in the affirmative, and 22 in the negative.

Mr. McKIM moved that the House do now adjourn.

Mr. WISE. Let us see who the members are who do not choose to adjourn under these circumstances. I call for the yeas and nays.

The yeas and nays were ordered, and the vote stood: Yeas 38, nays 50.

Mr. CAMBRELENG then said that it would be subjecting the members present to too much inconvenience to keep them here during the tedious process of a call of the House, so late at night. But, if the officers of the House do their duty, a quorum may be kept on Monday, when he hoped to see such an attendance as would result in the transaction of the public business.

Mr. THOMAS suggested that it was better to pass a vote of non-concurrence, which would leave this question just where it was, when many members went home, believing that no further action would be had upon the bill before the House.

Mr. HAYNES could not consent to do business with the knowledge that there was no quorum present. Before any question could be entertained, the presence of members must be compelled.

Mr. LEWIS. Let us have a call of the House, then, and compel the attendance of members.

Mr. ADAMS would not consent to act upon any question without a quorum. This bill he considered as the price of the deposit postponement bill, passed this session by Congress; and a measure of too much importance to be acted upon in that state of the House. He would sit there till Monday morning, if required, but he, for one, would not do business with only eighty members present.

Mr. HAYNES said he was convinced nothing could be done that night, and he therefore would move an adjournment.

This motion prevailed, without a division, and the House adjourned at half past one o'clock on Sunday morning.

#### IN SENATE,

MONDAY, OCTOBER 16, 1837.

Mr. NORVELL presented a memorial; which was ordered to lie on the table.

Mr. LINN offered a resolution which was agreed to, calling on the President to furnish (if not incompatible with the public interests) at an early

period of the next session, any correspondence that may have taken place between this Government and foreign powers, in relation to our territory west of the Rocky Mountains.

A message was received from the House of Representatives, stating its concurrence in the amendment of the Senate to the bill extending the indulgence to the late deposit banks.

Mr. NORVELL then moved that the Chair appoint a committee on the part of the Senate to meet on the part of the House to wait on the President, and ask if he had any further business.

Messrs. NORVELL and CLAY of Alabama were appointed to meet the committee on the part of the House; when, after a few moments,

Mr. NORVELL announced that the committee had waited on the President, and been informed that he had no further business for the Senate, but tendered his acknowledgments for their attention to the public business, and wishing them all happiness, and a safe return to their homes.

On motion of Mr. NILES,

The Senate then adjourned till the first Monday in December.

#### HOUSE OF REPRESENTATIVES,

MONDAY, OCTOBER 16, 1837.

The House, pursuant to the order adopted on Saturday night, assembled at 8 o'clock, a. m.

On motion of Mr. CAMBRELENG, the ordinary business of calling for petitions, and reports of committees, was dispensed with.

#### DEPOSIT BANKS.

The House then resumed the consideration of the amendment of the Senate to the bill granting indulgence to the deposit banks, declaring the time at which payment of interest on balances due shall commence, viz: from the date of any default or neglect to pay any draft or requisition of the Treasury.

Mr. HAYNES said a few words on the amendment, in relation to its application only to banks which had been delinquent. This excluded from the provisions of the bill entirely those which had not been drawn upon at all.

Mr. ADAMS spoke with warmth in opposition to the bill and amendment. Its provisions having reference to the first section of the bill, would, in effect, apply not to banks which were delinquent, but involved the absurdity of applying it only to banks which were not delinquent. Mr. A. said he had demonstrated this at a previous sitting to the conviction, he believed, of every one who had heard him. The chairman of the Committee of Ways and Means had not so much as attempted to answer the argument. And, Mr. A. now declared, in the presence of this House, that if this bill was to go forth to the nation with that section in it, it would be a disgrace to our legislation. The first section of the bill extended relief to those banks only which were not delinquent; and, as the amendment had reference to the same banks, it would, in fact, have no operation at all, unless from a constructive power in the Secretary of the Treasury, and a fraudulent application of it to such banks as were delinquent. If the obstinate perseverance of the chairman of the Committee of Ways and Means in forcing this bill through the House with this obvious absurdity on its face was to succeed, it should not be at least without opposition on the part of Mr. A. He would read the first section once more, and would demonstrate, a second time, that it had reference only to banks which were not delinquent. Let the chairman (cried Mr. A.) answer me, if he can. [Mr. A. here read the section referred to.] What a power (said he) is here given to the Secretary of the Treasury! The power of selecting and discriminating between bank and bank, at his pleasure; of refusing to apply the benefits of the act to any bank he chose; for he might reply to its application for relief: "You have not complied with the requisitions of the Department, and, therefore, you can not be relieved." While, when a similar application was made by another bank whom he wished to favor, he might pass over the matter in perfect silence and grant the request. It gave him the power of a double construction; and under that power he might select any bank he chose to ruin,

and any other he chose to save, and apply the one construction or the other as best suited his purpose. It carried either fraud or absurdity upon its face.

Mr. A. then went into a recapitulation of what had passed in the House on Saturday in relation to the bill, characterizing the amendment offered by Mr. Loomis, of New York, as proposing nothing but simple, rigorous, abstract justice to the States which had been injured by the postponement of the deposits, by requiring that the banks of those States which held large amounts of money which would, but for that postponement, have gone to other States, should pay legal interest for its use. The subsequent amendment offered by Mr. Johnson of Louisiana, he referred to a consummation of the bargain which, he said, had been with so much decency consummated in the face of the House between the chairman of the Committee of Ways and Means and certain gentlemen from Louisiana, whose votes he wanted to pass his postponement bill.

Mr. RICE GARLAND here interposed. Does the gentleman refer to me?

Mr. ADAMS. I refer to no individual whatever.

Mr. R. GARLAND. Am I the gentleman from Louisiana referred to?

Mr. ADAMS. I did not allude to him more than to other gentlemen coming from those States where this money lies. I had no particular reference to one of them more than to another.

Mr. CHAPMAN. I am the only other member who can be alluded to. I made no bargain of any sort about the matter. I have been no devoted friend to the measure from its inception to its consummation. The gentleman, therefore, can not refer to me. In truth, I do not believe this bill will be of any benefit to the deposit banks at all.

Mr. ADAMS. I did not allude to that gentleman—far from it; I am fully aware that he preferred that the bill should not pass: I would to God that all the gentleman coming from the States most interested could say the same. I repeat that the bargain was pointed out by the gentleman from Georgia, (Mr. Dawson) and a gentleman from Missouri, at the very time it took place; and I say further, that I take this amendment to be the consummation of that bargain. When it was proposed, in committee, that the bill to postpone the deposits should be laid aside until this bill for the relief of the banks should first be acted upon, the chairman of the committee did openly pledge himself, when resisting that arrangement, that those banks should be liberally dealt with: and here we have the fulfillment of that pledge.

Mr. CAMBRELENG. Is it in order to refer, in the House, to what passed in Committee of the Whole.

The SPEAKER was replying, when Mr. ADAMS said he hoped the Chairman of the Committee of Ways and Means would not be suffered to put him down. He should declare the disgraceful scene, whatever interest that gentleman might have in shutting his mouth.

Mr. CAMBRELENG. It is disgraceful to you, if to any one; and this is not the first time the gentleman has attempted to retard and defeat the public business by talking it down. I insist, Mr. Speaker, upon the point of order.

The CHAIR here pronounced it wholly out of order to refer, in the House, to what had been said or done in Committee of the Whole.

Mr. ADAMS then said he would put a case—and would suppose that certain facts had transpired, not here, but in another Legislature—in the moon, if gentlemen pleased. He then repeated what he had before stated as to the history of the amendments to the bill. When the amendments were still pending, the objections all urged, and none of them answered, the bill had been laid aside, other bills had been taken up, when the committee rose and reported progress on the whole. Immediately thereupon it had been moved by a member from Maine, that the Committee of the Whole be discharged from the further consideration of this bill; the effect of which was to cut off the amendment of the gentleman from New York, (Mr. Loomis.) The amendment of the gentleman from Louisiana (Mr. Johnson) was then offered,

# CONGRESSIONAL GLOBE.

25TH CONG.....1ST SESS.

THURSDAY, OCTOBER 19, 1837.

VOLUME 5.....No. 10.

BY BLAIR & RIVES.

—WEEKLY—

PRICE \$2, FIRST TWO SESSIONS.

[Continued from No. 9.]

and instantly on its adoption the chairman of the Committee of Ways and Means sprang to his feet and demanded the previous question, and the bill was thus passed almost by acclamation.

Now the bill came back from the Senate with an amendment, which would render the whole either a palpable absurdity or else an instrument of fraud. And this was the way in which the business of this whole session had been conducted; a session which had been called for the purpose of organizing an entirely new system of finance for the country. The House had sanctioned a series of measures all tending to this object; but the most pernicious and cruel of them all had, he thanked God, been laid upon the table. At least a respite had thus been afforded to the nation, a breathing spell, before it had imposed upon it that state of servitude which the system, if successful, would not have failed to fasten upon it. He now said, openly, in the face of the House, that whenever objections, however strong, had been urged against the system of measures which had originated in the Treasury, with the exception of a few petty paltry amendments proposed by the chairman of the Finance Committee, that gentleman had no other recourse against them but to call upon his party to "toe the mark;" that had been his answer, and his whole answer, to every argument. That had been the history of the session. The chairman of the Committee of Ways and Means, the minister of the Executive, the Chancellor of the Exchequer, who was here to carry into effect the receipts of the Treasury Department, had no other answer to any objections, either in gross or in detail, than this cry of "toe the mark." Mr. A. had asked of him what part of this bill applied to delinquent banks? What it was that by the bill the United States gave up? And he had been utterly unable to answer; yet, from his official situation, it was his place to answer inquiries put to him in relation to the public measures he brought forward. His only reply had been to get the bill laid aside, to consummate his bargain, and then to call the previous question. Such had been his course throughout; and Mr. A. could not suffer the session to come to a close, without exposing and denouncing it to the country. Had the system originated in Heaven, (which seemed to be the very contrary place to that in which it did originate,) questions, of a relevant nature, and properly presented, might be asked of him who brought it into the House; and it was his official duty to respond to them, and to give his reasons, if any he had. But nothing of this had been done at all. He had got the deposit bill passed, after attempting to force it through the House in its original form, by admitting the minimum amendments, and excluding every other.

The CHAIR here admonished Mr. A. that the deposit bill could not now be discussed; it was not before the House.

Mr. A. I consider each and all of these bills as part and parcel of one system, and therefore—

The SPEAKER. This is a question of concurrence with the amendment of the Senate to a different bill; it has no connection with the deposit law; and it is out of order to discuss that law at this time.

Mr. A. Does the Speaker deny that these measures constitute one system? Does he decide that this bill and amendment are not part of that system?

The SPEAKER. The Chair is not called to decide that question. This is not the deposit bill; and the deposit bill can not now be discussed.

Mr. A. I was not discussing the deposit bill. I was connecting the other measure with that now before the House: I was showing its connection with this bill and amendment. They are so connected that they can not be separated; and I was deriving an argument against concurring in this amendment from external objects, and the anti-deposit law among others.

The SPEAKER here said that if it was the object of the gentleman to connect it with the present subject, and there could be shown to exist such a connection, it would be in order to introduce it; but the Chair could perceive no connection. He would leave it to the judgment of the gentleman from Massachusetts.

Mr. CAMBRELENG said he did not hear the decision of the Chair; if the gentleman from Massachusetts was out of order, he hoped he would not be permitted to proceed.

Mr. A. Well: since what I was saying is so exceedingly disagreeable to the chairman of the Committee of Ways and Means, and apparently to the SPEAKER of this House, I will sit down.

The SPEAKER. It is not disagreeable to the SPEAKER: he has no desire to interrupt the gentleman from Massachusetts: but the CHAIR must discharge its official duty;

Mr. A. I have no doubt of the disposition of the SPEAKER to discharge his duty "as he understands it;" but, unfortunately for me, the SPEAKER understands it a different way from what I do.

Mr. CAMBRELENG rose to order. When a member was called to order by the CHAIR, and was manifestly out of order, and was ordered to take his seat, was it not his duty, under the rules of the House, to take his seat? and could he again proceed without the leave of the House?

The SPEAKER said that when a member was so repeatedly out of order as to be directed by the CHAIR to take his seat, the rule was as the gentleman from New York had stated. But, in the case of the gentleman from Massachusetts, the CHAIR had abstained from interposing by an absolute command, as he was empowered by the rules to do; and the gentleman was therefore at liberty to proceed, if he confined himself to the subject before the House.

Mr. A. Out of tenderness to the Chairman of the Committee of Ways and Means, I will say no more.

Mr. CAMBRELENG. All I shall say in reply is, that as the gentleman has referred, in his suppositious case, to a council in the moon, I should consider the gentleman himself as very fit to be a member of such a council.

I demand the previous question.

Mr. LINCOLN here moved to lay the bill and amendment on the table; and as, by the rules, this question takes precedence, the question was put upon laying on the table.

Mr. RICE GARLAND hoped the motion would be withdrawn, that he might have an opportunity of replying to the very unjustifiable attack made by the gentleman from Massachusetts upon the members from Louisiana.

Mr. LINCOLN declined, and asked for the yeas and nays, but they were refused; and the question was thereupon put to the House, and decided in the negative without a count.

The call for the previous question was seconded—ayes 87, noes 37.

The previous question was agreed to—ayes 92, noes 32.

The main question, on concurring with the Senate in their amendment to the bill, (as above stated,) was then put, and carried by yeas and nays, as follows:

YEAS—Messrs. Alexander, Heman Allen, John W. Allen, Anderson, Andrews, Atherton, Ayer, Beary, Birnie, Bell, Bicknell, Biddle, Birdsall, Boon, Boudin, Brodhead, Bronson, Bruyn, Cambreling, John Campbell, Casey, Chambers, Cilley, Claiborne, Clark, Cleveland, Coles, Connor, Corwin, Crockett, Cushing, Cushman, Davee, De Graff, Duncan, Dunn, Everett, Ewing, Foster, Gallup, James Garland, Gholson, Goode, William Graham, Grant, Graves, Griffin, Hamer, Harlan, Harrison, Harper, Hawkins, Herod, Hoffman, Hopkins, Howard, Hubley, Jabez Jackson, Jenifer, Kilgore, Lewis, A. W. Loomis, Maxwell, McKay, Robert McClellan, Abraham McClellan, McKim, Menefee, Miller, Montgomery, Morgan, Mathias Morris, S. W. Morris, C. Morris, Muhlenberg, Maury, Noble, Ogde, Palmer, Parker, Parmenter, Patton, Phillips, Plumer, Pope, Pratt, Prentiss, Reilly, Ridgway, Rives, Runsey, Shields, Shepler, Southgate, Spencer, Stewart, Taylor, Thomas, Titus, Toland, Towns, Turney, Vail, Webster, A. S. White, E. Whittlesey, C. H. Williams, and Yell—106.

NAYS—Messrs. Adams, Bond, William B. Calhoun, Wm. B. Campbell, W. B. Carter, Chapman, Cheatham, Curtis,

Davies, Dennis, Edwards, Richard Fletcher, Fillmore, Rice Garland, James Graham, Greenell, Hastings, Haynes, Henry, Holmes, Robert M. T. Hunter, Lawler, Lincoln, Arphaxed Loomis, Marvin, Mercer, Naylor, Patterson, Peck, Potts, Reed, Russell, C. Shepard, Sibley, Snyder, Stanly, Stratton, Taliaferro, Tillinghast, Underwood, Lewis Williams, Joseph L. Williams, Wise, and Yorke—49.

[This decision completed the passage of the bill through both Houses.]

Mr. CAMBRELENG then rose and drew the attention of the House to a very valuable work that had been published, containing all the Treasury reports on the subject of the finances, from the year 1789 to the present time, and remarked, that it would not only be very useful to be deposited in the library, but, as a statistical work, was absolutely indispensable as a book of reference. He, therefore, asked leave to submit a resolution for the purchase of three hundred copies of the said work, at a price not exceeding the usual rates paid for congressional documents ordered by the House.

The resolution having been received—  
Mr. WHITTLESEY of Ohio objected to it as incurring an expense without due consideration. A proposition of this kind ought to undergo the revision either of the Committee of Accounts or the Committee on the Library.

Mr. CAMBRELENG replied that it had met the approbation of the chairman of the Committee of the Library (Mr. Patton,) who would have submitted the resolution, if he had been in the House, and had also been approved of by another member of that committee then present (Mr. Lincoln,) and likewise by the absent member (Mr. Crary.)

Mr. WHITTLESEY wished to see the work first before he would consent to its purchase.

Mr. CAMBRELENG replied, that it was the only work he had seen confined exclusively to the Treasury reports. In fact, none of them had ever been published.

Mr. LINCOLN expressed his readiness to vote for the purchase of this work.

Mr. HARLAN moved to lay the resolution on the table; which was agreed to.

Mr. ROBERTSON submitted a plan for the receipt, custody, and disbursement of the public moneys, which he proposes hereafter to submit; and on his motion it was ordered to be printed.

[This is the same heretofore submitted by Mr. R. and printed in the Globe.]

Mr. WILLIAMS, of North Carolina, asked leave to introduce the following resolution:

Resolved, That the Clerk of the House be instructed, with the aid of the Commissioner of Public Buildings, to cause the chair of the Speaker, and the seats of the members, to be restored to their former position in the hall.

Several members objected to the introduction of the resolution, when

Mr. MERCER moved to suspend the rules so as to introduce the same.

The motion was disagreed to, two-thirds not rising in its favor.

The resolution which had been received from the Senate a few minutes before, for the appointment of a joint committee to wait on the President of the United States, and inform him that, unless he had other communications to make to Congress, the two Houses were about to close the present session by an adjournment, was now taken up and agreed to, and

Mr. THOMAS, of Maryland, Mr. POPE, of Kentucky, and Mr. TAYLOR, of New York, were appointed of the committee on the part of the House.

Mr. LEWIS, of Alabama, asked and obtained leave to lay on the table the following amendment, which he wished to have moved to the sub-Treasury bill. It was also ordered, on his motion, to be printed:

In the 3d section strike out all after the word "office," in the fifth line, to the words "ten thousand dollars," in the ninth line, and insert the following:

"All such excess shall be deposited, without delay, to the credit of the Treasurer of the United

States, in a bank or banks most conveniently situated, that may be selected by the Secretary of the Treasury, on condition that the said bank or banks are not to use or employ the said deposits as a fund for discount, nor mingle the same with the proper funds of the banks; and that they shall also give receipts or certificates for the sum thus specifically deposited, to return the same when required; and it shall be the duty of the Secretary of the Treasury, in making his selection, to give preference to such bank or banks as may at the time be the depository of the funds of the State, Territory, or District, in which they are situated; and, in case there be no bank willing to receive the public money on the terms aforesaid, the excess aforesaid shall be transferred to some other depository that may be designated by the Secretary of the Treasury: *Provided, always,* That the disbursing warrants of the Treasurer shall be drawn on the public depository, provided for in the first section of this act; and, in case of a deficit of funds to meet the same, he or they shall draw upon the funds specifically de-

posited by him or them in bank to meet the same, under such regulations as the Secretary of the Treasury may prescribe."

Mr. PALMER of New York, asked and obtained leave to lay on the table and have printed the following amendment to the Sub-Treasury bill, which he gave notice he would move when that subject should come before the House at the next session of Congress:

SEC. 11. *And be it further enacted,* That in places where the amounts ordinarily held in deposit at one time shall exceed the sum of fifty thousand dollars, it shall be lawful for the Secretary of the Treasury, whenever, in his opinion, the public interests will be promoted thereby, to employ, under the direction of the President of the United States, one or more of the State banks as public depositories, instead of the depositories provided by this act: *Provided,* That the public funds shall be placed therein in special deposite; and the duties of receiving, keeping, and disbursing the same, and all other duties required by this act, to be rendered by the officers

of said banks, for such compensation as may be agreed upon by and between the Secretary of the Treasury and said banks; and said banks, and the officers and clerks thereof, under whose charge the same may be, shall be under like restraints from loaning or using the same, and subject to like penalties for violations therefor as are provided for in the first and ninth sections of this act.

A number of petitions and memorials were, on leave, presented and laid on the table by Messrs. CUSHING, CLAIRBORNE, THOMAS, BICKNELL, MERCER, HOWARD, and TAYLOR.

Mr. THOMAS having reported that the committee appointed for the purpose had waited on the President, and received, for answer to their message to him, that he had no further communication to make, and expressed a hope that the members might return in health and prosperity,

The House then adjourned until the first Monday in December next.



# LAWS OF THE UNITED STATES

## PASSED AT THE FIRST SESSION OF THE TWENTY-FIFTH CONGRESS.

AN ACT to postpone the fourth instalment of deposit with the States.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the transfer of the fourth instalment of deposit directed to be made with the States, under the thirteenth section of the act of June twenty-third, eighteen hundred and thirty-six, be and the same is hereby postponed till the first day of January, one thousand eight hundred and thirty-nine: *Provided,* That the three first instalments under the said act shall remain on deposit with the States, until otherwise directed by Congress.

APPROVED, October 2, 1837.

AN ACT to authorize the issuing of Treasury notes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States is hereby authorized to cause Treasury notes for such sum or sums as the exigencies of the Government may require, but not exceeding, in the whole amount of notes issued, the sum of ten millions of dollars, and of denominations not less than fifty dollars for any one note, to be prepared, signed, and issued in the manner hereinafter provided.

SEC. 2. *And be it further enacted,* That the said Treasury notes, authorized to be issued by the first section of this act, shall be reimbursed and redeemed by the United States, at the Treasury thereof, after the expiration of one year from the dates of the said notes respectively; from which said dates, for the term of one year, and no longer, they shall bear such interest as shall be expressed upon the face of the said notes; which rate of interest, upon each several issue of the said notes, shall be fixed by the Secretary of the Treasury, by and with the advice and approbation of the President; but shall in no case exceed the rate of interest of six per centum per annum. The reimbursement herein provided for shall be made at the Treasury of the United States to the holders of the said notes respectively, upon presentment, and shall include the principal of each note, and the interest which may be due thereon at the time of payment. For this reimbursement, at the time and times herein specified, the faith of the United States is hereby solemnly pledged.

SEC. 3. *And be it further enacted,* That the said Treasury notes shall be prepared under the direction of the Secretary of the Treasury, and shall be signed, on behalf of the United States, by the Treasurer thereof, and countersigned by the Register of the Treasury; and that those officers respectively shall, as checks, upon each other, and to secure the public safety, keep separate, full, and accurate accounts of the number, date, denomination, and amount of all the notes signed and countersigned by them respectively; which said accounts shall be carefully preserved and placed on file in the Treasury Department; and, also, similar accounts, kept and preserved in the same manner of all the said notes redeemed, as the same shall be returned and cancelled; and the Treasurer shall further account quarterly for all such notes delivered to him for signature or issue by the Register. The Treasurer and Register of the Treasury are hereby authorized, by and with the consent and approbation of the Secretary of the Treasury, to employ such additional temporary clerks as the duties enjoined upon them by this section may render necessary: *Provided,* Said number shall not exceed four, and with a salary of not more than at the rate of twelve hundred dollars to each per annum.

SECTION. 4. *And be it further enacted,* That the Secretary of the Treasury is hereby authorized, with the approbation of the President of the United States, to cause to be issued such portion of the said Treasury notes as the President may think expedient, in payment of debts due by the United States to such public creditors or other persons as

may choose to receive such notes in payment, as aforesaid, at par. And the Secretary of the Treasury is further authorized, with the approbation of the President of the United States, to borrow, from time to time, not under par, such sums as the President may think expedient, on the credit of such notes.

SECTION 5. *And be it further enacted,* That the said Treasury notes shall be transferable by delivery and assignment endorsed thereon, by the person to whose order the same shall, on the face thereof, have been made payable.

SEC. 6. *And be it further enacted,* That the said Treasury notes shall be received in payment of all duties and taxes laid by the authority of the United States, of all public lands sold by the said authority, and of all debts to the United States, of any character whatsoever, which may be due and payable at the time when said Treasury notes may be so offered in payment. And, on every such payment, credit shall be given for the amount of the principal and interest which, on the day of such payment, may be due on the note or notes thus given in payment.

SEC. 7. *And be it further enacted,* That any person making payment to the United States in such Treasury notes, into the hands of any collector, receiver of public moneys, or other public officer or agent, shall on books, kept according to such forms as shall be prescribed by the Secretary of the Treasury, give duplicate certificates of the number and respective amount of principal and interest of each and every Treasury note thus paid by such person; and every collector, receiver of public moneys, or other public officer or agent, who shall thus receive any of the said Treasury notes in payment, shall, on payment of the same, receive credit both for principal and interest computed as aforesaid, which on the day of such last mentioned payment shall appear due on the note or notes thus paid in, and he shall be charged for the interest accrued on such note or notes from the day on which the same shall have been received by him in payment as aforesaid to the day on which the same shall be paid by him as aforesaid.

SEC. 8. *And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to cause to be reimbursed and paid the principal and interest of the Treasury notes which may be issued by virtue of this act, at the several time and times when the same, according to the provisions of this act, should be thus reimbursed and paid. And the said Secretary is further authorized to make purchases of the said notes, at par, for the amount of the principal and interest due at the time of purchase on such notes. And so much of any unappropriated money in the Treasury as may be necessary for that purpose, is hereby appropriated, for paying the principal and interest of said notes.

SEC. 9. *And be it further enacted,* That a sum not exceeding twenty thousand dollars, to be paid out of any unappropriated money in the Treasury, be, and the same is hereby, appropriated, for defraying the expense of preparing, printing, engraving, signing, and otherwise incident to the issuing of the Treasury notes authorized by this act.

SEC. 10. *And be it further enacted* That if any person shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting, any note, in imitation of, or purporting to be, a Treasury note aforesaid; or shall falsely alter, or cause or procure to be falsely altered, or willingly aid or assist in falsely altering any Treasury note issued as aforesaid; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any false, forged, or counterfeited note, purporting to be a Treasury note as aforesaid, knowing the same to be falsely forged or counterfeited, or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any falsely altered Treasury note, issued as

aforesaid, knowing the same to be falsely altered, every such person shall be deemed and adjudged guilty of felony, and being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept to hard labor for a period not less than three years, nor more than ten years, and be fined in a sum not exceeding five thousand dollars.

SEC. 12. *And be it further enacted,* That if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any metallic plate, engraved after the similitude of any plate from which any notes issued as aforesaid shall have been printed, with intent to use such plate, or to cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid; or shall have in his custody or possession any blank note or notes engraved and printed after the similitude of any notes issued as aforesaid, with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid; or shall have in his custody or possession any paper adapted to the making of notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid; every such person, being thereof convicted by due course of law, shall be sentenced to be imprisoned, and kept to hard labor, for a term not less than three nor more than ten years, and fined in a sum not exceeding five thousand dollars.

SEC. 12. *And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized to make and issue, from time to time, such instructions, rules, and regulations to the several collectors, receivers of public money, depositaries, and all others who may be authorized to receive the said Treasury notes on behalf of and as agents in any capacity for the United States, as to the safe keeping, disposition, return, and cancelling of the said notes so paid to and received by them respectively, and as to their accounts and returns to the Department of all such receipts, as may seem to him best calculated to promote the public interests and convenience, and secure the United States and the holders of the said notes against frauds and losses: *Provided,* That nothing herein contained shall be so construed as to authorize the Secretary of the Treasury to reissue any of said notes; but upon the return of the said notes, or any any of them, to the Treasury, the same shall be cancelled.

SEC. 13. *And be it further enacted,* That it shall be, and hereby is, made the duty of the Secretary of the Treasury to cause a statement to be published monthly, of the amount of all Treasury notes issued or redeemed, in pursuance of the provisions of this act; and that the power to issue Treasury notes, conferred on the President of the United States by this act, shall cease and determine on the thirty-first day of December, eighteen hundred and thirty-eight.

AN ACT to regulate the fees of the district attorneys, in certain cases.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in all cases of extension of the time of payment of bonds given for duties on imports, it shall be according to such directions as may be given by the Secretary of the Treasury; and the extension of payment of the old bond, or the taking of a new bond, shall be by the respective collectors subject to no other charge than such as may be legally receivable on the taking of an original bond, upon the entry of merchandise.

SEC. 2. *And be it further enacted,* That no fee shall accrue to any district attorney on any bond left with him for collection, or in a suit commenced on any bond for the renewal of which provision is made by law, unless the party or parties shall not

glect to apply for such renewal for more than twenty days after the maturity of such bond.

APPROVED, October 12, 1837.

An ACT to continue in force certain laws to the close of the next session of Congress.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That all acts and parts of acts, or provisions contained within any act, which, by the terms thereof, are made to expire at the termination of the first session of the twenty-fifth Congress, be, and the same are hereby, declared to continue in force to the end of that session of Congress which shall commence, or shall be in session, on the first Monday of December, eighteen hundred and thirty-seven.

APPROVED, October 12th, 1837.

An ACT to amend an act, entitled "An act to provide for the payment of horses lost, or destroyed in the military service of the United States, approved January 19th, 1837."

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That any person who has turned over to the service of the United States, his horse, saddle, bridle, or equipments, by the order of the commanding general, or other commanding officer, shall be paid the value thereof; That the claims provided for under this act, shall be adjusted by the Third Auditor, under such rules as shall be prescribed by the Secretary of war, with the assent of the President. This act, and the act to which this is an amendment, shall extend to mules as well as to horses. Decisions under this act, shall be recorded as they are required to be recorded by the act aforesaid, and payment shall be made as is required by that act. This act shall extend to cases where any person mentioned in the act to which this is an amendment shall have died in the service, and his horse, saddle, bridle, or equipments, shall have been turned over to an officer, or other person for the benefit of the United States, by order of the proper officer commanding, and not restored to the representative of the deceased or paid for by the United States.

APPROVED, October 14th, 1837.

An ACT making farther appropriations for the year eighteen hundred and thirty-seven.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the following sums be, and the same are hereby, appropriated, to be paid out of any unappropriated money in the Treasury, viz: For pay and mileage of the members of Congress and delegates, two hundred and forty-eight thousand five hundred dollars.

For stationery, fuel, printing, and all other contingent expenses of the Senate, thirty thousand dollars.

For stationery, fuel, printing, and all other contingent expenses of the House of Representatives, fifty thousand dollars.

For the contingent expenses of the navy, as enumerated in the act of the third of March last, in addition to the amount appropriated by that act, one hundred and twenty thousand dollars.

For the relief and protection of American seamen in foreign countries, ten thousand dollars.

For defraying the expenses attending the prosecution of the claim of the United States to the legacy bequeathed by the late James Smithson, of London, five thousand dollars.

For the contingent expenses in the office of the Treasurer five hundred dollars.

For preparing printing and binding documents ordered by the resolutions of the Senate of the second July, eighteen hundred and thirty-six, twenty-fifth of February, eighteen hundred and thirty-seven, and the second of March, eighteen hundred and thirty-seven, to be disbursed under the direction of the committee to audit and control the contingent expenses of the Senate, twenty-five thousand dollars.

Sec. 2. *And be it further enacted,* That, if the revenue (from duties, or from the sales of public lands remaining in the hands of the receiving and collecting

officers, be not sufficient at any time to pay debentures and other charges which are by existing laws made payable out of the accruing revenue before it is transferred to the credit of the Treasurer, the Secretary of the Treasury is hereby authorized to pay the said debentures and other charges out of any money in the Treasury not otherwise appropriated.

Sec. 3. *And be it further enacted,* That the Secretary of the Treasury be, and he is hereby, authorized to arrange and settle any of the outstanding transfer drafts given to transfer moneys to the States under the act of twenty-third of June, eighteen hundred and thirty-six, and which have not been paid by the depositories upon which they were drawn or otherwise arranged and settled by the United States by receiving such drafts at par in payment of any debts due to the United States, without any allowance of interest for the time the drafts have been outstanding and unpaid, or any other allowance for interest or damages of any description.

APPROVED, October 16th, 1837.

An ACT making an additional appropriation for the suppression of Indian hostilities for the year one thousand eight hundred and thirty-seven.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the further sum of one million six hundred thousand dollars shall be, and the same is hereby, appropriated out of any money in the Treasury not otherwise appropriated, to defray any expenses which have been or may be incurred, in preventing or suppressing the hostilities of any Indians: to be expended under the direction of the Secretary of War, conformably to the acts of Congress of the nineteenth of March eighteen hundred and thirty-six, and of the second of July eighteen hundred and thirty-six, and of the acts therein referred to.

APPROVED, October 16th, 1837.

An ACT authorizing a further postponement of payment upon duty bonds.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury be, and he is hereby is, authorized to grant such further extension of credit upon all bonds for duties now outstanding as shall make the whole extension of credit upon each bond nine months from the time when the original bond became due and payable; making the extension in each case to depend upon the same conditions as to additional security, the payment of interest, and other terms, which have been prescribed by the Treasury Department, to the extension of revenue bonds since May last: *Provided,* That nothing herein contained shall be construed to include any existing bonds where the parties to the same have not, since the bonds became payable, given additional security, or made part payment, and are by the proper officers of the Government, considered insolvent, or unsafe securities for the payment of their bonds.

SECTION 2. *And be it further enacted,* That a credit of three and six months shall be allowed on the duty on all merchandise which shall have been or may be imported on or before the first day of November next, upon which the duties are payable in cash, and that the bonds received for such duties shall be payable in equal instalments bearing interest at the rate of six per cent. per annum, and shall be in the form and upon the conditions prescribed by existing laws and by this act.

SECTION 3. *And be it further enacted,* That where the security in any bond which has been, or may hereafter be postponed, is entirely satisfactory, the principal or sureties in the same shall not be disabled from being in the mean time, till the period of postponement provided for by this act expires, received as principal or sureties in other bonds for duties, notwithstanding the bond first given may not have been actually paid, discharged, or extended before or on the day it fell due: *Provided,* That such principal and sureties shall be found, in all other respects, safe and satisfactory security for the funds to which they may be proposed as parties.

SECTION 4. *And be it further enacted,* That the

operation of all prior laws, and parts of laws, so far as inconsistent with this act, be suspended in the particulars in which they may conflict with, or differ from, its provisions, until this act shall cease by its own limitations.

APPROVED, October 16th, 1837.

An ACT for adjusting the remaining claims upon the late deposit banks.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury be, and he is hereby, authorized to continue to withdraw the public moneys now remaining in any of the former deposit banks, in a manner as gradual and convenient to the institutions as shall be consistent with the pecuniary wants of the Government, and the safety of the funds thus to be drawn; and that no further interest than that required by the deposit act of the twenty-third of June, one thousand eight hundred and thirty-six, under which those deposits were made, shall be demanded of any bank which has met, and shall hereafter meet, the requisitions of the Department. This provision shall also extend to such public moneys as may remain in any of the said banks, whether standing to the credit of the Treasurer of the United States, or of any disbursing or other public officer of the Government.

SECTION 2. *And be it further enacted,* That in case of neglect or refusal by any of the said banks to comply with the requisitions of the Secretary of the Treasury, as he shall make them, in conformity with the first section of this act, suits shall be instituted, where that has not already been done, to recover the amounts due to the United States, unless the defaulting bank shall forthwith cause to be executed and delivered to the Secretary of the Treasury, a bond, with security to be approved by the Solicitor of the Treasury, to pay to the United States the whole moneys due from it in three instalments. The first to be paid on the first day of July next, the second on the first day of January, eighteen hundred and thirty-nine, and the remaining instalment on the first day of July, eighteen hundred and thirty-nine; and the default mentioned in this act on which interest is to commence at the rate of six per cent. shall be understood to be the neglect or omission of said banks, or any of them, to answer the drafts or requisitions of the Secretary of the Treasury, made on them according to the provisions of the first section of this act; and interest thereon at the rate of six per centum per annum, from the time of default, together with any damages which may have accrued to the United States from protest of drafts drawn upon it, or from any other consequence of its failure to fulfil its obligations to the public Treasury.

APPROVED, October 16th, 1837.

An ACT for the relief of D. P. Madison.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States be, and he is hereby, authorized and requested to cause to be executed, a grant and reconveyance to Mrs. D. P. Madison, her executors, administrators and assigns, of the right to publish in foreign countries, for her own benefit, the manuscript debates of the convention which formed the Constitution of this Government, as well as the acts avails of any such publication which may have been ordered by her: *Provided, however,* That she shall not be allowed to withdraw from the possession of the Government either of the copies of said debates which accompanied her conveyance.

Approved, October 14th, 1837.

A RESOLUTION directing the postage on letters sent by the Express Mail to be paid in advance.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Postmaster General be, and he is hereby, directed to cause the postage on all letters sent by the Express Mail of the United States to be paid in advance at the time of depositing them for transportation by said mail.

# APPENDIX

## TO THE CONGRESSIONAL GLOBE.

25th Cong.... 1st Sess.

Report of the Secretary of the Treasury.

Sen. & H. of Reps.

### REPORT OF THE SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT,  
September 5, 1837.

In pursuance of the duty of this department to submit to Congress, at each session, the state of the finances; and in conformity with the request of the President, that such other fiscal matters should, on this occasion, be presented, as appear to require early legislation, the undersigned has the honor to offer the following report:

#### I. CONDITION OF THE TREASURY.

It is not proposed to give all the particulars, relating to the receipts and expenditures, which usually accompany an annual statement. But an exposition of them, under the customary general heads, so far as they have been ascertained, for the first half of the year, is subjoined.

Brief estimates for the other half are made, and such explanations added, as seem necessary to show with clearness not only the condition of the Treasury at this time, but its probable state for the residue of the year.

According to the Treasurer's running account, the whole amount of available money in the Treasury on the 1st of January, 1837, applicable to public purposes, was \$42,468,859 97. From that sum, there were on that day reserved \$5,000,000; and the balance, being \$37,468,859 97, was, under the provisions of the act of June 23, 1836, to be placed in deposit with the States. It is ascertained that \$27,663,430 80 of it have since been actually received by them.

The amount of that portion of the first three instalments, the payment of which has not yet been acknowledged, though transfers were seasonably issued for it, is \$1,165,575 18. The remainder is \$9,367,214 98, and is the sum which was designed for the fourth instalment of deposits with the States on the 1st of October next. The amount reserved in the Treasury on the 1st of January has since been increased, by returns subsequently received from banks, to the sum of \$6,670,137 52; and which, of course, could not then be ascertained or taken into computation.

#### RECEIPTS.

The receipts in the first half of the year, deposited in the banks, and paid on drafts by collectors and receivers, so far as ascertained, have been:

From customs	\$7,234,451
From lands	5,303,731
And from miscellaneous sources	512,263

To these may be added about \$600,000 which remained in the hands of receivers, and \$50,000 in those of collectors, subject to draft. All these make the aggregate for that half of the year \$13,187,182. If no further postponement be granted on duty bonds, it is estimated that the whole receipts for the last half of the year, from all sources, will be about \$9,500,000; which would make them, as ascertained and estimated for the whole year, \$22,687,182. But if the brief extension of the present postponement, brought into view hereafter, and favorably regarded, be directed by Congress, the receipts will probably be about \$7,000,000; while, by a postponement of the whole to another year, they will not be likely to exceed \$4,500,000.

Looking at our whole revenue therefore, from all quarters, it appears that the balance of money reserved at the commencement of the year, as finally ascertained to be \$6,670,137, with the actual receipts for the first half at \$13,187,182, and those now anticipated for the last half of it at \$7,000,000, will constitute an aggregate of \$26,857,319.

#### EXPENDITURES.

The expenditures during the first half of the year were, for

Civil, miscellaneous, and foreign	
intercourse	\$2,812,540 40
Military, including pensions	10,603,361 49

Naval	3,297,149 69
Public debt	20,832 75

Making an aggregate of - \$16,733,884 33

The expenditures required to meet existing appropriations, during the last half of the year, will, as computed, equal the sum of \$16,000,000; making for the whole year \$32,733,884.

Whatever expenditures shall arise within the year, upon new appropriations which Congress may think proper to make, will require a corresponding addition to this amount. But, without them, it will constitute an excess of \$5,876,565 of expenditures over both the receipts and the balance at the commencement of the year; besides not leaving, at the close of it, any thing in the Mint or the Treasury for future uses, or to meet contingencies.

In order, therefore, to discharge that excess, and retain, of the money reserved on the 1st of January, one million, which is the smallest sum deemed proper, under the acts of Congress, for the efficient operations of the Mint, and at least three or four millions more, to answer sudden and contingent calls, there will probably be a necessity to resort to the deposits now with the States, and to the instalments destined for them in October, or to some other resource, for a sum equal to \$10,000,000. By a report of the Treasurer of the 30th ultimo, it appears that the balance in the Treasury, including what was in the custody of banks, the Mint, and collecting officers, was then \$14,596,311; that the amount of this, subject to immediate draft, was only \$8,928,072; but the whole balance in the Treasury, including all which had been deposited with the States, and ordered to be, though only a small part of the amount is subject to immediate draft, was \$41,532,381. Deduct all which has been, and was designed to be, deposited with the States, and there would be no balance left on hand subject to draft, though including every thing in the Mint, and in the possession of receivers and collectors, which is applicable to general purposes.

Hence it is probable, that, besides the deficiency for the expenditures of the year, no sufficient means of any kind will exist on the first of October next, after defraying the intervening expenses, to complete the instalment of deposits then payable, unless a large part of the bonds for duties postponed to that day, and amounting to near \$4,000,000, and the million and a half then due on the first bond from the United States Bank, shall be punctually paid, or, in the mean time, some provision on this subject made by Congress.

The money standing to the special credit of the Post Office Department and the Patent Office, as well as various trusts, is not included in the above exhibit, for reasons explained in the last annual report. Outstanding and unexpended appropriations at the end of the year will, in this view of our financial condition, be still left charged on the Treasury amounting to about \$16,000,000.

This does not differ much from their amount at the close of the last year. Whether the appropriations unexpended on the first of January, 1838, prove, therefore, to be one or two millions larger or smaller than is now anticipated, it must be manifest, from all the above data, that some new legislation is indispensable to complete satisfactorily the service of the year, and leave a suitable amount in the Mint and the Treasury.

Indeed, before submitting the last annual report, the indications of a decrease in the receipts, and of an approaching revulsion in our commercial prosperity, appeared so strong to the undersigned, that he felt compelled, with reluctance and regret, because differing so much from the views of many others, to estimate the accruing receipts for the year at only \$24,000,000.

As the appropriations asked for were about \$27,000,000, it was then suggested that the occurrence of a deficiency was probable. When those

appropriations became in fact enlarged by Congress to more than \$32,000,000, it rendered a deficiency inevitable, to the extent now anticipated, unless the receipts should happen greatly to exceed the estimates.

#### II ON THE POSTPONEMENT OF THE PAYMENT OF BONDS FOR DUTIES.

The first suggestions which will be submitted concerning such special legislation as appears proper in consequence of the recent embarrassments of the country, relate to the postponement of the payment of bonds for duties.

Early in May last, the collection of the revenue from customs became much obstructed through the severe pecuniary difficulties of the mercantile interest. The Treasury Department felt an anxiety not only to take steps which might increase the security of the Government for eventual payment, but, in an emergency so great, and to many so unexpected, to furnish all the relief from sacrifices which could judiciously be extended under its limited powers, and in anticipation of what would probably be its straitened condition in a few months.

A postponement of the payment of the bonds falling due was, therefore, and in accordance with the views of the Executive, authorized for periods of from thirty to ninety days, on interest and additional security, and in a manner more liberal than usual, by permitting it before as well as after suit, in all cases of embarrassment, great hardship, or insolvency.

The particular terms, and the reasons for such postponement, are more fully set forth in the documents annexed.

When the difficulties in discharging bonds in a legal currency became increased by the suspension of specie payments in some of the principal cities, and the President decided to call a special session of Congress, the postponement was allowed to be extended till after the commencement of the session, in order that an opportunity might be afforded to obtain further relief by new legislation. Urgent requests were made for an indiscriminate delay of payment on all bonds to the 1st of January next, and for the receipt, in discharge of them, of notes issued by banks not paying specie.

It was not deemed proper to comply with these requests. But as long a delay as our fiscal situation justified, and every relief as to the currency which seemed legal, by the receipt of debenture certificates and Treasury drafts, for duties, were permitted in mitigation of the existing embarrassments.

Having, in this, done all that a sound and liberal exercise of the discretion of the department appeared either to justify or require, no intention exists, nor would it be proper in the present state of the Treasury, to grant any indulgences beyond those already authorized, without the express direction of Congress.

Some further facts which may be useful to aid its members in coming to a correct conclusion on this subject, are, that the amount of bonds which have already been postponed to the 1st of October, is about \$3,500,000, and by that date will, it is presumed, be increased to \$4,000,000.

If Congress permit no longer postponement, the receipts for the year will probably be increased by the indulgences already granted, as they have been allowed, generally, on additional security, and a 1 ways on interest.

But as suits and delays in collection will still occur, though to a less extent than in the first stages of the pressure, it is expected that not over two-thirds of the amount postponed before the close of this month can be collected during the current year.

The bonds already put in suit since the middle of May amount to nearly \$1,000,000. But if Congress extend the postponement till next January, as was originally requested by some of the parties, or for one year, as recently requested by the Chamber of Commerce of New York, the receipts for the



present year will probably be thereby lessened from four to five millions.

Should Congress, however, adopt an intermediate course, as an act not of mere benevolence, but of additional relief, which appears reasonable, under the extraordinary mercantile distresses of the times, and more safe to the Government, in respect to eventual collections, it might sanction a delay not to exceed, altogether, six months beyond the original period of payment, in any particular case. It is computed that this would diminish the receipts, during the present year, about two and a half millions of dollars; but if granted on the usual terms, would increase the receipts, next year, in a greater proportion, by the interest accruing, as well by the fuller collections which would probably be made in a greater number of cases.

The opinion of the department on these various propositions is, that, considering merely our present financial necessities, no further postponement can be regarded as expedient, though in some other respects, as fully detailed in the recent letter from the Chamber of Commerce, the last delay mentioned might be found justifiable, and more beneficial. But if a law be passed extending credit on the bonds, it is supposed that, in any correct view of the subject, its provisions need not be continued in force beyond the period when the worst effects of the pressure will be likely to have ceased, and when all imports could, by a further extension of the ware-house system, be advantageously made payable in cash, at the time the goods are wanted for immediate consumption.

The extension of that system is, therefore, respectfully recommended to the consideration of Congress, in connection with the present subject, as it might introduce as great an improvement in the collection of imposts, as the substitution of cash for credit did in the collection of revenue from the sales of public lands. It would certainly increase the security, ease, and promptitude of the operation; would dispense entirely with the trouble and risk in the payment of debentures; work favorably to the manufacturing interests; and at the same time, facilitate our trade in foreign articles, as well as exonerate the merchant from many embarrassments in regard to sureties and guarantees.

### III. OBSTACLES IN THE WAY OF TRANSFERRING THE LAST INSTALLMENT OF DEPOSITES TO THE STATES.

Early legislation has likewise become necessary, either to withhold or postpone, for a reasonable period, the fourth instalment of deposits with the States, or to furnish such aid as may be necessary to complete them in a satisfactory manner.

By the general suspension of specie payments, and the consequent necessity, under the deposit act, to discontinue most of the public depositories, the transfers from the banks in the west and southwest to the seaboard, which were necessary to place much of the money in a position to be conveniently lodged with the States in October, have, in several instances, been defeated. They had, as in case of the former instalments, been ordered seasonably, though, as a general rule, only where rendered proper, in consequence of great accumulation of public funds in an unfavorable situation, on account of the course of trade and exchanges, to be paid directly to the respective States. But, in the troubled condition of the money market, they had not been injuriously hastened as to the time of payment, and, consequently, falling due in the course of the summer and early in autumn, near two-thirds of the whole amount of these funds still on hand have been detained in the west and southwest, where they had so unusually augmented from the large sales of public lands. Hence, if the last deposit with the States was, in this position of the money, to be attempted, the orders directing it must, in many cases, be made on places remote, and very inconvenient to some of the receiving States, on account of the unfavorable balance of trade, or the rates of exchange; and must be met, if at all, in a currency unacceptable and greatly depreciated. Transfers of portions of the July instalment could not, from the same cause, be effected in the precise mode intended, nor from the banks most desirable, though much of it had reached the appropriate points, to render the operation

easy, before the suspension of specie payments. In all cases in which they were not offered to be paid in a currency satisfactory to the States, their agents were requested to return the orders of transfer till Congress could make new and suitable provisions on the subject.

But this request has not always been complied with. About \$1,165,575 of that instalment has not yet been receipted for by the States to the Treasury, nor the orders returned. On the contrary, the United States Bank chartered by the State of Pennsylvania has lately become the purchaser of several of these orders, though not given for any debt, but merely directing a transfer from one public depository to another. This institution has demanded of the banks on which they are drawn that payment should be made to her in specie; and, on their failing to do so, has caused the orders to be protested. Under these circumstances, and, as the deposits with the States were to be made of what was in the Treasury, and consequently in the banks, on the 1st of January last, it is for Congress to decide whether payment shall be made of any of those orders in a mode and currency different from the rest of the third instalment of deposits with the States.

Another reason for withholding or postponing the October deposits, or for some legal provision to aid in completing them, is, that a sum equal to the revenue probably accruing, and a large portion of these deposits, had, before they were payable, been expressly appropriated by Congress to other objects. When looking to the rapid decrease in our receipts, to the expected deficiency in the course of the year, and the great amount of outstanding appropriations which, at the close of it, will be left unpaid, much of that whole instalment seems likely to be needed at an early day. By either of the first two measures, the money could, according to its original destination, be applied to the necessary wants of the General Government, as soon as it can be drawn from the banks in legal funds. In that way, so desirable an object would also be accomplished, without the expense and delay of the money being first paid over to the States, and then subjected to an early recall. On the other hand, several of the States might, in the present posture of their affairs, experience considerable inconvenience, either by not receiving it, or by soon refunding a large portion of its amount; and many of the banks which hold it might be able more satisfactorily to pay it to the States than to the Treasury. But, though the subject is one of much delicacy and difficulty, and peculiarly proper for the final action of Congress, it may be expected that this Department should express some opinion as to which course appears most eligible in the present condition of the finances. It is, therefore, with deference suggested, that when regarding their condition and the importance of meeting with efficiency and good faith all the obligations of the Government to the public creditors, it would be most judicious to apply the whole instalment, as fast as it is wanted and can be collected, to the prompt discharge of these obligations; and that the last deposit with the States, not being a debt, but a mere temporary disposal of a surplus, should be postponed until Congress, in some different state of the finances, when such an available surplus may exist, shall see a manifest propriety and ability in completing the deposit, and shall give directions to that effect. Consequently, no further steps will be taken as to the deposit of any part of that instalment till Congress has had an opportunity to act upon the subject in such manner as, in the present posture of affairs, its superior wisdom may consider preferable.

### IV. DIFFICULTY IN PAYING THE APPROPRIATIONS, AND ON THE ISSUE OF TREASURY NOTES.

Some further obstacles exist in the way of discharging satisfactorily all the appropriations which have been made by Congress.

The effects which may be produced upon the accruing revenue, by granting or withholding further delays on bonds for duties, have already been explained.

In addition to these, there is a likelihood, in the present pressure, that the payment of cash duties, to the extent of one million of dollars more than

usual, will be unavoidably deferred to another year, as the importers under the existing laws are entitled to certain delays, by keeping in store the woollen goods which pay such duties.

This circumstance, in connection with the difficulty of collecting the bonds, whether longer postponed or not, will sensibly increase the embarrassments which have been specially pointed out, and otherwise exist in paying with promptitude and in a legal manner, the large appropriations chargeable upon the residue of the current year.

Hence, after a considerable deficiency in the available means became highly probable, it was deemed expedient to adopt any judicious and lawful measure to remedy it, which was within the power of the department. Accordingly, though large quantities of public lands were still in market unsold, and though the receipts from this source during the year, would be higher than anticipated, in consequence, among other things, of a construction put on the pre-emption laws, admitting a large class of settlers to entries, it was supposed that some further tracts, in places much desired by the new States, might prudently be offered. A few such have been advertised; but sufficient time, after due notice, have not yet elapsed to realize any thing from them.

If the fourth instalment of the deposits with the States be deferred, and the difficulty in seasonably transferring it be thus removed, yet, being chiefly in the custody of banks not paying specie, it is manifest that it cannot be immediately realized in funds suitable to meet the existing appropriations. If it be not deferred, some further provision will be still more indispensable to enable the Treasury not only to place it with the States, but to pay all the public creditors and officers in a satisfactory manner, until the duties now due from the merchants, and the funds now in the discontinued deposit banks, can be collected. It is true, that a resort to the States for refunding portions of the large sums already deposited with them, would also remain by law; but under the limitations of the act of June, 1836, it would be very slow in its operation, and, if complied with, would prove entirely insufficient to answer such an urgent occasion as the present. During the ensuing quarter, the whole amount that could be legally recalled would not exceed six hundred and fifty thousand dollars. Hence it seems expedient, either in aid or exclusion of a requisition on the States, as may be deemed most suitable by Congress, to provide some temporary resource until enough of the fourth instalment, or other means in the Treasury, can be rendered available to discharge all the public engagements. It need not be a loan, or an increase of taxes of any kind; as the General Government, in respect to its finances, whatever temporary embarrassment the recent convulsions in commerce and banking may have created, is far from having any just cause of despondency. It is neither overwhelmed with a national debt, nor destitute of large pecuniary resources on hand; but, entirely free from the former, it is so amply supplied with the latter as to have in the Treasury over forty millions of dollars, and eight or ten millions more in bonds, which will soon become payable. But a large portion being in deposit with the States, and the residue chiefly in banks and the hands of merchants, under the difficulties before named, in procuring promptly, and in a legal currency, the amounts of money which are needed, some collateral aid for a short period, till a sufficiency can be collected, appears to be judicious, if not indispensable.

It is fortunate that the energies of the country generally are not paralyzed, nor its prospects clouded by any great physical calamities; and hence its immediate wants can, without doubt, be provided for in various ways.

One mode would be to authorize the issue of Treasury notes, receivable for all public dues, but without interest. These would differ from the draft, or checks now in use, only as the latter are given for immediate payment, and drawn on persons and banks having public money sufficient to meet them; and, consequently, the holders must be exposed to the trouble and expense of presenting them at the places where payable. Still they are nearly

on a par with specie. In the present deranged state of bank paper and exchanges, and in the favorable condition of the General Government, by its ample resources and exemption from pecuniary liabilities, to impart the greatest confidence in respect to the redemption of such notes, it is probable that they would readily be taken at par by most of the public creditors. Especially would this be likely to happen, provided they were issued in denominations as low as twenty, fifty, and one hundred dollars; and not in too large quantities, but used only in anticipation of the accruing revenue on occasional emergencies, and to a limited amount.

Contrary to expectation, should the department, during the present delinquency of many of the public debtors, be exposed to such very large calls, and collect so little revenue, as not to be able, by both the above notes and drafts, to meet all its engagements in a satisfactory manner, it would be desirable that the President should possess a contingent authority to cause Treasury notes to be issued, bearing an interest not to exceed six per cent.

Specie could always be raised on these for the public creditor, when he preferred it. But as notes bearing much interest would soon cease to be used in circulation, (and if they should not, would, as a currency, be troublesome in the computation of interest, and too strongly tend to exclude specie from the country,) it might be advisable not to make them receivable, at first, for any public dues, but only to resort to that measure afterwards, when it should be found convenient for redeeming them.

In connection with the issue of any Treasury notes, it is believed to be wise to make ample provision for their early and final redemption. This could be accomplished by enacting, that when the money on hand in the Treasury and the Mint, available for public purposes, may exceed a given amount of four or five millions, it shall be the duty of the Secretary of the Treasury to cause these notes (securing priority to any on interest) to be redeemed to such an extent as the surplus may exceed that sum, and what will probably be needed to defray current expenses. It being believed that a reduction of the tariff, and suitable regulations concerning the sales of public land, ought at a proper time to be put in force, so as to prevent any large and regular accumulation in the Treasury, the department would respectfully propose that, in case of any unexpected excess beyond the sums above specified, it should merely be invested, in a temporary manner, in safe State stocks, at their market rate, subject to be sold again whenever the proceeds shall be wanted to discharge existing appropriations.

An additional consideration in favor of these measures is, that since the payment of the public debt, which absorbed any occasional surplus of receipts, it is impossible, according to the views expressed in some previous reports from the undersigned, that, with sources of revenue so fluctuating as ours, and so dependent on commercial prosperity, any fiscal operations should be long continued with ease, vigor, and uniformity, without some such regulator as a power to issue and redeem Treasury notes, or to invest and sell the investment of surpluses. By any other course we shall constantly be exposed to great deficiencies, or excesses, with all their attendant embarrassments. If depositing the excesses with the States, subject to be recalled to supply deficiencies, the pecuniary profit to the whole Union will be no greater, while such a course may involve us in a series of vexatious demands on them, accompanied by various dangers, both to them and the General Government; and, in the mean time, it is feared will, in many instances, tend to excite excesses and evils similar to some of those under which the country is now suffering.

#### V. ON THE SAFE-KEEPING OF THE PUBLIC MONEY HEREAFTER.

The arrangements for keeping the public money, which had been in successful operation for a few years previous to the passage of the deposite act of 1836, became partially embarrassed by carrying into effect some of its provisions. But the enforcement of them all, where not entirely perfected, was in seasonable progress in May last, when the

Department was compelled by the act to give notice to such of the selected banks as had suspended specie payments that they could no longer be considered as general depositories of the public moneys.

A list is annexed of all before employed in that capacity, which have been discontinued.

After due inquiries to procure other depositories, in conformity to the act, the Department has completed the appointment of only one. This, and four more that have not suspended, with one that has resumed specie payments, (making six in all,) constitute the present bank depositories for general purposes.

During the inability to obtain specie-paying banks at other points, the Treasurer, being required by the closing part of the 8th section of the act, to keep and disburse the public money according to the laws before in force, has done it in conformity to the very wide discretion which existed when no rules were in force, that had been prescribed by Congress, except to "keep" and "disburse the same" under the general superintendence of the Secretary of the Treasury. A part of it has, therefore, been kept in special deposite in this city, a portion of it in the mint, and the residue with the officers collecting it, until it was wanted for public purposes, or until it accumulated in such sums at any point as not to be, probably, wanted there for such use. In the first case, it has, from time to time, been applied to the payment of creditors, by drafts on the receivers or collectors; and in the last, the excess has been directed to be temporarily placed with banks not remotely situated, and in special deposite for safety, until wanted for expenditure elsewhere, or until some new legislation shall take place in relation to it.

Under these circumstances, the department would respectfully suggest some provisions which may be more specific, and may be required for the safe-keeping and disbursing of the public moneys.

In the present condition of the Government and the country, two systems are proposed, either of which, it is believed, may be practicable and adequate to the exigencies of the crisis. One is, an enlargement and adaptation of the system partially employed since the suspension of specie payments, so as to make it answer all necessary purposes. This could be effected merely by assigning to our existing officers and establishments some additional duties.

The Treasurer, at the seat of Government; the Mint, with its branch at New Orleans, and another which has been contemplated, and is much needed, at New York, for other purposes; collectors of the customs, and receivers of money for the sales of land, as well as postmasters, might all be directed to keep in safety, not only the public money collected by them, but all actually placed in their possession, by transfer or otherwise. As fiscal agents, they might also be required to pay over and transfer it for such public purposes as may be authorized by Congress, and under such regulations as the Treasury Department from time to time may prescribe. Indeed, the third section of the post office law of 1825, with the bond taken under it as to the agency of the postmasters, is, perhaps, already sufficiently broad for that class of officers. At points like New York, and a few others, where a likelihood existed that the sums would permanently be large, but which, under a reduced revenue and expenditure, would seldom occur, authority might be given to appoint the clerks now acting as cashiers or tellers under the collectors and receivers, or other more suitable persons, to act as keepers and paymasters of the public money. But they should be made independent of the collectors and receivers, and placed under the like tenure of office, and under suitable bonds. Additional means of safety, and such additional but limited compensation to any of the above officers, might be provided, as the increased risk and labor might render just; but in only a few cases would these last be much augmented at any place.

Taking the year 1834 as furnishing a specimen sufficiently large of the probable business in future connected with the general operations of the Treasury Department, but, of course, not including the separate establishment of the post office, the whole

number of warrants issued in that year was a little under five thousand, and, though differing much in actual amount, averaging about \$5,000 each. This would be less than twenty warrants a day, and hence would require less than one per day to be paid in each of the twenty-six States. They differed, in fact, from four per day in this District, and two per day in New York, which were the highest numbers, to only one per week in several of the States. The business at each office daily, or even weekly, in making payments of the drafts, would, therefore, be very little. If more than one draft issued on a warrant, the business would be increased in that proportion, unless the whole payments were reduced, as is probable, hereafter, to sixteen or seventeen millions yearly.

In regard to the risk, five millions in the Treasury at any one time, if all placed in the hands of collectors and receivers, would not, on an average, exceed \$30,000 with each of the present number.

But if the amount, besides one million in the Mint, was chiefly in the hands of half the present number, which would approach nearer to the probable result, the sum with each would still be less than most of the existing bonds of receivers; and when exceeding theirs, or those of the principal collectors, the excess, in most cases, could be readily prevented, or reduced, by being drawn out to pay creditors, or be conveniently transferred to the Treasurer of the United States, at the seat of Government, or to the Mint and its branches. Until one of the latter is authorized at New York, the substitute before mentioned, of one of the present officers in the customs there as an independent keeper and paymaster of the public money, could be adopted, and, if deemed prudent, be extended to any other similar place.

In this mode, the present number of officers connected with the collection and disbursement of the revenue throughout the United States need not be at all increased. Nor will it become necessary, except in a few cases, to augment their compensation. Twenty or thirty thousand dollars a year would probably cover the whole additional expense of every kind.

The other system to which the attention and consideration of Congress are respectfully invited, is a new organization, by means of commissioners or receivers general, to gather the collections to more central points, and keep and disburse there a large portion of the public money, or such as could not be kept safely and expended conveniently in the hands of the collecting officers. Such an organization might be at only three or four of the most important points; or it might be made more extensive, and the number enlarged to eight or ten. This could be arranged, in all essential particulars, substantially in the manner which is now in very successful practice in some of the most enlightened and opulent Governments of Europe, and as was urgently recommended by this department as early as 1790. The only material difference need be, to pay out more of the money near the places where it is collected, rather than first to transmit most of it to the seat of Government. This organization of fiscal agents would be advantageous as a separate establishment for this business alone, and as an independent check on most of those collecting the revenue. But it would require some addition to the present number of officers, and in the first instance would more increase the public expenses.

But the whole addition of principal officers need not exceed ten. Nor would the increased annual expense to the Government probably amount to over fifty or sixty thousand dollars, as the system would enable both the War and Navy Departments to dispense with several of their agents for making local disbursements. The danger of any losses will be nearly the same under both plans. It is impossible to conduct the affairs of Government, or the ordinary transactions of society, without trust and risk of some kind. But one great object, wherever pecuniary confidence is reposed, should always be to require the best safeguards which appear reasonable; and in either of these systems, as hereafter explained, the amount trusted can be more easily kept from becoming excessive, and the hazard of losses, affecting the deposite agent by his lending or trading, be fully obviated, by the strict

prohibition of both the latter, under severe penalties.

Our direct losses from either collecting or deposit agents have always been comparatively small. Those by the former, it is believed, have not equaled those by the latter, though the latter, being banks, have usually in the end paid most of their deposits. The losses by the former are also supposed not to have exceeded one-fifth of those on the bonds of merchants for duties, and probably not one-eighth of those from the purchasers of public lands, under the credit system.

Occasional and strict examinations of the money on hand, where large in amount, would furnish a strong safeguard beyond the character of the officer, and the property of himself and sureties, and which it might be provided should be made by a committee of Congress, or in any other mode deemed most eligible to constitute an effectual check.

The plans which have been explained as to fiscal agents, are suggested for consideration, under a belief that either is appropriate in the present posture of affairs; that they require but slight changes in our existing laws or usages; and, whatever objections can be adduced against them, will, at the same time, be found to possess many signal advantages.

They will not, so much as some other modes of keeping the public money, expose the Treasury to disappointments and delays, through a dangerous partnership of interest, or the use of that money for private or corporate purposes. As the vicissitudes of trade or speculation affect the persons who borrow from the public banking depositories, the evil consequences must sometimes inevitably reach and embarrass the Treasury itself. Nor, on the other hand, will these modes, like our former one, cause frequent injury to those who, trading on the revenue of the Government, are subject to be most pressed to refund it, when least able. It is believed, likewise, that the funds of the Treasury can be always more readily commanded in a legal currency, and the hopes of its creditors not defeated, nor its faith violated so often, if the money is not loaned out, either in full or in part, but, as in other countries, is retained in specie or its equivalent, and in the actual custody of officers exclusively fiscal. In other countries, the public money is believed to be seldom; if ever, chargeable to the Treasurer, till it is either paid over on some draft, so that he can get credit for the payment, (and which mode is practised somewhat in England, as well as here, and extensively in France,) or lodged, not in deposit in any bank, but in his own possession at the seat of Government. In the former mode, the systems now proposed, and especially the first one, would operate so as to disburse at each point most of the public money collected near, and would thus enable the Treasury to command its resources with less delay; the money not being previously paid over at some distance, and to a separate set of agents, as has usually been the practice here in the use of banks; nor much of it transported inconveniently to the capital, as has usually been the practice elsewhere. This mode would thus possess one of the greatest excellences in any fiscal system; which is, to pay over quickest to the public creditor, and with the least official complexity, whatever is collected from the public debtor.

Besides these advantages, others would be, that the money in the Treasury, under both of the plans submitted, can always be more easily kept down to moderate dimensions by reductions in the revenue, and by temporary investments of an occasional surplus, as there will be no antagonist interest connected with it, wishing for loans and the use of surpluses, and thus co-operating to prevent a reduction.

The existing establishments and officers, whenever convenient, would be employed without a double machinery or the organization of a new system of agents. Executive control would be diminished rather than increased by them, because any additional officers will be selected, not by the President alone, nor the Treasury Department, as the banks now are, but virtually be designated by Congress, and the principal incumbents appointed by the consent of the Senate. They would also

remove all ground for the objection sometimes urged against the former system, that the Executive alone exercises an extensive patronage and great moneyed influence through a host of bank presidents, directors, and stockholders, scattered through every section of the country, and selected without the assent or check of either House of Congress in any particular case, and making loans of the public money from considerations merely political or official. A very wide discretion will be thus restricted, and a prolific source of suspicion and imputation of favoritism and partiality be entirely stopped.

The officers, under the plans proposed, will likewise be amenable exclusively to the General Government, and not be embarrassed, like the officers of the banks, by conflicting duties and interests in respect to the States; nor involved in those collisions, jealousies, and recriminations, often attendant on that position.

The independent and harmonious action of each Government in its appropriate sphere will thus be more fully secured. The local institutions, as a general principle, will be left to the care and uses of the several States which established them, without interference on the part of the General Government, and to be regulated or discontinued, as deemed most useful, under their own State policies, and most conducive to the original purposes of their creation. Nor would any general moneyed corporation, aside from the grave doubts which exist as to both its constitutionality and general expediency, have been likely in such a crisis as that of the war of 1812, or perhaps that of the last spring, to have proved a much safer public depository than those local institutions. Though more convenient in form for fiscal purposes than they, and free from some objections as to want of symmetry and accountability which obtain against them, yet, if chartered on usual principles, and judging from experience here as well as abroad, it must have failed, in a trial like those, to have sustained either our pecuniary operations, or its own, in strict good faith and in due vigor.

Without entering into details to illustrate this position, it is necessary to notice only the single circumstance, that the Bank of England, during a severe war, suspended specie payments near a quarter of a century, and that neither of the two United States Banks existed so as to be obliged to encounter such a peril. But since the last spring, the notes of the second one, to the amount of several millions, have been allowed to sink into the mass of irredeemable and depreciated paper, though issued under all the high securities and sanctions of a charter from the General Government, and with very large funds, still under the control of officers and trustees deemed by the stockholders exceedingly skilful, and bound by both law and contract to redeem those notes in specie, and on demand.

The systems which have been proposed in this report, if adopted, could not be expected to continue entirely exempt from losses by that unfaithfulness or casualty to which all trusts in human affairs are exposed. But they may be surrounded with strong safeguards, and would very probably soon be enabled to answer in a satisfactory manner every purpose of the Government, in its condition so different in many respects from that which formerly existed, and which was the paramount cause urged for the incorporation of our two former United States Banks. Its finances are not now burdened with a national debt of from seventy to one hundred and thirty millions, and, besides our ordinary expenses, with the annual payment, on account of principal and interest, of from ten to sixteen millions, to be first widely collected, and then transferred and disbursed at only a few points on the seaboard. It is now with a yearly revenue, reduced from thirty and forty millions to near twenty, and probably soon to be only sixteen or seventeen, and with a course of expenditure which can readily be diminished so as not much, if any, to exceed the revenue in a natural state of business. In large sections of our country, and in such a state of business, this expenditure happens nearly and very conveniently to correspond in amount with the receipts in the same sections.

We are, likewise, reposing in peace, with very superior means of communication, whether by mail or personal intercourse, and with a greatly increased and increasing portion of gold in the currency, to render distant transfers and payments more easy. It is manifest, therefore, that our fiscal concerns will be greatly lessened in amount as well as difficulty, unless we shall be visited by wars or other scourges, involving us in debts and embarrassments of an aggravated character, and which, fortunately, no sufficient reason appears for anticipating at an early day.

Under the proposed arrangements, the transfers from certain points could be often effected, when required by the department for public purposes, not only with ease, but so as greatly to facilitate the domestic exchanges, in the mode of employing drafts suggested in a subsequent portion of this report. In a more natural and ordinary state of receipts and expenditures, like that in 1834, the transfers required to a great distance would not exceed two or three millions during the year; and almost the whole of them were, at that time, in such a direction as to yield a profit, rather than be expensive to the banks which made them.

If the Treasurer were required to receive payment in advance, at certain convenient points, for all lands sold, as has once been the construction of the act of 1820, the probability is, that very soon all the unfavorable transfers rendered necessary would become quite unimportant in amount, and less expensive than the transportation of specie and paper has been heretofore, from the distant land offices to the nearest deposite banks, before much of it was paid to the public creditors. It will be seen that, by these modes of keeping the public money, it would not be indispensable to employ any banks as a prescribed part of the system, although it might sometimes be convenient to use them as individuals do, and as subordinate fiscal officers often do in other countries, for the deposite and transfer of large sums, and particularly for special depositories, when looking merely to safety and an early occasion to use the money.

No act of Congress, until the charter of the last bank of the United States in 1816, required the public money in the Treasury to be kept on deposite in any bank whatever. The whole subject was left to the discretion of this department. Even that charter permitted the Secretary of the Treasury to remove the depositories from the Bank of the United States, when he thought proper.

In the supplemental report from this department, in 1834, on the keeping and disbursing of the public money, a state of things like the present was adverted to and considered. It was observed, in regard to such an occurrence, that it will then "become necessary to devolve these duties on some receiver or collector already in office, or on some safe agent not now in office, as has been the practice for years in this country in paying pensions at convenient places, near which there was no State bank or branch of the United States Bank, and as has long been the usage in some countries of Europe, by having the revenue in certain districts chiefly received, kept, and transmitted through private agents and brokers."

But it was added, that "though the fiscal operations of the Government could, undoubtedly, still proceed through the personal agencies before mentioned," and without any banks, State or national; yet "it would be at some inconvenience and increase of expense, unless remedied in a manner that may hereafter be developed, and would not, in the opinion of this department, and in the present condition of things, be so eligible a system as the present one; because banks, though exposed to some dangers and evils, and though not believed to be necessary for the fiscal purposes of any Government, and much less of one in the present happy financial situation of ours, are frankly acknowledged to be, in many respects, a class of agents economical, convenient, and useful."

The use of State banks had then been adopted, and was proceeding satisfactorily. For more than two years after, it continued to be in successful operation, so far as regarded both convenience and safety. But now, most of the State banks have ceased to pay specie even for their own notes, and



many have paid out, if not issued, small bills, so as not to be in a situation either to be retained or to become fiscal agents, in conformity to the requisitions of the deposit act. A few others, who are in a legal situation to be selected, decline to receive the public money under some of the conditions prescribed by the act.

Nor is any national bank in existence, or, independent of its inexpediency in a political view, supposed to be capable of being established constitutionally. Hence it is respectfully submitted to Congress, under all the above considerations, whether the early adoption of one of the plans proposed is not proper, and would not be highly conducive to the public interests.

#### VI. SETTLEMENT WITH THE FORMER DEPOSITE BANKS.

Another subject that appears to require the early action of Congress is, the further indulgence which it may be proper to extend to such of the former deposite banks as are still indebted to the United States.

The facts which are supposed to be necessary to aid Congress in forming a correct decision on this subject will be fully submitted. The perils to which those banks were exposed had caused to the department much solicitude for several months before the suspension of specie payments, and led to some precautionary suggestions which it felt bound to make to them, so far as appeared consistent with the usual principles of banking in this country, and not calculated, by creating sudden alarm, to hasten the catastrophe that has since happened.

Besides the general cautions with respect to the excesses of bank issues, and the dangerous consequences likely to ensue, which were detailed in the last annual Treasury report, several instances occurred where the course of the business of some of the depositories appearing from their returns to be injudicious, special letters of advice were deemed proper, and were written. A rigid system in requiring additional specie was also pursued in all cases of unusual deficiency. In regard to the effect of these steps on the banks, it affords the undersigned pleasure to add, that, from the completion of their selection after the deposit act passed, to the last returns before their suspension, a great reduction in the circulation, as well as discounts of many of them, had taken place, and, in several cases, a much larger proportion of specie was kept on hand. Indeed, considering the extraordinary amount of public money paid out by them between last November and May, amounting to near twenty millions more than their receipts during the same period, it is a fact highly creditable to their prudence and ability, that the specie of all was reduced only from about fifteen to thirteen millions, and their circulation, instead of increasing, fell from near forty-one to thirty-seven millions.

As a whole, their specie, compared with their circulation, continued to be almost as large in May as in November. It averaged more than one to three, or much more than has been customary with the banks in this country, and was over double the relative quantity held by all the banks in England at the same period, and was in a proportion one-fourth larger than that in the Bank of England itself. Their immediate means, compared with their immediate liabilities, were somewhat stronger in November than in May, but were at both periods nearly 1 to 2½, or greater than the usual ratio, in the best times, of most banks which have a large amount of deposits in possession.

In this condition of things, the suspension of specie payment by the deposite banks was an event not generally anticipated.

The policy since pursued by most of them has been favorable to an early discharge of their engagements to the Treasury, and to a resumption of specie payments. Many have gradually reduced their discounts and circulation, as well as paid over much of the public deposits. This may be more fully seen in the tables annexed. Since the 1st of May, their discounts, as a whole, have been reduced about \$20,388,776, their circulation \$4,991,791, and their public deposits \$15,607,316; while their specie has diminished less than \$3,000,000. Of the number of eighty-six banks employed at the time of the suspension, ten or eleven are supposed

to have paid over all the public money which was then in their possession, to the credit of the Treasurer. In the custody of more than half the others, an aggregate of less than \$700,000 remains undistributed. Several of the rest still possess large sums; but many of them have continued promptly to furnish such payments from time to time, for meeting the public necessities, that, according to the last weekly statement, the whole balance to his credit remaining unpaid in all of them, was only \$12,418,041.

The course adopted in respect to the depositories of disbursing officers, after the suspension of specie payments, and with a view to safety, as well as to encourage the early resumption of such payments, may be seen more fully in the document annexed.

It was considered proper to proceed, and attempt to withdraw all the public money from the discontinued agents, as fast as it was wanted for public purposes, and as new and suitable depositories could be procured to receive any thing obtainable beyond such amount. But while the former agents appeared to be secure, and to be making proper efforts to meet such calls, it seemed more conducive to the eventual safety of the money, and more consistent with true wisdom, as well as the convenience of the Treasury, to refrain from unnecessary prosecutions and costs till the early session of Congress, which had been called, in part, for the consideration of this subject. On the contrary, when any of the banks persisted in neglecting to pursue the prudent course of curtailment, and in making no reasonable efforts to discharge the drafts on them in an acceptable manner, the department considered it a duty, however unpleasant, to deliver their agreements and bonds to the Solicitor of the Treasury for suit. This has already been done in nine cases; in some as a matter of precaution, to obtain additional security beyond what had been given; and in others, to take the preliminary steps for an action against the sureties as well as the principals.

Some of the additional banks, rendered necessary to carry into effect one of the provisions of the late deposit act, have, on this occasion, proved the least prompt and efficient in meeting their obligations. But though the losses of a few may be severe, and considerable delay may arise in discharging their engagements; and though it has been proper, and has evinced a commendable state of moral feeling in many of them, to strike at the root of the present excesses in paper, by curtailing largely both their issues and discounts, and thereby to make serious sacrifices; yet the condition of them all appears to be such as will, with the collateral security taken in most cases, render the United States probably safe against any ultimate loss. Considering the wide-spread pressure of the times, which had involved some of the banks, as well as their debtors, in extraordinary embarrassments; and that the public money, as a general rule, had previously been called from them only in moderate sums, as needed for expenditure and transfer, it was not to be expected that several of them would be able to pay over at once, and in specie, the whole of the large amount then in their possession.

More especially was this not to be expected, when, from the great accumulation of deposits, the specie of all of them at the time of the suspension, as well as for many months before, though larger than the proportion held by most other banks, did not equal, and could not, without making a sudden and great change in the practice under our whole banking system, equal one-half of their indebtedness to the Government alone. It is presumed that a considerable portion of the money since, as well as formerly, paid by the banks on transfers and drafts, has not been demanded nor paid in specie.

But no persons have been required to accept any thing else, nor, according to the views of the undersigned, could they be, without a violation of law and sound policy.

The drafts of the Treasurer for debts, when drawn on banks and not discharged on presentment, have, under instructions from this department, been often taken up in its behalf by the collectors and receivers, in order as much as possible

to relieve the public creditor from delay and loss. New drafts, when the first ones were not paid in an acceptable manner, have also in some cases been given on other depositories, and have helped to promote satisfactory adjustments.

Since the discontinuance of most of the banks as depositories, this department has also found the use of drafts made directly on receivers and collectors very acceptable to the public creditors; and by the specie fortunately then on hand, and since collected by the receivers, with a part of what was before in the mint, and some occasionally supplied by a few of the banks and collectors, a large amount of claims has been paid, and the Treasury is ready to pay others, so far as practicable, at points and in a manner convenient to many. But, till the indebted banks resume specie payments, or increased collections can be made in specie of what is due from them and from the merchants, it must be obvious that the department, however anxious to pay all the public creditors and officers in specie, when demanded, is unable to accomplish so desirable an object.

This is one of the evils incident to the existing state of the moneyed concerns of the country, and which cannot be remedied unless Congress furnish additional means, until specie payments are generally resumed. Some intermediate losses, by a depreciation of bank notes, must, therefore, fall on those, whether creditors or officers of the Government, who consent to take them rather than submit to delays in payment.

Hence it seems highly reasonable that the Government should hasten, as fast as possible, the restoration of specie payments, at least by its former fiscal agents who are still in its debt.

This would put an end to such losses. It also seems proper that those deposite banks which have not generally answered the demands on them, but have continued to receive full interest on the deposits they had loaned out, should be required to pay it on the sums still retained, and from the periods when they failed to fulfil their obligations to the Treasury. It is manifest that the members of Congress, coming from every section of the country, would be the best judges of what further lenity or severity might properly be exercised towards them; and knowing more intimately the causes and consequences of the suspension of specie payments by the banks in their respective neighborhoods, can decide with greater accuracy whether any indulgence could hereafter be extended to them appropriately, except on the condition of an early resumption of specie payments, and an allowance of interest during any delay in meeting their fiscal engagements. With the means of information possessed by the undersigned, he does not hesitate to express an opinion that it should not be done without a compliance with such conditions. As further evidence of the ability of most of them on this subject, it will be necessary only to advert to the abstract of their last returns, which has been previously annexed.

From the mode of doing business in the southwest, by making much of their circulation not redeemable at home, but at distant points, and providing for it there by bills of exchange, (so many of which, during the past season, have failed to be paid,) the situation of several of the banks there is least eligible, not only for an early resumption of specie payments, but for a speedy and satisfactory adjustment of their debts to the Government. But in the western, and probably in the eastern and middle States, if not elsewhere, the ability to sustain such payments appears, by their returns, much greater than has been customary in this country. Their specie, compared with their circulation, is as one to two, and one to three; and their immediate means, compared with their immediate liabilities, are over one to three. Hence it has been hoped that the efforts which the banks were bound to make would lead, in most places, to the desirable events above mentioned, without very long delay. The objection usually urged against an early resumption, that the unfavorable balance of trade against this country would, in that event, cause some of the specie in the banks to be drawn out and shipped, will, however true in point of fact, possess much less force when it is

considered that the delay hitherto has not prevented the export of specie. On the contrary, considerable sums, which were in ordinary circulation, have, since the suspension, been withdrawn, and a portion of them sent abroad, while their place is badly supplied with depreciated paper. So happily adjusted, however, are the laws of trade, even in their influence on the precious metals, that while our custom-house books show an export since the 15th of May last, chiefly to England and France, of \$3,708,320 of specie, they show during the same time imports, chiefly from other quarters, of \$3,140,030. Though the actual imports and exports have both doubtless exceeded those amounts since that period, and the ratio of difference has been somewhat greater, yet the total drain has been much less than many have imagined, and produced less effect on the general ability of the country and the banks to have specie payments resumed and successfully sustained. Congress having power to pass a bankrupt law, it would be worthy of consideration, if the power be ever exercised, whether all banks, and in any event, as recommended by Mr. Dallas and Mr. Crawford, all employed by the Treasury, should not be subjected to its provisions, and, on any important and deliberate failure in their pecuniary duties, be compelled at once to close their concerns.

In respect to the banks in the District of Columbia, as well as others connected with the General Government, it seems desirable that the measures adopted in relation to them, by Congress, should have a strong tendency to encourage the earliest resumption of specie payments which is practicable and safe. For this purpose, little doubt can exist, that while those measures will be the most salutary which shall evince a due liberality and forbearance to the extent really required by the crisis, they should, beyond that, be rigorous in exacting the adoption of such steps as are sanctioned by the sound principles of currency and the public faith. They will then help, at an early day, to relieve the community, as well as the Treasury, from a condition of the circulating medium, which, so far as it consists of bank paper irredeemable in specie, is one of the worst scourges which can be inflicted on society. It is no less hostile to the best maxims of political economy, than usually subversive of every just sense of both moral and legal obligation.

#### VII. ON THE MONEY RECEIVABLE FOR PUBLIC DUES.

The kind of money or currency receivable for public dues, is another embarrassment, concerning which legislation has been deemed proper by many. A change in the existing practice has been requested by others, without legislation. But, since the suspension of specie payments by the banks, no change, which would sanction the receipt of bank paper not redeemable in specie, has been thought either prudent or permissible by this Department. Nor will such an one be adopted without the express direction of Congress.

Believing that specie is the best standard, and the only one contemplated by the Constitution, for the public revenue and expenditures, as well as for the value of contracts and property, every departure from it for those purposes is deemed by the undersigned pernicious, if not unconstitutional. The question as to the expediency of using any other medium for a currency, is of a different character, and more complicated. But the ruinous consequences of a resort to continental money, bills of credit, or any species of paper not redeemable in specie, and which had been developed in our own experience, as well as in the soundest theories of political economy, were undoubtedly a principal cause for those rigid provisions in the Constitution connected with the currency. They restrict any State from issuing mere "bills of credit," from making any thing a tender "except gold and silver," or passing any law "impairing the obligation of contracts," as well as confine to Congress alone the power "to coin money" and "regulate the value thereof." The exercise of this last power, manifestly relating only to metallic money, appears to require merely the coinage of a sufficient supply at the mint, and in convenient denominations for all necessary purposes, and of such an intrinsic value, as, while preventing it from being depreciated on

the one hand, should, on the other, not be so underrated as to cause it to be too readily exported, or melted down for use in manufactures.

The whole amount necessary for public payments has been much misapprehended. Without a surplus in the Treasury, it would seldom exceed eight or ten millions of dollars, even if no evidences of debt, or any kind of paper money, were receivable. Like a running stream, the coin which flows in as constantly flows out, without much accumulation; one dollar helping to perform, in a single year, the service of payment and repayment numerous times. Indeed, the people of the whole United States do not, in a sound state of business and prices, need over one hundred and ten millions of an active circulating medium for all their currency. This would be a larger proportion of currency to our present population than the average has been from the adoption of the Constitution; and, if an exclusive metallic currency could be deemed desirable, would require only about thirty millions more than the specie which is supposed now to exist in the country. But the present quantity of specie being divided pretty equally between the banks and individuals, not half of it is in active circulation; and, unless it becomes increased, and much more equally diffused, some paper is, of course, necessary to prevent a sudden revulsion in prices and values, and to supply a sufficient circulating medium for the legitimate purposes of the States and the people. Some paper will, probably, always be found convenient for commercial operations. It would, therefore, be invidious, if not unauthorized, for the General Government to deprive the States of any supposed advantage in the use of it, so far and so long as they may deem proper, or otherwise to interfere with their course, in relation to it, except to enforce the present constitutional prohibition against issuing any bills of credit, or making any thing a tender except gold and silver. Care, however, must be employed, incidentally, to avert, as far as possible, any evil influences which might otherwise be exercised over our own fiscal operations by the different local policies pursued on a subject of so much delicacy, hazard, and difficulty.

The power which Congress may possess to legislate, with a view of furnishing a paper currency of any kind for the ordinary uses of the community, or of regulating, in any way, domestic exchanges, is not entirely clear, nor well defined. Whatever may be its just extent, it seems seldom, if ever, necessary to be used, while the States retain such a wide and undisputed authority over banking; and while the local institutions, as well as private bankers, here no less than abroad, are generally so competent to effect exchanges. Such a power is not expressly conferred in the Constitution, nor does it seem to be implied, unless, in the execution of some plain grants, it may become proper to be exerted on any emergency, and without using means otherwise forbidden, unwarrantable, or inexpedient.

In regard to exchanges, it is believed that seldom, if ever, has any Government, however unlimited its authority, considered it wise to prescribe special regulations for effecting them. Such a Government might well feel empowered "to regulate commerce with foreign nations," or between its own States, if it had any; but to regulate exchanges between individuals, would, in most cases, be justly deemed arbitrary. On the contrary, the sound principles of trade seem to require as little interference as possible with fixing the price of commodities, or the mode and medium through which they shall be interchanged. Those principles would only yield adequate protection or security, furnish facilities appropriate and authorized, and establish a good standard of value. Indeed, the balances of indebtedness between different sections of the country, if left to work out their natural consequences on the rate of exchanges, will usually, as they are now doing, correct excesses in business in any quarter, and be self-regulators, far superior to any officious and minute legislation. The rate merely for exchanges can seldom exceed the expense of transporting specie between any two places; and, if surpassing that, the excess must arise from what Government has

little power to cure—that is, from the difficulty in obtaining money where indebtedness is great, interest high, and credit impaired.

In regard to the currency which is most suitable for public purposes, whatever may be the authority of the General Government to make or adopt a paper one, in full or in part, it is difficult to perceive why, after having established specie as a standard, having forbidden any thing else to be made a tender, and having succeeded in encouraging the introduction of a supply of it into the country, very ample for all fiscal purposes, it should expressly dispense with its employment as the most usual medium for those purposes. The fundamental acts of Congress as to the payments for duties and lands have not made any exceptions in its use, or provided any substitutes, except the "evidences of the public debt." Any exceptions allowed ought certainly never to permit any thing, except specie, to be paid out as a rightful tender by the United States; and this principle has been always strictly observed. But by constructions adopted early in this department, and, subsequently, by the charters to the two United States Banks, as well as by an apparent sanction in the joint resolution of 1816, different substitutes of notes issued by those and State banks, have, at different times and under different modifications, been permitted to be received in payment. These, however, have been allowed only when regarded as a clear equivalent to specie, by being readily convertible into it, and by being recommended by some superior convenience or utility, as well as by great security. As specie likewise combines safety, uniformity, general use, sound theory, and almost universal experience in favor of its common employment, the framers of the Constitution doubtless believed, as has been the uniform practice since, that all substitutes of paper, as they have less intrinsic value, though they often, by smaller weight or bulk, possess some qualities of greater convenience for certain uses, should never be permitted to be forced on either the Government or the community without their express consent. As they depend also on credit for their worth, it must be bad policy to countenance them for either public or private use, where their credit does not rest on undoubted security, or to encourage such small denominations of them as would be employed by those classes in society whose business is of a kind which cannot be essentially promoted by the substitutes; whose profit is little or nothing derived from them; and whose losses, where depreciations occur, cannot be borne without distress.

Another general objection to every substitute not resting on an equal amount of specie in pledge to redeem it, which was the original idea of a bank of issue, is, that it tends to dispense with the necessity of specie, in connection with the currency, and thus, by converting more of it into an article of trade, expel it from the country; while a circulating medium is introduced instead of it, which is usually less safe, and often tempts to ruinous expansions in issues as well as business, so as to cause great fluctuations in prices, unsettle the value of property and contracts, and sometimes strip from honest industry, in a moment, the hard earnings of years.

Besides these, a special difficulty, in the use of any other substitute for public purposes, is the procrastination, disappointment, and embarrassment which, in case of its depreciation, are sometimes occasioned by it to great national measures, as well as the discredit thus cast upon the wisdom of the Government, for regulating its fiscal affairs in such a manner as to be unable to discharge punctually its engagements, and for the exhibition of an example so mischievous to both individuals and nations. Another difficulty in this country is the want of equal value, at different places, in any other, when compared with the standard of specie, and the virtual violation which its receipt for duties may thus cause of the spirit of that part of the Constitution requiring all imports to be "uniform." Nor can these two last difficulties be always entirely overcome by the use of such paper, or any other, though redeemed in specie, and on demand, if it be taken at a distance from the place

of its redemption. But, in the administration of our fiscal concerns, it has always been very desirable to avoid the want of uniformity, and the delay or expense, and sometimes the loss, incident to the receipt for lands or duties of such notes if redeemable at a distance, and which then would sometimes occur before they could be converted into specie, or such money as the public creditor was bound or willing to accept. In order, therefore, to prevent those injurious consequences, one mode has been to accept no State bank notes whatever for public dues, as is now, and sometimes heretofore was, the practice in respect to lands. Another has been, to permit none to be taken except such as, under permission of the Treasury Department, the collecting officers or the public depositories were willing at once to credit as specie.

In our early operations, for purposes of facilitating remittances to the Treasury, quite as much as for accommodation to others, collectors were instructed to receive certain State bank notes, payable near the seat of Government, and which were to be credited as cash when forwarded by mail, or otherwise, to the Treasurer. The justification offered for this course may be seen in a report from this department in April, 1790. The situation of the country, however, as to ease in communication, facility in exchanges, and the nearer location of many points of collection to those of expenditures, has since undergone such great improvements, as for a long time to have rendered the receipt of notes to aid in public transfers seldom necessary, and almost entirely disused. Another mode adopted by Congress has been, to render the receipts of the notes of State banks, for any purpose less material, by providing those of a bank chartered by the General Government, and making these last, by law, receivable for all public dues. But this mode has ceased; and the legality as well as sound policy of the practice to receive the notes of State banks for any public dues, whether done with a view to fiscal or general convenience, and though under all the strict limitations before mentioned, has been questioned by some. Others have considered any limitation whatever, by either the Executive or this department, as not justifiable since the joint resolution of 1816. It is, therefore, respectfully suggested, that a strong propriety exists for Congress to legislate more explicitly on the whole subject.

It may be proper and useful to add, that as most of the duties on imposts have been discharged in checks on the bank where the bonds were deposited for collection, or in its own notes, and seldom in those of banks at any distance, little embarrassment has ever arisen concerning the payments for duties in bank notes. But, in taking them for lands, the remote situation of the purchasers, the receivers, and the banks, has generally been such that frequent difficulties and changes in practice have occurred during the period while the United States Bank and its branches, as well as the State banks, were employed as depositories. In our mixed system of a currency, and one so long and so deeply interwoven with the business of the country, it was very inconvenient entirely to avoid, and at the same time occasionally dangerous to permit, taking the bills of any State bank for lands; and the receipt of such notes was obliged to be either so restricted as to prove of little convenience to the community, or a risk was incurred of many partial arrangements being made, and some ultimate injuries sustained by the Treasury.

Under all these circumstances, the course least liable to strong objections appears to be for Congress to prescribe some specific regulations on the whole subject.

This could be effected by directing what alone appears safe, and what is understood to be the practice in both England and France. It is, that the bills of no local banks be taken, which shall not, from the near location of the bank, be equivalent to specie; be able to be converted into specie at very short periods by the receivers and collectors, so as to pay the public creditors legally, if demanding specie; and be thus accounted for at par, and without expense to the Government. Another advantage from this course would be, its salutary check on over-issues by the neighboring banks.

The occasional convenience of a sound paper currency for various purposes, whether national or individual, such as large payments, distant remittances, exchanges, or travelling, is highly valued by some, and, where gold does not circulate, is often very considerable. But the difficulties in keeping it sound, the hazards and losses incident to its use, and which have already been explained, are troublesome. Should Congress determine that it is proper to furnish by its own authority, and for the purposes before mentioned, some paper medium, of higher character and other than what now exists, in private bills of exchange or notes of State banks, no doubt exists that any benefits which may occasionally be derived from its employment can be readily secured, without treading on the debatable ground of either the power or the policy of chartering a national bank.

Certificates, not on interest, but payable in specie to bearer or order, as well as being receivable for all public dues, could be authorized to be given in payment to the public creditor, whenever preferred by him, and sufficient specie existed in the Treasury. This kind of paper would be very convenient in form, and would differ little from the drafts now in use on banks, except being drawn on a known specie fund, and expressing on its face not only this, but its being receivable in the first instance for all public dues. It would possess the highest credit attainable in society.

As a practical illustration of their probable utility and convenience, even the drafts, though exposed to several disadvantages which would not exist with the certificates, are near the par of specie, and furnish such facilities for large payments and distant remittance: that the amount of them, on both banks and collecting officers, kept out unreturned, has increased within a few months from the usual aggregate of about two millions to nearly four and a half millions.

If the demand for such paper increased, public and private convenience might be promoted, and an equal quantity of specie at the same time preserved in the country, by reserving for this purpose, from any accumulation in the Treasury, a sufficient sum, and by placing it at a few important and convenient points, to render a greater number of certificates redeemable there with the very coin, whose representative they are intended, and honestly ought to be.

All the advantages of these certificates could thus be furnished, by merely paying them out to the public creditor, when more desirable to him than specie. But no loans of them appear advisable, nor any bank incorporation, bank officers, or bank machinery whatever, in connection with the subject. They would combine the most important requisites appertaining to any paper currency—such as the greatest security, an entire specie basis, and the unity of all issues in one body; while the control over these last, which it is so very desirable to preserve independent, would be placed and regulated by law, so as to prevent any interested or injurious excesses. The whole risk would be the loss by casualty or unfaithfulness of any of the specie that was held to redeem the paper, and which, as well as the expenses, would probably be in part remunerated by the loss of certificates before they are returned. If the residue of the expense should constitute any considerable objection to the system, it could be fully obviated by a moderate and fixed premium for the certificates, either when issued or redeemed.

The common drafts of this department, in their present convenient form, possess another advantage, which would sometimes be imparted to the certificates. When used at places against which the balance of trade exists, but drawn on places in whose favor it is, the former do now, and may hereafter, not only facilitate essentially the domestic exchanges, but, at the same time, supersede numerous bank transfers, and the more expensive transportation of specie itself.

The mint certificates, heretofore given on the deposit of bullion and specie, for coinage might easily be made running to bearer or order, and receivable for all public dues; and, in that way, would contribute to the same desirable ends.

The present branches of the mint, if not numer-

ous enough, nor situated at convenient places for the receipt of specie and bullion for this purpose might be aided by two or three agencies, instead of more expensive new branches, at points favorable to the interests of the mint and of the community.

It must be obvious that the paper of any bank will be less safe and useful in being received for public dues, in proportion as it may want such solid securities and foundations as the certificates before described. But if the notes of State banks are made receivable for such dues, under certain limitations like those which have been explained, the other most desirable guaranties for their safety, whether looking to any use of them by the General Government, or to the durable interests of the States themselves, seem to be for the latter, first, to impose on the existing banks, so far as lawful, the checks mentioned in a subsequent part of this communication. They could next authorize very few banks hereafter, except those of mere discount and deposit; and where the power of making paper issues to pass as money is added—a power so sovereign in its character, and so indispensable to be vigilantly guarded, could require a large proportion of specie to the circulation and deposits to be kept on hand, and, in addition, have the faith and security of the State pledged to indemnify the community, as, in the case of the above named certificates, would be pledged those of the General Government. This would greatly increase the caution and watchfulness of all concerned, and could be done by special laws for that purpose, or by allowing no new banks hereafter, except State banks so organized, or by requiring State stocks to be owned by all the banks, and lodged in trust to the extent necessary, with the specie on hand, to secure the immediate redemption of all the bills issued, and all the deposits payable on demand. Another kind of security beyond what now generally exists, would be, never to permit deposits to be received, payable on demand in specie, (a practice so very dangerous to the bill-holders,) except in the case of special deposits kept for a moderate compensation. The only other description of security which is likely to prove in any degree efficient, seems to be of a penal character, either by extending the provisions of a bankrupt law to all banks, as before suggested in respect to such as may be fiscal agents, or by allowing all depositors, public or private, and all bill-holders, not only a large interest, but severe prosecutions against the directors after any deliberate omission by banks to discharge their duties in the manner provided in their charters and contracts. The paramount object in all such provisions should, of course, be to guard against abuses, and reform existing evils, though, in some instances, the case may have become so desperate as to require even amputation to save life. Every thing else concerning bank paper is supposed to belong to the wisdom and sound discretion of the several States, as they may prefer, from time to time, to create and employ it. Within the constitutional limitations, and as soon as deemed expedient by any of them, specie alone, or paper, or a mixed medium of both, as considered preferable by each for its own purposes, can be, if it be not now, established. At the same time, it is hoped and believed that no wish exists in any quarter to prevent, but rather a deep and general anxiety, like that evinced by Congress, the Executive, and this department, for some years past, to encourage the same sound currency for the uses of the people and the States, as for the fiscal operations of the General Government.

#### VIII. SOME GENERAL CAUSES AND REMEDIES OF THE PRESENT EMBARRASMENTS.

In conclusion, it is the intention of the undersigned not to advert to the chief causes of the recent calamities, except so far as they are connected with our financial condition, and as appear necessary to indicate, briefly, a few remedies by means of general legislation.

Without doubt one of those causes was the over-production of cotton, coupled with the large and sudden depreciation in its price.

The whole product, though before so great, had, within three years, been increased probably more than one hundred millions of pounds, so as to ex-



ceed in a single year the enormous quantity of five hundred and forty millions of pounds. The fall of price was such, as on that quantity would make a difference in its value of near forty millions of dollars. The occurrence of this fall, however, was at such a period of the year as not much to affect over half the last crop; but the violence of the shock, though thus lessened, still occasioned a loss to an appalling amount. The fall was chiefly consequent upon the over-production, and the abrupt withdrawal of foreign credit, combined with some other circumstances which need not now be particularized. The over-production originated partly, like most other excesses here, from an extraordinary extension of credits and of bank issues, and partly from keeping open the sales of public lands to all persons, and at the former low prices, after other articles, including cotton and lands, had suddenly risen much in their nominal value. Under this tempting state of things, those sales were exorbitantly enlarged, till they amounted to over twenty millions of acres in a year, when not more than three or four millions were probably necessary; and not so much had before been requisite, annually, to meet the natural demands for new public lands for raising cotton, and for all other kinds of agricultural employment. But this excess in sales, so unexpected and ruinous, can, it is believed, be averted hereafter, whenever they are likely to go beyond a desirable amount, by passing laws which shall confine them to actual settlers, or increase the price to others. The same measures, with other remedies hereafter suggested for some other existing evils, will help to correct future excesses in the production of the great domestic staple of the Union.

Another of the causes of the present embarrassments was the unprecedented quantity of foreign goods imported. By stimulants to overtrading, such as very extended and often renewed credits abroad, as well as at home, so treacherous in appearances of prosperity, those importations were dangerously swollen to the amount of almost two hundred millions of dollars a year, and thus constituted an excess over our exports of about sixty millions, and involved the country in a foreign debt, merely commercial, whose balance against us, after all proper deductions for freights, profits, and similar considerations, probably exceeded the aggregate of thirty millions of dollars.

That excess, so little anticipated and so indiscreet, the system of credit formerly in use, and better regulated, would have seasonably prevented, by requiring an early adjustment of balances, and, thus turning the foreign exchanges against us, would have stopped many extravagances both in trade and bank issues.

But, stimulated and unrestrained, as before described, it increased the duties some millions beyond what a prudent though prosperous state of trade was likely to produce, and, combined with some other causes, has overwhelmed the mercantile interest with many of those disasters under which it has suffered so severely the past season. From many of these, no just legislation can now afford much relief. Nor could any legislation heretofore have prevented severe revulsions from this source, except by imposing checks on inordinate credit and banking, as well as on sudden and large expansions and contractions in bank issues, and by that further reduction of the tariff, which has been so strenuously urged for two years past to be adopted, whenever our fiscal condition evinced that the whole of the accruing duties were not needed for public purposes. Because the great surplus, forced into the Treasury by the excesses in the sales of and, and in duties on imports, not being seasonably withdrawn, either by equivalent appropriations, or further reductions in the current receipts through new laws or by investments, has undoubtedly contributed, through the loan of it while in deposit, to sustain, in some degree, if not produce, the spirit of overtrading. That surplus was offendepeared; and the only sound legal preventives still appear to this department to be, the measures before enumerated for preventing its accumulation. And after it had undesignedly happened, the wisest disposal of it was supposed to be, to expend it, as fast as useful, on proper objects of a public character;

and, in the mean time, not to leave it in the deposit banks, but to invest it in State stocks, as a provident fund; to remain both safely and profitably till wanted to aid in meeting current expenditures or extraordinary contingencies.

The undersigned regrets that he was not so fortunate in sustaining his opinions concerning the transient and fluctuating character of the excesses in our revenue, as to have received the concurrence of Congress in relation to those cautionary provisions formerly recommended by him for meeting the revulsions, deficiencies, and contingencies, which he supposed incident to them, as well as to our financial system generally. He is, at the same time, aware that the deposit act, so far as it placed a part of the public money with the States for safe keeping, and the Treasury circular issued by the direction of the Executive, as to the kind of money receivable for public lands, were intended, among other things, to obviate a portion of the evils connected with those excesses. Nor does he entertain any doubt that they both contributed, at first, to awaken caution among the more considerate, and to excite strong suspicions, if not convictions, in prudent minds, as to the great extravagancies of credit into which the community had rashly plunged. But after those measures had accomplished these and similar benefits with a portion of the community, though others still felt justified in anticipating a continuance of surpluses and distributions, the subsequent influence of either the act or the circular, in checking the threatened mischiefs, is believed, in most cases, to have been overrated. The operations of the deposit act, in supplying deficiencies of revenue, by a recall from the States, however well intended, will probably prove very deficient. In some other respects they have, by first requiring to be speedily collected and subdivided among more numerous banks from ten to fifteen millions of dollars, and then compelling, within the short period of nine months from the 1st of January last, another collection and transfer of nearly forty millions more, and much of it from the merchants, and to places not situated in the usual channels of trade or of large fiscal operations, unquestionably aggravated many of the distresses which had their principal origin in other causes. Those operations necessarily aided to produce the derangement that occurred in the domestic exchanges, and imposed a task on the banks, unprecedented for its amount and difficulty. By converting suddenly into demands for specie very large sums, most of which were before mere credits, they also hastened, if not increased, the loss of confidence in banks that has since so widely impaired their character and usefulness.

Another, and the last general cause of the present embarrassments which will be noticed, as having much connection with our financial affairs, has been an unnecessary and injudicious increase of bank capital, discounts, and issues. A similar increase, however this may have been influenced by the large temporary deposits of public money made with banks and States, and by the causes before alluded to, has happened in some foreign countries, as well as here, during the same period, from other great commercial and monetary impulses, that are permanently connected with all paper systems not founded entirely upon specie. These impulses have operated in some measure independently of several transient and local causes, whose effects have, by many, been much exaggerated. It is probable that they never can be properly controlled under such a system of expansive credit, while the individual directors of much of that credit have so little separate legislative restraint placed over their conduct, and have private interests at stake, which, in the pursuit of immediate and large profits, must usually possess a strength so superior to that of any sense of general duty to consult the public security.

The amount of circulation, which existed in the early part of the last year, had increased thirty millions or forty millions of dollars in only three years. It continued to expand for some months afterwards, and in the last annual report was considered likely to prove ruinous to steady prices; to surround with danger every species of sound trade; and not to be susceptible of that reduction to proper

dimensions, which was necessary, and soon inevitable, without probably producing some of the widespread sufferings which have since happened. The constitutional power of the General Government, to check such evils, except as before indicated, and except incidentally, through the kind of money it can and should permit to be employed in its revenues and expenditures, is apprehended to be limited. Through the latter, it may usefully discourage, as of late years has been attempted by Congress as well as the Executive, the dangerous issues of small bills, and, indeed, paper emissions of any kind, which are not "paid on demand in gold or silver coin at the place where issued, and shall not be equivalent to specie at the place where offered, and convertible into gold or silver upon the spot, at the will of the holder, and without delay or loss to him." For the like purpose, it may likewise continue inflexibly to countenance for smaller payments, and in the business of society not particularly commercial, a metallic currency; which is not liable like bank paper to sudden fluctuations and great losses. A further wise step would doubtless be, to refrain to make, by its own acts, any addition to the amount of bank capital, already too great; and to rely on bank paper as little as practicable, when authorized in the improvident manner which has often prevailed, and exhibited so much feebleness and insecurity, as well as produced so many inconveniences and losses.

It appears to the undersigned that, all beyond this, which can be beneficially accomplished, in connection with the last clause of the present embarrassments, and without an alteration in the Constitution conferring on the General Government indirect authority over every kind of banking, must be effected through the State Legislatures, and the commercial habits of the community. Much improvement can, doubtless, be introduced, if the Legislatures will impose those additional regulations, restraints, and securities, which have been before enumerated. Much more will also follow, and substantial relief be afforded to the people at large, if, in addition to the other measures recommended, individuals will exercise the wisdom to place a greater reliance on real capital, active industry, frugality, and well-grounded credit, than on that inflated system which of late has contemporaneously prevailed to such a ruinous extent, both in this and some other countries—a system, which has been encouraged by some persons, under the delusive idea that there was no overtrading of any kind, till a revulsion has occurred almost without a parallel, and has given to commerce and credit a blow, whose destructive effects it may require years fully to repair.

All which is respectfully submitted.

LEVI WOODBURY,  
Secretary of the Treasury.

## DEBATE IN THE SENATE.

*In Senate, Thursday, September 14, 1837.*—On the bill to postpone the payment of the Fourth Instalment of the Deposits with the States—

Mr. RIVES said he understood that this day the Committee on Finance expected to make a full report on the subjects which had been referred to them; but there was one subject most interesting to the country, on which they had not reported at all; they had reported no bill to designate the kinds of funds in which the public dues are to be received. As he had understood it to be the general sense of the Senate that no action should be had on any measure till all should be reported, he would now move that the Senate adjourn.

Mr. WRIGHT said the Committee on Finance had taken up, as it conceived, every subject recommended in the Message and report of the Secretary of the Treasury; and, after full and patient examination of the whole ground, and communing with the Secretary of the Treasury, the committee had reported all it considered necessary to report, and had determined to let the law in relation to the currency remain where it is.

Mr. RIVES said, that not having an opportunity to know the views of the committee, he had taken it for granted that they would report on every sub-

ject embraced in the Message and Treasury-report, both of which, he believed, had suggested that it ought to be determined in what kinds of funds the revenue should be collected. It was now announced by the chairman that no communication from the committee would be made on the subject. Mr. R. would therefore proceed on the assumption that the committee intended to leave the laws on that subject as they now are; and that being the case, and Mr. R. believing that all the measures proposed and to be proposed would have a mutual bearing and dependence on each other; and believing it to be infinitely more important to the country that what Congress should do should be well done, rather than done quickly, Mr. R. moved that when the Senate adjourned it should adjourn to meet on Monday next, that all the bills reported on the subject might be examined, compared, and carefully considered by members before the Senate came to act on them. Mr. R. said it was as inconvenient for him to remain here as it would be for any one; but whatever the inconvenience, he preferred that all measures should be duly and amply considered.

Mr. NILES said that he regretted the honorable Senator from Virginia (Mr. Rives) should have felt it his duty to ask for a further delay of the business before the Senate, by a motion for adjournment until next week. When the first bill was reported by the Committee of Finance, several days since, the Senator from South Carolina (Mr. Calhoun) suggested that it would be inexpedient to act on that or any single measure, until we had before us all the bills which were to be expected from that committee relating to important subjects, presented in the Message of the President. The necessity of this course, although he believed doubted by some, was generally acquiesced in. Since then, the committee have reported a number of bills for carrying out all the great measures recommended in the Message, which they deem it important to be acted upon during the present session; and the chairman has informed us that they do not intend to report any more bills. If his distinguished friend from Virginia, or any other Senator, thought that the bills reported did not cover the whole ground, they would of course have an opportunity to supply the deficiency.

But (said Mr. N.) the whole subjects are before us; if not in the bills reported, they are submitted in the Message. Our whole work is before us; we now see what is to be done, and he thought that it was our duty to enter upon it without further delay. We are now in the last half of the second week, and have done nothing; and it is proposed to adjourn over to the third week before we enter upon the business for which we have been convened. He did not complain of the delay so far, but, on the contrary, would say, for he thought it due to them, that the committee to whom the grave and important subjects contained in the Message had been submitted, had been remarkably faithful and industrious in the discharge of their duties. They had performed their service, and it now remained for us to enter upon ours, which he hoped would be done without further delay. Congress had been assembled at an extraordinary conjuncture to perform a special service, and he hoped, now we had the work before us, that we should enter upon it, and continue our labors with diligence and perseverance, so as to despatch the business, and close the session as soon as was consistent with the full deliberation and reasonable discussion due to the important subjects before us.

But we are told by the honorable Senator from Virginia, that the several subjects are so connected, that we can not, with propriety act upon one, without an opportunity to examine and compare them, and make up our minds upon the whole. He wishes time for examination, reflection, and consultation. But he (Mr. N.) thought there had already been sufficient time for these purposes, and he did not consider that there was much connection between the bill for postponing the fourth deposit to the States, which would be acted upon to-day, and the several bills that the honorable chairman of the Committee on Finance had just reported.

Sir, said Mr. N. we have been called here at an extraordinary emergency, when the business of

the country was deranged, and the public mind in an unsettled and feverish state; the expectations of the people are excited; the eyes of the whole country are upon us. At such a time, and under such circumstances, Congress cannot remain in session without a prodigious influence for good or for evil, and he greatly feared it would be the latter. A protracted session he was persuaded would tend to agitate and disturb the public mind, already sufficiently unsettled, that could hardly fail of increasing existing difficulties, which depended much, if not mainly, on a general want of confidence. Would gentlemen prolong the present, so as to run it into the regular annual session? He hoped no one was disposed to do this; nothing in his opinion could have a more injurious effect. He was sensible of the great and momentous importance of the subjects before Congress, and was as desirous as any one could be, that time should be allowed for their full consideration and reasonable discussion; but he believed it due to the country that we enter upon this at once, and continue our labors with diligence, so as to bring the session to a close as soon as possible. He therefore hoped that the Senate would now take up the bill for the postponement of the fourth instalment to the States, which was the order of the day.

Mr. WRIGHT said he had no disposition himself, nor did he presume the committee had, to press this subject prematurely on the Senate. The committee, after a full and free consultation with the head of the Treasury Department, had submitted all the measures which had been thought indispensable at this time to the public welfare. Mr. W. said the knowledge he had derived from that department, showed the necessity of speedy action on the first two bills reported, and with which the others had no immediate connection. Mr. W. thought it all important that this bill (postponing the payment of the fourth instalment) should be considered without delay, and he wished therefore to be absolved from any disposition to press this subject improperly on the Senate. It was the necessity of the adoption of this measure that made him so anxious for its speedy passage.

Mr. RIVES said nothing was further from him than to suspect his honorable friend of any such disposition; he knew too well his habits, and that gentlemanly courtesy that had always distinguished him to harbor such a thought for one moment; but the honorable gentleman must recollect that he has told us that he has had full communication with the Secretary of the Treasury, and derived information from a most enlightened officer on the subject, which no (Mr. R.) had not had. He was induced, therefore, to ask for a moment's consideration, that he might consult his own mind deliberately, and not as his friend from Connecticut had insinuated, for private consultation. He stood here alone, and had no consultation private or public. He stood here on the sole responsibility of a Senator of Virginia. Mr. R. could not, like the Senator from Connecticut, deem that his whole duty was finished when the Government was relieved. He came here for other and higher purposes as well as that; to wit: the relief of the people; and he regretted, that in all the measures set forth by the Committee on Finance, there was not one that looked towards that object. It was not his intention to cast any reproaches upon the committee, but he could not but express his regret that not a solitary measure had been proposed calculated to bring relief to the people. It might be very convenient to come here and register the edicts in favor of the Government, and then go home again; but it was his fixed determination, if possible, before he left the Senate, that something should be done at least to ameliorate, if not to relieve, the distress under which the whole nation groaned. If the committee would not propose some measure calculated to benefit the people, he would undertake it, all incompetent as he felt himself to such a task. The great desideratum, in his opinion, was, to restore public confidence; that once done, and he verily believed it could be done, the nation would rise at once to her wonted gladness and prosperity. The gentleman from Connecticut had said something about economy to the Government, and saving of time and expense; but he put it to that gentleman to say,

whether such matters were not a mere trifle, when compared with the great interests of the people. If economy were a matter of so much consideration, it would be better to save the mileage, and go at once to the current business of the country. No man was subject to more personal inconvenience than he was, from attention to his legislative duties at this inconvenient season—nevertheless, he was ready to sacrifice himself upon the altar of his country, if by so doing he could insure the anticipated relief. Now was the time, above all others, for the action of the Senate—when the elements of relief and national prosperity were dormant, and waited only the breath of Congress to wake them to life and activity. Mr. R. appealed to the Senate for such relief as the distresses of the people demanded; for his own part, he felt almost disposed to swear like the members of the National Assembly of France, that he would not go home until the people were relieved.

Mr. CALHOUN was deeply impressed with the magnitude and danger of the present emergency. It, however, had not taken him by surprise, nor was it unlooked for by him. In his humble opinion, of the many difficulties through which the country had passed within the last five and twenty years, this was by far the most distressing and overwhelming. Seeing and believing this, he had come here with a full and fixed determination to do his duty despite of all personal considerations and party feeling; for, when his country was in danger, he knew but one impulse, and that was to perform his duty. He had been looking forward with the most intense anxiety for the remedy which would be proposed. Fixing two great points in his mind, he had observed the most strict reserve until he saw the plan of the administration. Having now seen it, he felt that the only feature in the Message, and in the report of the Secretary of the Treasury, which gave character to the present bill, was to be abandoned. For himself, while he was ready to act on this understanding, he must say, that with regard to the other measures, he regarded them as nothing—as perfectly immaterial. And he would tell gentlemen that this was not a crisis for weak action. They had a difficult scene to go through, and if they did not meet it with promptness and boldness, they would find it no easy matter to overcome. He professed himself prepared to act immediately on the bill before the Senate.

Mr. WEBSTER said that he had already expressed his purpose, and that was, to throw no obstruction in the way of the adoption of such measures as the majority of the Senate might give their sanction to, and which they proposed as a remedy for the public distresses. In pursuance of that pledge, he felt himself bound to give as early an opportunity of considering them as was consistent with deliberative legislation. That which governed him in this case, to a considerable degree, was the apprehension (perhaps ill-founded, but still it was an apprehension,) that the measures proposed were not likely to obtain the assent of Congress; that it might be necessary to resort to other measures. In the mean time, he was as ready as the Senator from Virginia to remain here, if necessary, until May next; but, whatever procrastination or postponement was indulged in here, was a protraction of the evils oppressing the community. He hoped, then, that the Senator from Virginia would agree to consent that the measure first introduced should be brought before the Senate and acted upon, because the other measures were dependent upon it. The first step, in his opinion, which they had to decide, was whether the payment of the fourth instalment should be postponed, because the period was close at hand when that instalment was to be paid. It seemed to him that every consideration suggested the propriety of disposing of this measure in one way or the other. In short, he felt bound to those whom he represented, whom he knew to be in very great anxiety, and who were suffering much distress, to give a fair and prompt opportunity for a trial of these measures before Congress; and, if they should fail, let others be substituted for them which were calculated to give relief to the distress of the community.

Mr. RIVES believed, from the expression of

opinion in various quarters of the Senate, that there was a disposition to take up this bill as well as the others. And, especially, as he understood that the gentleman from Massachusetts (Mr. Webster) wished to deliver his views in regard to the bill, he would most cheerfully withdraw his motion. Whatever the inconvenience which might result to himself, he was perfectly willing to bear with it, and to give way to the general sentiment of the body. His decided opinion, however, was, that the action demanded of Congress, on all these measures was not simply and merely to put the Government in motion again, but to provide immediate and effectual relief for the people in preference to affording aid, in the first place, to Government. This object, he thought, was not very likely to be accelerated by taking up this or that bill; but he would accede, most cheerfully, to the general sense of the House, and withdraw his motion.

Mr. WEBSTER rose, and said that the importance of the present crisis, and the urgency of this occasion, was such as to lead him earnestly to desire that some measures of adequate relief might come from the quarter which alone had the power to effect any thing, by the majority it commanded. Much as I differ from them, (said Mr. W.) I would be glad to accept any measure of substantial relief which they might bring forward. I think, sir, I see such a necessity for relief as never before, within my recollection, has existed in this country, and I regret to be obliged to say that the measures proposed by the President, in his Message to Congress, and reiterated by the Secretary of the Treasury, in his report to the same body, only regard one object, and are, in their tendency, only directed to one branch of partial relief. The evils, however, under which the community now suffers, (said Mr. W.) though related, and of the same family, are yet capable of distinct consideration. In the first place, there are the wants of the Treasury, arising from the stoppage of payments and the falling off of the revenue. This is an exigency requiring the consideration of Congress; it is an evil threatening to suspend the functions of at least one Department of the Government, unless it be remedied. Another, and a greater evil is, the prostration of credit, the interruption brought upon all business transactions, arising from the suspension of all the local banks throughout the country, with some few and trifling exceptions. Hence has proceeded a prostration of the local currency, and a serious obstruction and difficulty thrown in the way of buying and selling. A third want is, the want of an accredited paper medium, equal to specie, having equal credit over all parts of the country, capable of serving for the payment of debts and carrying on the internal business of the country throughout and between the different and distant sections of this great Union. These three evils, though they are coexistent and cognate in their being, cannot be met by the same measures of relief; if relief is given to the one, it does not follow that you will relieve the others; if you replenish the Treasury, and thus bring a remedy to that evil, this brings no relief to the disordered currency. And again: if the local currency is relieved, it does not supply the other want, namely, that of a universally accredited medium.

It has, no doubt, struck the country generally, that the most important objection to the Message is, that it says nothing about relief to the country, directly and mainly; the whole amount of the proposition it contains relates to the Government itself; the interest of the community is treated as collateral, incidental, and contingent. So in the communication made by the Secretary of the Treasury, the state of the currency, the condition in which the commerce and trade of the country now are, is not looked at as a prominent and material object. The Secretary's report, as well as the Message itself, exclusively regards the interest of the Government, forgetting, or passing by the people. The outpourings of the Secretary, which are very considerable in quantity, are under seven heads, the exact number of the seven vials of which we read; but the contents of none of these is concocted or prepared in reference to the benefit of the community; all the medicine is intended for the Government Treasury, and there is none for the sickness and

disease of society, except collaterally, remotely, and by-the-by. It is, however, to the credit of the President that he has given, in an unequivocal and intelligible manner, his reasons for not recommending a plan for the relief of the country; and they are that, according to his view, it is not within the constitutional province of Government. I confess (said Mr. W.) this declaration is to me quite astounding, and I cannot but think that, when it comes to be considered, it will produce a shock upon the whole country. This avowed disregard of the public distress, upon the ground of alleged want of power; this exclusive concern for the interest of Government and revenue; this broad line of distinction now, for the first time, drawn between the interests of the Government and the interests of the people, must certainly present a new era in our politics. For one, (said Mr. W.) I consider the Government as but a mere agency; it acts not for itself, but for the country; and the whole end and design of its being is to promote the general interests of the community. Peculiar interests, selfish interests, exclusive regard for itself, are wholly incompatible with the objects of its institution, and convert it from its true character as an agency for the people, into a separate dominant power, with purposes and objects exclusively its own.

Holding, Mr. President, opinions on this subject, and being prepared to stand by and maintain them, I am certainly rejoiced at the clear shape which the question has at last assumed. Now, he that runs may read; there are none but can see what the question is: is there any duty incumbent on this Government to superintend the actual currency of the country? has it any thing to do beyond the regulation of the gold and silver coin? In that state of mixed currency which existed when the Constitution was formed, and which has existed ever since, is it or is it not a part of the duty of the Government to exercise a supervisory care and concern over that which constitutes by the greater part of that currency?

In other words, may this Government abandon to the States and to the local banks, without control or supervision, the unrestrained issue of paper for circulation, without any attempt on its own part to establish a paper medium which shall be equivalent to specie, and universally accredited all over the country? Or, Mr. President, to put the question in still other words, since this Government has the regulation of trade, not only between the United States and foreign States, but between the several States themselves, has it nevertheless no power over that which is the most important and essential agent or instrument of trade, the actual circulating medium? Now, Mr. President, on these questions, as already said, I entertain sentiments wholly different from those which the message expresses.

It is, (said Mr. W.) in my view, an imperative duty imposed upon this Government by the Constitution, to exercise a supervisory care and control over all that is in the country assuming the nature of a currency, whether it be metal or whether it be paper; all the coinage of the country is placed in the power of the Federal Government; no State, by its stamp, can give value to a brass farthing. The power to regulate trade and commerce between the United States and foreign or Indian nations, and also between the respective States themselves, is expressly conferred by the Constitution upon the General Government. Now, it is clear that the power to regulate commerce between the States carries with it, not impliedly, but necessarily and directly, a full power of regulating the essential element of commerce, viz: the currency of the country, the money, which constitutes the life and soul of commerce. We live in an age when paper money is an essential element in all trade between the States; its use is inseparably connected with all commercial transactions. That it is so, is now evident, since by the suspension of those institutions from which this kind of money emanates, all business is comparatively at a stand. Now, sir, (said Mr. W.) what I maintain is simply this, that it surely is the duty of some body to take care of the currency of the country; it is a duty imposed upon some power in this country, as is done in every other civilized nation in the world.

I repeat, sir, that is the duty of some Government or other to supervise the currency. Surely if we have a paper medium in the country, it ought only to exist under the sanction and supervision of the Government of the country. Now, sir, if the General Government does not exercise this supervision, who else, I should like to know, is to do it? Who supposes that it belongs to any of the State Governments, for example, to provide for or regulate the currency between New Orleans and New York?

The idea has been thrown out that it is not the duty of the Government to make provision for domestic exchanges, and the practice of other Governments has been referred to; but I think in this particular a great mistake has been committed. It is certainly far otherwise in England; she provides for them most admirably, though by means not perhaps altogether in our power. She and other nations, however, provide for them, and it is plain and obvious that if we are to have a paper medium of general credit in this country, it must be under the sanction and supervision of the Government. Such a currency is itself a proper provision for exchanges. If there be a paper medium always equivalent to coin, and of equal credit in every part of the country, this itself becomes a most important instrument of exchange. Currency and exchange thus become united: in providing for one, Government provides for the other. If the Government will do its duty on the great subject of the currency, the mercantile and industrious classes will feel the benefit through all the operations of exchange. No doubt some modes of establishing such a currency may be more favorable to exchange than others; but by whatever mode established, such a currency must be useful to a great extent. The question, therefore, comes to this: whether we are to have such a medium. I understand there are gentlemen who are opposed to all paper money; who would have no medium whatever in circulation but gold and silver. Now this, at all events, is an intelligible proposition; but as to those who say that there may be a paper medium, and yet that there shall be no such medium universally receivable, and of general credit, however honest the purposes of such gentlemen may be, I cannot perceive the sanity of such views; I cannot comprehend the utility of their intentions; I can have no faith, sir, in any such systems. Now I would ask this plain question: whether any one imagines that all the duty of Government, in respect to the currency, is comprised in merely taking care that the gold and silver coin be not debased? If this be all its duty, that duty is performed, for there is no debasement of them; they are good and sound. If this is all the duty of Government, it has done its duty; but if Government is bound to regulate commerce and trade, and consequently to exercise oversight and care over that which is the essential element of all the transactions of commerce, then Government has done nothing.

I shall not, however, (said Mr. W.) enter into this question to-day, nor, perhaps, on any early occasion: my opinions upon it are all well known, and I leave it with great confidence to the judgment of the country, only expressing my strong conviction that until the people do make up their minds, and cause the result of their conclusions to be carried into effect by their representatives, there will be nothing but agitation and uncertainty, confusion and distress, in the commerce and trade of the country.

I shall now (continued Mr. W.) confine myself to a few remarks on the bill before us, and not detain the Senate longer than will be strictly necessary to give a plain statement of my opinion.

This measure is proposed in order to provide for the wants of the Government. I agree that this is a necessary object; but the question is whether this bill is the proper mode of making such a provision. I do not think it is, though others may think differently: if this is indeed the best mode, I should wish to see it carried into execution, for relief is wanted, both by the Treasury and by the country—but first and chiefly by the country.

I do not say that by the law providing for this deposit, the States have any fixed right to it: I prefer to put the matter entirely on the footing of conve-



nience and expediency; and when it is considered what expectations have been raised—that this money has even been already disposed of in advance by the several States for different purposes, such as internal improvements, education, and other great objects, it becomes a question of expediency whether it would not be better to supply the wants of the Treasury by other means.

Another consideration of great importance in my view is this: There are already many disturbing causes in operation, agitating the transactions of society in all the various ramifications of business and commerce. Now I would ask, sir, is it advisable, is it wise, is it even politic, to introduce, at such a time as this, another great disturbing cause; producing a reversed action, altering the destiny of this money, overthrowing contracts now entered into, disappointing expectations raised; disturbing, unsettling, and deranging still more the already deranged business transactions of the whole country? I would ask, is it worth while to do this? I think not.

We are to consider that this money, according to the provisions of the existing law, is to go equally among all the States, and among all the people; and the wants of the Treasury must be supplied, if supplies be necessary, equally by all the people. It is not a question, therefore, whether some shall have money and others shall make good the deficiency. All partake in the distribution, and all will contribute to the supply. So that it is a mere question of convenience; and, in my opinion, it is decidedly most convenient on all accounts that this instalment should follow its present destination, and the necessities of the Treasury be provided for by other means.

Again, if you pass this bill, what is it? It is mere *brutum fulmen*; of itself it will not produce any good if you do pass it. All admit there is no money, therefore the bill will give no relief to the Treasury. This bill, Mr. President, will not produce to the Secretary one dollar; he acknowledges himself that at all events it will not produce him many, for he says he wants other aid, and he has applied to Congress for an issue of some millions in Treasury notes. He gets the money, therefore, just as well without this bill as with it; the bill itself, then, is unnecessary, depriving the States of a sum which the Secretary cannot avail himself of, and which sum, notwithstanding this bill, he proposes to supply by an issue of Government notes.

He calls this collateral aid to the measure of postponement; but this evidently reverses the order of things, for the Treasury notes are his main reliance; to them only he looks for immediate relief, and this instalment now to be withheld is (as a productive source of revenue) only subsequent and collateral to the issue of the notes.

But now, sir, what sort of notes does the Secretary propose to issue? He proposes, sir, to issue Treasury notes of small denominations, down even as low as twenty dollars, not bearing interest, and redeemable at no fixed period; they are to be received in debts due to Government, but are not otherwise to be paid until at some indefinite time shall there be a certain surplus in the Treasury beyond what the Secretary may think its wants require. Now, sir, this is plain, authentic, statutable paper money; it is exactly a new emission of old continental. If the genius of the old Confederation were now to rise up in the midst of us, he could not furnish us, from the abundant stores of his recollection, with a more perfect model of paper money. It carries no interest, it has no fixed time of payment, it is to circulate as currency, and it is to circulate on the credit of Government alone, with no fixed period of redemption! If this be not paper money, pray, sir, what is it? And, sir, who expected this? Who expected that in the fifth year of the **EXPERIMENT FOR REFORMING THE CURRENCY**, and bringing it to an absolute gold and silver circulation, the Treasury Department would be found recommending to us a regular emission of **PAPER MONEY**? This, sir, is quite new in the history of this Government; it belongs to that of the Confederation which has passed away.

Since 1789, although we had issued Treasury notes on sundry occasions, we had issued none like these; that is to say, we have issued none not bear-

ing interest, intended for circulation, and with no fixed mode of redemption. I am glad, however, Mr. President, that the committee have not adopted the Secretary's recommendation, and that they have recommended the issue of Treasury notes of a description more conformable to the practice of the Government.

I think (said Mr. W.) there are ways by which the deposits with the States might be paid by the funds in the banks; there are large sums on deposit in some of the States, and an arrangement might be made for the States to receive the notes of their own banks in payment of this instalment, while the Treasury is at the same time relieved by its own measure, and all the inconvenience, disappointment, and disturbance, which this bill will necessarily create, would be avoided. At any rate, the payment of this deposit could do no more than in some measure to increase the amount of Treasury notes necessary to be issued; it is a question of quantity merely. Much of the instalment, I believe, might be paid by judicious arrangements, out of those funds now in the banks, which the Secretary cannot use for other purposes, so that the whole might be provided for, by no great augmentation of the proposed amount of Treasury notes. I am, therefore, of opinion that this instalment should not be withheld: 1st. Because the withholding of it will produce great inconvenience to the States and to the people. 2d. Because provision may be made for paying it without any large addition to the sum which it is proposed to raise, and which, at all events, must be raised for the uses of the Treasury.

In relation to the general subjects of the Message, there is one thing which I intended to have said, but have omitted; it is this. We have seen the declaration of the President, in which he says that he refrains from suggesting any specific plan for the regulation of the exchanges of the country, and for relieving mercantile embarrassments, or for interfering with the ordinary operation of foreign or domestic commerce; and that he does this from a conviction that such measures are not within the constitutional province of the General Government; and yet he has made a recommendation to Congress which appears to me to be very remarkable, and it is of a measure which he thinks may prove a salutary remedy against a depreciated paper currency. This measure is neither more nor less than a bankrupt law against corporations and other bankers.

Now, Mr. President, it is certainly true that the Constitution authorizes Congress to establish uniform rules on the subject of bankruptcies; but it is equally true, and abundantly manifest, that this power was not granted with any reference to currency questions. It is a general power—a power to make uniform rules on the subject. How is it possible that such a power can be fairly exercised by seizing on corporations and bankers, but excluding all the other usual subjects of bankrupt laws? Besides, do such laws ordinarily extend to corporations at all? But suppose they might be so extended, by a bankrupt law enacted for the usual purposes contemplated by such laws, how can a law be defended which embraces them and bankers alone? I should like to hear what the learned gentleman at the head of the Judiciary Committee, to whom the subject is referred, has to say upon it.

How does the President's suggestion conform to his notions of the Constitution? The object of bankrupt laws, sir, has no relation to currency. It is simply to distribute the effects of insolvent debtors among their creditors; and I must say, it strikes me that it would be a great perversion of the power conferred on Congress, to exercise it upon corporations and bankers, with the leading and primary object of remedying a depreciated paper currency.

And this appears the more extraordinary, inasmuch as the President is of opinion that the general subject of the currency is not within our province. Bankruptcy, in its common and just meaning, is within our province. Currency, says the Message, is not. But we have a bankruptcy power in the Constitution, and we will use this power, not for bankruptcy, indeed, but for currency. This, I confess, sir, appears to me to be the short state-

ment of the matter. I would not do the Message, or its author, any intentional injustice, nor create any apparent where there was not a real inconsistency; but I declare, in all sincerity, that I cannot reconcile the proposed use of the bankrupt power with those opinions of the Message which respect the authority of Congress over the currency of the country.

Mr. WRIGHT said it might become him to say a few words in relation to the bill before the Senate. His position in reference to this and other bills, perhaps, required him to do so. He would, however, confine himself strictly to the present subject, and to the most brief justification of his own course, and that of a majority of the Committee on Finance, who had concurred with him in reporting the bill.

Immediately upon the appointment of the committee, and the reference to it of the important subjects treated of in the Message of the President, and the Report of the Secretary of the Treasury, the committee found that the Treasury of the United States was, very soon, to be in want of means to meet the current demands upon it, without regard to any further transfer to the States. They also found that this fourth instalment of the deposits with the States was to become payable on the first day of October, and amounted to about nine and one-third millions of dollars.

The state of the Treasury, as developed by the Report of the Secretary of the Treasury, was, as he now recollected, and he thought he could not be materially mistaken, that, at the time when the statement appended to that report was made up, about the first day of the present month, (he believed the exact date was the 28th of August,) there was in the Treasury, subject to draft, available and unavailable, but eight millions one hundred and some odd thousand dollars. The report was printed, and upon the table of every Senator, and would verify his correctness in this particular. This amount was exclusive of the sums already deposited with the States, being some twenty-eight millions.

To arrive at what would be the condition of the Treasury on the first of October, the expenses of the present month, which, from drafts already made and anticipated, were estimated at about two and a half millions, must be deducted from the eight millions, one hundred and odd thousands; thus leaving in the Treasury, subject to draft, on the first day of October, less than six millions, without the transfer of a dollar to the States towards the October instalment. This, too, included all the funds in the Treasury subject to draft for payments, or transfers to the States, whether available or not, upon the drafts of the Treasurer; the funds on deposit with the States not being taken into the computation.

If, then, the October instalment was to be transferred to the States, all the means in the Treasury of all descriptions, on the day when that instalment was, by the deposit law, made transferrable, would not be equal to two-thirds of the amount, and money must be borrowed upon the credit of the United States, to supply the deficiency.

Another and stronger view, however, was presented to the committee by the head of the Treasury Department. The largest portion of the funds in the Treasury at present, and which would remain there on the first of October, were wholly unavailable upon the drafts of the Treasurer. They were in the western and southwestern banks; and experience had already shown that the drafts of the Treasurer upon these banks would not be received in payment by the public creditors. It was equally proved that the States, other than those in which the banks were located, would not take those drafts and give their obligations for a repayment of the amount in money, in pursuance of the provisions of the deposit law. The transfer to the States, therefore, could not be made even to the amount of the funds in the Treasury subject to draft, by reason of the character of the funds to be drawn upon; and, if to be made, a loan, to a much greater amount than the deficiency of those funds upon paper, would be rendered indispensable, from the unavailable condition of these funds.

Still, it would be seen by the Senate, that this disposition of the funds in the Treasury, and of the public credit, would leave the Treasury without a dollar to answer the current demands upon it. The appropriations for the year were large, almost beyond example, and the current calls upon the public Treasury must be measured by them. Hence it had been an object of primary interest with the Secretary to devise the means for carrying on the Government, and fulfilling its obligations to the public creditors, and in reaching that object he had, as Mr. W. considered, wisely and properly, suspended his efforts to make this last transfer to the States. In pursuance of this necessity, he had told Congress, in his printed report, that he should make no movements towards the accomplishment of that object, until the action of Congress should signify its will that that transfer should still be made, and should provide the means for making it. These facts and conclusions were fully before the committee.

It then became necessary for them to see what would be the state of the public Treasury, upon the supposition that the October instalment of the deposit with the States should be withheld. In prosecuting that inquiry, they found that the funds in the Treasury, subject to draft, were, to so great an extent, unavailable, that it would be indispensably necessary to resort to the use of the credit of the Government, in some form, to anticipate the practical use of the unavailable portions of those funds for the purpose of current payments.

At this stage of the inquiry, two other important interests, both public and private in their character, pressed themselves upon the attention of the committee. In any settlement with the late deposit banks, which should have proper regard to the present deranged and depressed state of the business of the country, and to the security of the public moneys yet remaining in their possession, the committee were forced to the conclusion that indulgence to these institutions, beyond their legal liabilities, was indispensable. The conclusions of the committee upon this point had been embodied in the shape of a bill, and was now before the Senate in a printed form. The other great interest to which he referred was a similar indulgence upon the revenue bonds. There, also, the committee had reported a bill which was before the body. In both cases, the least indulgence had been proposed, which the committee believed to be consistent with the great private interests of the community, or the security of the public property involved. They had been induced to believe, that the time granted to the banks was the least which would enable them to meet the payments in the manner required by law, and that any dependence upon a more speedy collection of the merchants' bonds would result in disappointment to the public Treasury, and a consequent failure to pay the public creditors.

It being assumed that Congress would agree with the committee in these conclusions, and that these bills would meet with approbation, what then would be the state of the Treasury with reference to a transfer of the October instalment to the States?

Mr. W. said he understood the estimates of the Department to be, that without these indulgences to the banks and the merchants, and with the postponement of the October instalment of the transfer to the States, the whole means in the Treasury might be adequate to its wants, in case Congress should be willing to grant the use of the public credit temporarily, that that portion of the funds which were at present unavailable might be brought into practical use, until time should render them available for the redemption of that credit. If those indulgences should be granted, then the use of the public credit would be required beyond the current year, because material portions of the existing means, and of the otherwise accruing revenue, would be placed without the reach or control of the Treasury for more than that period.

Upon these calculations and hypotheses the bills of the committee had been framed, and it was now his duty to give these facts and conclusions practical application to the measure under discussion.

This was a bill to postpone the October instalment of the transfer to the States. If he had been correct in his statements, and had made himself in-

telligible to the Senate, it would be seen that nothing existed in the Treasury out of which this transfer could be made, and that nothing within its power could enable it to make it without the aid of Congress. It would also be seen that the whole means of the Treasury were inadequate to meet the current calls upon it without the temporary aid of the credit of the nation; and that, if a reasonable indulgence were granted to public debtors, (such as the condition of the country and the security of eventual collections seemed to demand,) the use of that credit must extend beyond the current year, and could, at best, be only eventually met and redeemed by the means of the Treasury, existing, or in prospect, without a further transfer to the States.

In view of these facts, Mr. W. said his own mind had been brought to this simple and plain conclusion: that the United States had no longer any moneys to be safely kept by the States; that if the October instalment of the transfer provided for by the deposit law of 1836 was made, the means to make it must be borrowed upon the credit of the United States; and that Congress must place itself in the singular position of using the public credit to borrow money, merely that it might be safely kept by the States when it was obtained. He understood these provisions of the deposit law, upon their face, to be mere provisions for the safe-keeping of the public money. He understood this to be the object of those who advocated and supported that law at the time of its passage. In that sense he was disposed to regard it now; and he did not, therefore, view it as creating any claim in favor of the States, or as imposing any debt upon the United States. If, therefore, we were called upon to borrow money to fulfil the provisions of that law, he could only view it in the light of a call upon us to borrow money, merely that it might be safely kept when so borrowed. He had not felt, and could not feel, himself authorized to recommend a loan upon the credit of the nation for such a purpose. He believed he spoke the sentiments of those of his colleagues upon the committee, when he said that these were the views which had actuated him and them in consenting to report this bill.

Mr. W. said he owed it to himself to say that he had felt most sensibly the remarks of the honorable Senator from Massachusetts (Mr. Webster) as to the inconveniences and disappointments which must grow out of withholding the transfer of this instalment to the States. With a much less knowledge of the varied business and pecuniary affairs of our extended country than that distinguished Senator, he had not been insensible to these considerations. The course pursued by his own State, in the disposition of this money, had compelled him to be awake to them. The law of his State for the investment of its portion of this money had placed the matter even beyond its control, and had compelled its chief fiscal officer, long since, to announce to its citizens that this instalment would be paid from the treasury of the State, whatever might be the action of Congress upon the subject. This would, beyond doubt, be done, and those who sent him here, and whom it was his duty and desire faithfully to represent, should this bill pass, would be compelled to indemnify, from their own public funds, the individuals interested as borrowers of these moneys, against disappointment, damage, or loss, from the action of Congress. Yet, under these delicate and difficult circumstances, he had not been able to convince himself that he could properly do otherwise than to support the bill. He owed a high duty to those constituents, but he owed, in his estimation, a higher to the nation and to the Constitution of his country. He could not think that the power granted to Congress to borrow money upon the credit of the United States could be properly exercised, for the mere purpose of raising money to be safely kept; and this he must consider the simple question presented. He might be mistaken in this view of the matter, but such was the deliberate conclusion of his mind, upon the most mature reflection, and that conclusion must govern his action upon the bill, as it had done his action as a member of the committee which reported it.

Having said thus much, Mr. W. said, he would only correct two or three errors of fact into which the honorable Senator who had just resumed his seat (Mr. Webster) seemed to him to have fallen, and he would detain the Senate no longer.

The honorable Senator seemed to suppose that the means to make this transfer to the States were in the Treasury, and that the only difficulty, separate from the other demands upon it, grew out of the present unavailable character of those means. The statements he had already made, had shown the error of this hypothesis. He had already shown that the whole means in the Treasury, even when the Secretary of the Treasury made his report, at the commencement of our present session, of whatever character, whether available or not, were less, by more than a million of dollars, than the instalment required to be transferred to the States under the deposit law. He had further shown that those means, such as they were, were, before the first of October, when that transfer was required to be made, to be still further diminished by the whole expenses of the Government for the present month, ascertained and estimated to amount to two and a half millions of dollars. Hence it would follow, that the whole means in the Treasury on the first day of October next, must be from three and a half to four millions less than the transfer required. It was in vain, therefore, Mr. W. said, to escape from the conclusion, that if Congress should insist upon this transfer, it must authorize a loan of money upon the public credit, to enable the Treasury to make it: in other words, that it must authorize a loan of money upon the credit of the United States, that that money, when loaned, may be deposited with the States for safe keeping.

Another error of the honorable senator (Mr. Webster) which he felt bound to correct, was in his strictures upon the recommendations of the Secretary of the Treasury, as to the manner of issuing treasury notes. The honorable senator had criticised this part of the report of the Secretary of the Treasury with some severity, and had held him up to the Senate and the country as striking out a new path for the supply of the Treasury; as recommending the issue of paper money; of a description of paper similar to that which we know by the denomination of "continental money;" and of doing this for the first time since the organization of the Government under the Constitution. The fault complained of consisted in a recommendation, merely discretionary and alternative, to issue Treasury notes bearing no interest, and payable to the bearer, in case the public creditors should be found willing to receive such notes in payment of their demands against the Government, at par; otherwise, to give the notes such an interest as would bring them to par.

Mr. W. said as the committee, in the bill they had reported, had not followed this recommendation of the Secretary, it would be seen that no question was depending before the Senate, either in the bill now under discussion, or in any other, which rendered this point material; but he was sure his object would be fully understood and appreciated in making this correction. It was simply to defend this public officer against a mistaken accusation. It was not necessary for him to defend, at this time, the soundness of the recommendation, but to protect the Secretary against the charge of being the author of a principle now supposed to be so new and so dangerous. To do this, it was only necessary for him to read the third section of the act of the 24th of February, 1815, authorizing an emission of Treasury notes, in which all these dangers would be found to be embraced, adopted, and made imperative, as a part of the laws of the land.

[Mr. W. here read the section of the act, as follows:

"SEC. 3. And be it further enacted, That the said Treasury notes shall be prepared of such denominations as the Secretary of the Treasury, with the approbation of the President of the United States, shall, from time to time, direct; and such of the said notes as shall be of a denomination less than one hundred dollars shall be payable to bearer, and be transferrable by delivery alone, and shall bear no interest; and such of the said notes as shall be of the denomination of one hundred dollars, or up-

wards, may be made payable to order, and transferable by delivery and assignment, endorsed on the same, and bearing an interest from the day on which they shall be issued, at the rate of five and two-fifths per centum per annum; or they may be made payable to bearer, and transferable by delivery alone, and bearing no interest, as the Secretary of the Treasury, with the approbation of the President of the United States, shall direct."

What now, Mr. W. asked, was the condition and the fault of the Secretary? He had found the public treasury in want of means to pay the public creditors. The exigency had grown out of a reverse in trade and business, sudden and universal, and the use of the credit of the Government, in some form, seemed to him indispensable. It became his duty to suggest to Congress the means and the mode of supplying the Treasury. He examined the legislative history of the Government in former cases of embarrassment at the Treasury, and found, among other expedients, that emissions of Treasury notes paying no interest, payable to bearer, transferable by delivery alone, and without any restriction as to the denomination of the notes to be so issued, had been authorized. Among a variety of plans to meet the present wants, he suggested this, recommending that no note should be issued for a less amount than \$20. Had he attempted to introduce any new principle? Certainly not. Was his conduct, in making this suggestion in conformity with the previous practice of Congress itself, deserving of the high censure which had been bestowed upon it? He, Mr. W. thought not.

A single other reply to the honorable Senator. That gentleman had supposed the President most inconsistent and contradictory with himself, in remarking, generally, in his message, that he did not recommend to Congress measures for the regulation of the general currency of the country, or of the foreign and domestic exchanges, because he could not find in the Constitution any power conferred upon Congress to regulate these matters; and then, in the same message, recommending a bankrupt law, as applicable to banks and bankers. Where was the inconsistency, or contradiction? The President had said he omitted to make further recommendations upon these subjects than those found in the Message, because he could not find, and did not believe, that Congress possessed further power over them; but he did recommend a bankrupt law, because the power to pass bankrupt laws is conferred upon Congress by the Constitution, in express terms. He did, therefore recommend a bankrupt law, which the Constitution authorizes, and he did not recommend any thing else, upon these points, because the Constitution authorizes Congress to do nothing else. Is this inconsistent?

Mr. WEBSTER said, in reply, if the act of 1815 authorized the issuing of Treasury notes, no circulation was ever made of such notes as the Secretary now recommends. All Treasury notes went on the ground of a temporary loan to the Government, to be paid or funded as soon as the Treasury would allow.

The member from New York (Mr. Wright) had said that the question before the Senate was a simple proposition, whether they should borrow money to be safely kept with the States? By him, and by others, it had also been represented as a question, whether they should borrow money to give away? Nobody, Mr. W. thought, would borrow money merely to give away, or deposit for safe-keeping. But he would put it to the honorable member, if any Government had made a contract, or excited an expectation, that a deposit would be made, and the other party had acted on the faith of this assurance, and had nearly completed their arrangements, whether it ought not to supply the means, even if it did not, at the time, possess them? And suppose it was the promise of a gift, instead of a deposit, might it not be found more just to borrow, than to defeat the expectation on which the other party had acted? What was the object of this bill? It was not to repeal, but to postpone what was hereafter to be fulfilled. Such being the case, it was doubtful whether it could ever be transferred to the

States with more convenience than it could now from the banks.

During the late war there was great want of money, and a great disposition to use Treasury notes, and pass them as a medium of payment to the public creditors. But in the difficulties and embarrassments of a foreign war, things were done, which, in a day of peace and abundance, we should be slow to do. And one thing which we should be slow to do was, to propose by law that we should pay the public creditors any thing less in value than gold and silver, on the condition that the creditors would voluntarily take it. The Secretary had said that the protested checks now in circulation were only a little depreciated below the value of specie, and argues that these notes will be as good at least as the protested checks. But suppose these notes should be depreciated only a little below the value of silver, was it proposed that they should be offered to the public creditors, if they would receive them? What was meant when it was said that the officers of the Government may pay its creditors in Treasury notes, if they will voluntarily receive them? What was the alternative? Were the gold and silver held in one hand, and the Treasury notes in the other? On the contrary, it was a sort of forced payment, not as good as was required by law. All knew there was no choice. The men who labored in the streets of this city, on the public works, or who furnished the bricks and stones, would come for their pay, and they would be offered Treasury notes, and asked if they were willing to take them. But would there be gold and silver in the other hand? No; nothing but the Treasury notes, and they would be asked if they were willing to take them; and then, if they should take them, that is called voluntary reception.

Now it is evident that in such a case the only choice is between Treasury notes, on the one hand, and something worse, or nothing at all, on the other. No man can be supposed to receive voluntarily any thing of less value than that which he is legally entitled to. The reception of such inferior medium is always the result of force or necessity, either greater or smaller. Neither the justice nor the dignity of the Government could ever allow of such a course. If Treasury notes were offered to the public creditor, there ought to be an actual choice afforded between them and the specie. And especially, with what an aspect could this Government offer such payment, at the very moment when with a stern countenance and iron hand it was demanding of its creditors metallic money for every dollar of its dues? Was it not now the law that no officer of the Government should offer the public creditor any thing less in value than specie? Mr. W. thought, therefore, that the notes proposed by the committee were better than those recommended by the Secretary. He was in favor of that system which would put the public creditor in no such selection as between paper and nothing.

Mr. BUCHANAN said he had often admired the dexterity with which the Senator from Massachusetts could extricate himself from a difficulty, in which, however, he was seldom involved. On such occasions he always made a skilful retreat. Feeling the respect which he (Mr. B.) did for his legal knowledge, he had received, as a matter of faith, his declaration that Treasury notes not bearing interest had never been issued under the present Constitution; and when he called up the ghost of the ancient Confederation to act as godfather of these Treasury notes, Mr. B. remained satisfied that he had made himself fully acquainted with the laws in relation to this subject. But scarcely had he taken his seat, when the act of 1815 laid the ghost which he had conjured up; and by that it appeared that Congress had done the very thing which he had declared had not been done since the days of the Confederation. Thus much was due to the Secretary of the Treasury. Mr. B. however, rejoiced that the Committee on Finance had proposed the issue of no notes not bearing interest.

In regard to this bill, a plain statement of facts would be the most conclusive argument which could be urged in its favor. He had voted for the deposit of June, 1836, and, upon a retrospect of all which had occurred since its passage, he had found no cause to repent of this vote. It was a

choice of evils; and between the alternatives presented, he thought he had made the best choice. On the one side, after reserving five millions, nearly forty millions of dollars had accumulated in the deposit banks. This vast amount of money was used by them to increase the dividends of their stockholders, to expand extravagantly the paper circulation of the country, and to excite speculation to the greatest excess. On the other hand, strong objections existed against making the Federal Government an instrument for the purpose of collecting money that it might be deposited with the States. The precedent might in many respects be dangerous. But the money was on hand. It had been collected under existing laws. Placed in this situation, he thought it was more just, more politic, more safe, to place it in deposit with the States, that it might be used for the benefit of the people, than to suffer it to remain with the banks for the benefit of their stockholders, and to the injury of the country.

But does the deposit law, from first to last, contain one sentence, nay, does it contain one word, which resembles a gift or a loan to the States? Is it not in terms a bare transfer of deposits from the banks to the States? Under its provisions the faith of all the States is pledged for the safe-keeping and re-payment of their respective proportions of this money, whenever they shall be required by the Secretary of the Treasury, for the purpose of defraying the wants of the Treasury. The mode and manner in which he shall call for it are expressly prescribed. Nay, more, the case has actually occurred. If the Secretary had pursued the line of strict duty under the law, he would, ere this, have called on the States for a portion of the three instalments which have already been paid. He has acted wisely in not making this demand until the pleasure of Congress could be known. The States are not now in a condition to return immediately any portion of what they have already received.

Under these circumstances, the question is, whether we are bound, upon any principle, to deposit with them the fourth instalment, when the Secretary of the Treasury, the very next day, might demand a return not only of it, but of the three other instalments, in the manner prescribed by the law.

The Senator from Massachusetts had not contended that we were bound by any contract to deposit this fourth instalment with the States. He has said, however, that if an individual, by his conduct, had induced a reasonable expectation that he would loan money to another, or give money to another, it might become his duty to borrow it, and pay interest for it, for either of those purposes. Mr. B. denied that the conduct of Congress was such as to afford any pretext for such an expectation. On the face of the act there was nothing but deposit written. Neither a loan nor a gift appeared upon it. It was a mere deposit, without interest, to be restored when demanded in the manner prescribed, and not a loan for a given period, much less an absolute gift. If the States, therefore, had entertained any such expectation, it was from other circumstances, and not from the solemn contract into which they had entered with the United States under this law.

Mr. B. knew that several of the States had made appropriations of this money which would render it extremely inconvenient for them to return, at the present time, any portion of the money which they had already received. He did not believe that it ought to be demanded from them by the Secretary of the Treasury without the special direction of Congress. Still this opinion was not founded upon any doubts which he entertained of their obligation to refund it.

Congress would not have been involved in its present difficulties in regard to this subject, but for the unfortunate amendment which had been made to the deposit bill by the House of Representatives, which was acquiesced in by the Senate. Had it not been for this amendment, we might now proceed, and suffer the fourth instalment to be deposited with the States. The Secretary of the Treasury would then have received from them transferable certificates of deposit, in such convenient sums as he might have directed, bearing no interest



until it became necessary for him to use them, but afterwards bearing an interest of five per cent. and redeemable at the pleasure of the States. At this very moment such certificates would command a premium in the market, and would be equal to gold and silver. The Treasury might have been replenished by their sale, and we might suffer the deposit law to take its course.

Mr. B. said, however much ingenuity might attempt to disguise this question, the result was, that we must now determine whether we will borrow the amount of the fourth instalment, either in the form of Treasury notes, or by a direct loan, and pay interest upon it, in order that we may deposit it with the States for safe-keeping, and without interest. This was the plain and simple proposition. It was the result of all the argument. What man, in his senses, ever contracted a debt in order that he might deposit the amount of it with his neighbor for safe-keeping? And is the Federal Government to be guilty of this absurdity? Are we, as the trustees of the people of the United States, to manage their concerns so unwisely as to involve them in a debt, and collect taxes from them to pay it for any such purpose? However much the States might desire to receive this fourth instalment, and whatever attempts might be made to excite popular feeling upon this subject, he had full confidence that his constituents would approve his vote upon this bill.

Mr. B. said that he knew very well that this was a subject well calculated to enlist the feelings of Senators. The instalment might be deposited with the States against his vote. In that event, he should bow most cheerfully to the will of the majority. Indeed, there was one consideration which had induced him to endeavor to bring himself to this conclusion; and nothing but a conviction of imperious duty had stood in the way. He knew that the greater amount of Treasury notes which we issued, the greater would be the relief to the community. Whatever amount might be issued would be equal, in this respect, to the creation of so much gold and silver. They would assist in regulating the exchanges, both foreign and domestic. They would go to Europe in payment of our debt, and thus prevent the transportation of the precious metals. If this bill should not pass, their amount would be increased several millions; and thus additional relief would be afforded to the public. But however much he might desire, and however much he did desire this result, he could not consent to borrow money on the faith of the United States, not to carry into effect the legitimate purposes of the Government, but to place it on deposit with the several States.

In answer to Mr. BUCHANAN—

Mr. WEBSTER, having obtained and examined the act of 1815, said: The honorable member from Pennsylvania had been kind enough to say that I do not often get into difficulties in debate, and that when I do, I generally extricate myself better than I have done on the present occasion. He partakes in the supposed triumph of his friend from New York, (Mr. Wright,) in having proved me incorrect when I said that this Government had never issued such paper money as the Secretary has now recommended. Now, sir, although I am pleased to see the happiness which the gentleman enjoys; yet I believe I must dash it a little. Most assuredly, sir, it authorizes no such paper as is now proposed. I was persuaded it could not, as I have a pretty good recollection of the proceedings of Congress on such subjects at that time.

The law of 1815 authorized the issue of two classes of Treasury notes: 1st, such as bore no interest, but which, the very hour they were issued, might be funded in a seven per cent. stock, to be redeemed like other stocks of the Government. 2d. Treasury notes bearing an interest of five and two-fifths per cent. capable of being funded in like manner, in a six per cent. stock. These stocks were to be issued on application by any commissioner of the revenue in any State. Now, what comparison is there between either of these classes of Treasury notes and those recommended by the Secretary which bear no interest, and for which no fixed redemption is provided?

I affirm again, therefore, sir, all that I have said, namely, that the notes recommended by the Treas-

ury are regular paper issues, like the old emissions of Congress and the States before the adoption of the present Constitution, and that no precedent has been found for them, and I am sure none can be found, in the practice of this Government.

Mr. BUCHANAN said he did not think the Senator, with all his ingenuity, had got out of the difficulty. Under the section of the law of 1815, which he had just read, Treasury notes were to be issued without interest; they were to circulate as a currency without interest; they might continue to circulate for years without interest. It did not alter the case that the holder of them above a certain amount had the privilege of funding them, and converting them into a stock bearing interest. This interest did not commence from the date of their issue, but from the time they were funded. All the time they remained in circulation, they were Treasury notes without interest. They were what the Senator from Massachusetts had supposed never was issued under the present Constitution. Mr. B. however, agreed with the Senator that at this time no Treasury notes ought to be issued which did not bear interest.

Mr. CALHOUN said that he was decidedly of the impression that, under the circumstances of the case, this postponement ought to be made. The object of the deposit law was to draw the revenue out of the grasp of the Government, and to restore it to those to whom it ought to be restored. And now, when there was no surplus, it was not contrary to the purpose of that law to withhold it. But the responsibility of doing so would rest on gentlemen of the administration, and those of the opposition who made last year the extravagant appropriations of \$32,000,000, exceeding the estimate of the Secretary of the Treasury. They were then told of the folly of raising the revenue, and of raising the disbursements. The result now was that the Government was bankrupt. Were they never to look ahead and see the difficulties that threatened them?

Another era had now arisen. They had got through with the surplus, and Mr. C. trusted they were through with extravagant appropriations. If they did not economize and retrench, he saw a new age commencing, perhaps that of Treasury notes, when the compromise act would be annulled, the high tariff revived. But Mr. C. would agree that the fourth deposit should be withheld, since that law had fulfilled its main purpose, and since a new series of extravagances was now to arise, unless they kept a good lookout.

Mr. BUCHANAN offered the following amendment, to be inserted at the end of the bill:

"Provided, That the three first instalments under the said act shall remain on deposit with the States until otherwise directed by Congress."

Mr. NILES said he must ask for the yeas and nays on the amendment, and was sorry it had been offered. If it was to be fully considered, it would renew the debate on the deposit act, as it went to change the essential principles and terms of that act. A majority of those who voted for that act, about which there had been so much said and so much misrepresentation, had professed to regard it—and he could not doubt that at the time they did so regard it—as simply a deposit law; as merely changing the place of deposit from the banks to the States, so far as related to the surplus. The money was still to be in the Treasury, and liable to be drawn out, with certain limitations and restrictions, by the ordinary appropriation laws, without the direct action of Congress. The amendment, if adopted, will change the principles of the deposit act, and the condition of the money deposited with the States under it. It will no longer be a deposit; it will not be in the Treasury, even in point of legal effect or form: the deposit will be changed to a loan, or perhaps, more properly, a grant to the States. The rights of the United States will be changed to a mere claim, like that against the late Bank of the United States; and a claim without any means to enforce it. We were charged at the time of making a distribution of the public revenue to the States, in the disguise and form of a deposit; and this amendment, it appeared to him, would be a very bold step towards confirming the truth of that charge. He deemed the amendment an important one, and

highly objectionable; but he saw that that Senate were prepared to adopt it, and he would not pursue the discussion, but content himself with repeating his request for the yeas and nays on the question.

Mr. BUCHANAN said he had not imagined this amendment would meet with opposition. He wished to know if it was right and proper that the Secretary should be made responsible for not calling upon the States for this money, as the law required him to do? The condition of the States was such that the Secretary cannot make such call upon them. He (Mr. B.) was therefore desirous to relieve him from this embarrassment. The substituting Congress instead of the Secretary would not, Mr. B. thought, make any change in the nature of the fund.

Mr. CALHOUN said he fully concurred in the proposed amendment. It was due to the States, in their sovereign capacity, not to subject themselves to be called upon for the money by any other authority than Congress.

The question was then taken on the amendment offered by Mr. BUCHANAN: and the yeas and nays being called for, were as follows:

YEAS—Messrs. Allen, Bayard, Black, Brown, Buchanan, Calhoun, Clayton, Crittenden, Fulton, Grundy, Kent, King of Alabama, King of Georgia, Knight, Linn, Lyon, Morris, Nicholas, Norvell, Preston, Robbins, Robinson, Sevier, Smith of Indiana, Southard, Strange, Swift, Tallmadge, Wall, Webster, White, Williams, Young—33.

NAYS—Messrs. Benton, Clay of Alabama, Hubbard, Niles, Pierce, Rives, Roane, Ruggles, Smith of Connecticut, Tipton, Walker, Wright—12.

Mr. TALLMADGE then moved as an amendment to strike out all after the enacting clause, and insert, in substance, as follows: "The money deposited with the States shall remain on deposit until otherwise directed by Congress."

Mr. TALLMADGE made a few brief remarks in support of this amendment, which he said embraced the substance of the amendment offered by the Senator from Pennsylvania, (Mr. Buchanan.)

The yeas and nays being ordered, the question was taken on Mr. TALLMADGE'S amendment, and decided in the negative, as follows:

YEAS—Messrs. Bayard, Clayton, Crittenden, Fulton, Kent, Knight, Lyon, Nicholas, Norvell, Preston, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Tipton, Webster, White—18.

NAYS—Messrs. Allen, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, Morris, Niles, Pierce, Rives, Roane, Robinson, Ruggles, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright, Young—27.

The question on engrossing the bill, as amended, and ordering it to a third reading, was then taken, and decided in the affirmative, as follows:

YEAS—Messrs. Allen, Benton, Black, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Alabama, King of Georgia, Linn, Morris, Niles, Pierce, Rives, Roane, Robinson, Ruggles, Sevier, Smith of Connecticut, Strange, Walker, Wall, Williams, Wright—27.

NAYS—Messrs. Bayard, Clayton, Crittenden, Kent, Knight, Lyon, Nicholas, Norvell, Preston, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Tipton, Webster, White, Young—18.

The Senate then, on motion of Mr. NICHOLAS, Adjourned.

## DEBATE IN THE SENATE.

In Senate, Friday, September 15, 1837.—On the bill to postpone the payment of the Fourth Instalment of the Deposits with the States.—

The bill to postpone indefinitely the payment of the fourth instalment of the deposit bill, was read a third time; and the question being upon its passage—

Mr. PRESTON, of South Carolina, said he should not now undertake to make a formal opposition to this bill, as he understood it to have been decided on the second reading, and it might be considered as having already passed. He thought, however, it ought to have met with more discus-

sion than had taken place upon it, and we would therefore beg the indulgence of the Senate while he briefly expressed his opinion upon its merits.

The first inquiry he should make was, whether a case had been made out justifying the withholding of this instalment of the deposit with the States; and, secondly, he would inquire if, supposing the case had arrived, this was the proper and the most advisable course to be adopted to assist in replenishing the Treasury.

My opinion (said Mr. P.) decidedly is, that the *casus federis* has not arrived for Congress to encroach upon the fund set aside for deposit with the States; and I further am of opinion that, even if it had now arrived, yet this is not the course by which we shall best consult the interests of the country, in attempting to bring brief relief to the Treasury.

Let us briefly consider the history of the deposit act. That act was passed contemporaneously with other acts of most prodigal expenditure. We had a surplus which we knew not how to dispose of. To expend—to get rid of our overflowing funds, was then the order of the day. We were in the full tide of an inauspicious prosperity, and the Departments were stimulated and goaded on to find out how much they could spend, while the majority in Congress seemed to be employed in finding out how much they could give. The Departments asked for twenty millions, and Congress, eager to get rid of the surplus, outstripped even their extravagant demands, and gave them thirty millions. Then it was, sir, that this deposit bill was originated. It went hand in hand with bills of the most extravagant and prodigal expenditure.

Now, sir, under these circumstances, when we give so prodigally to the Departments, at a time of high prices, it is well worth our while to inquire whether the time has not arrived to lop off and curtail from our expenditure, rather than to withhold this instalment from the States. I am of opinion we might save the nine millions of this instalment by curtail the extravagant expenditures of the Departments, and so pay the instalment—not by distressing the States in withholding it, but by introducing a wholesome measure of retrenchment in the expenditure of Government.

This, sir, is the ground I take; namely, that it would be far better to curtail our expenditure than to stop the payment of this instalment.

Again, I would ask, does the proposition embraced in this bill go to relieve in any manner the pressure upon the people? Not in the least, sir. Neither will the Government place itself in funds by the operation of this law. The banks have laid violent hands on the deposits; they will pay them no longer in the medium they were expected to pay them in. Of what use, then, will this bill be to Government? The money is locked up in the banks, and the wildest enthusiast in favor of this measure would not go so far as to say that the mere fiat of this body, a bill such as this, is going to fill the country with gold and silver. We have not got the magician's wand, by one touch of which we can make the gold come forth from its hiding places. We may call, indeed, by our enactments, the spirits from the vasty deep, but will they come when you do call them? Will money be obtained for the Government when you pass this bill? No, sir; we all know that this bill will bring no money into the Treasury.

It would be better, therefore, under such circumstances, to let the law go on, and let the States receive the whole of the deposit. The States, sir, are willing to take the instalment in the only medium in which the State institutions are able to pay it. They are not going, at this crisis, to clamor for a hard money currency. They will be satisfied with receiving the State currency, their own domestic currency. But the President says, "No;" and by passing this bill, according to his recommendation, you will not let them receive a currency which they are willing to receive. The amount of the instalment now in the banks would be useful in that currency, to them, for they would gladly receive it; but it will be of no use whatever to the Government, for the Government will not receive it. Then, sir, if I may use a homely similitude, by such an enactment as this, you act the part of

the dog in the manger; you will not take the money of the States yourselves, and you will not let them have it, though they wish to receive it. Is this a noble or even a politic proceeding? Is this your reforming the currency? Is this aiding and relieving the embarrassments of the people, to stamp a bad name upon their currency, to refuse to receive it yourselves, to pass laws fixing a stigma upon it, and then to forbid others to receive it?

Again, sir: there is another view which I think ought to be taken of this subject; and, had it received its due consideration, such a measure as this could surely never have been proposed. In fifteen days from now, this instalment will be due to the States. They have already made their disposition of the money. It has been disposed of in various contracts, and been directed to various great and useful purposes; and now, suddenly, at this short notice, the expected sum, the sum which the law had pledged to them, is, by another law, to be withheld. But, by the terms of the deposit law, a specific time was fixed upon and accorded to the States, in which the States were to have notice of any demand to be made upon them for the sum deposited. By the law, therefore, they are entitled to a notice before this fourth instalment can be withdrawn from them. For they have already expended it; and this bill to withhold it is equivalent in its action to taking back the money from them, without the notice which the law provided for.

Mr. P. then proceeded to show that there were other and better methods of raising money for the Treasury, without resorting to this expedient, which, while it would be onerous and oppressive to the States, would be, at the same time, virtually useless and unproductive to the Government. One mode which he should point out was that of an issue of certificates of deposit, which would immediately provide available funds for the Government, without this measure of withholding an expected and promised instalment. Mr. P. remarked that such a provision had been originally inserted in the deposit bill, but he greatly regretted that, in order to overcome the prejudices of an illustrious person, and to make the bill acceptable to him, (the late President of the United States,) that provision had been stricken out of the bill, in order to secure its passage and save it from his veto. Mr. P. remarked that he should not permit himself now to dwell upon that painful recollection, but should content himself with merely expressing his deep regret that so wise and salutary a provision had been stricken out of the bill from considerations so individual, personal, and little.

If (continued Mr. P.) that wise and salutary measure had been carried out in the original deposit bill, we should not now be here. The Senate would not now be fatigued with its present labors, and all the trouble we are now undergoing would have been avoided. The Treasurer would then have only had to throw the certificates into the market to raise what sum he required for the use of the Government. Such a course, sir, (observed Mr. P.) would have been enough and ample to pry up the Government out of the slough of despond in which now it is sunken. Not only would it have given funds to the Government, but also it would have given relief to the people. It would have thrown money into circulation, it would have benefitted all parties. It would have been twice blessed, giving double relief both to the States who gave the certificates, and to the General Government, which received them.

By this proposition to suspend or postpone the payment of the instalment, Mr. P. said, no one will be benefitted. He would venture to suggest how both parties might be benefitted, and the issue of Treasury notes might be avoided. Let the clause excised from the original deposit bill be re-enacted; let the States issue their certificates, which will be as good as specie to the Government. Let the States receive this instalment, and let the Treasury receive the certificates, and sell them. In this manner, instead of adding to the general distress of the times, both parties would be eminently benefitted. Surely (said Mr. P.) those gentlemen who hold our destinies in their hands, who carry all the measures they please to imagine, good or bad—and (Mr. P.) was sorry to say he could not look

back and call all their measures good, nor could he look at this measure and deem it either wise, or good, or politic—surely, he would repeat, those gentlemen ought to be willing to adopt such measures as would be the least distressing, the least painful, onerous, and disturbing, at a time of general distress, such as the present, when we are called together to relieve, not to aggravate, to benefit, and not to injure, to heal, and not to take vengeance.

I entreat those gentlemen, therefore, said Mr. P. to take these things into consideration; I entreat them to give more time to the States, not to stop the payment of this instalment; I entreat them to let the money go where it might almost be considered a vested right it should go. Mr. P. concluded by saying he was sorry to have detained the Senate at this stage of the bill; he had not expected that he could have weight enough to change the course of the gentlemen of the majority, or to prevent the passage of this disastrous bill. All he had desired was, to give brief expression to his views of it. He had now done so, and in doing so he felt that he had done his duty.

Mr. CALHOUN said he thought it would be better for his colleague (Mr. Preston) to make a motion at once for the repeal of unexpended appropriations to the amount of nine millions of dollars, the amount of the instalment. There would then be a surplus to that extent, which might go for the payment of the fourth instalment. If Mr. P. felt unwilling at this stage of the bill to make such a motion, he (Mr. C.) would agree to the laying of the bill on the table in order to give time. He confessed that the idea had occurred to him which his colleague had just stated; but he did not see any probability of such a proposition being attended with success. He had done his utmost to stop the extravagant course pursued at former sessions in granting the appropriations. His efforts had been unsuccessful, and now he thought there was still less chance of getting back that which it had not been possible to prevent from being legislated away. He agreed with Mr. P. that it was entirely useless to lock up this money. It would do no good to the Government; when, if let go, it would do good to the States.

Mr. CRITTENDEN of Kentucky said he fully concurred in the views just expressed by the gentleman from South Carolina, (Mr. Preston.) In the State which he came from, he said, the general opinion was that retrenchment was wanting, and ought to be exercised in the several Departments of the Government. The profusion to which they were becoming habituated it was time should be checked, and he (Mr. C.) agreed with the honorable Senator from South Carolina, (Mr. Preston,) that now was the time, if ever, to put in force such a necessary retrenchment. He (Mr. C.) could not well understand the reason why any other course should be resorted to; for it clearly appeared to him, that, by proper retrenchment in the expenditures of Government, enough, and more than enough, might be curtailed from its superfluous disbursements to make up the amount which the payment of this instalment would require.

But he (Mr. C.) was at a loss to understand what object the Government could have in view by the measure here proposed. Such was its tenacity of a metallic currency, so great was its abhorrence for any other media, that it refused to take, or acknowledge as available funds, the money of the country and of the people. It could, therefore, get no available funds by this bill. The banks could not pay its demands now in gold or silver, nor were they likely to be able to do so for some time to come. Why, then, did the Government seek by this bill to deprive the States of funds which were available to them, but which were altogether unavailable to the Government? He could not comprehend the reasons and motives of such a measure. If this bill would benefit the Government by making the sum it withholds from the States available to the General Government, there might be, indeed, some reason in it. But why, he asked, take from the States that which would benefit them, in order to hand it over to the General Government, to whom it will confessedly be of no benefit whatever? The State of Kentucky, and other

States also, had made provisions for the expenditure of this money; had already applied it to various great and useful objects, relying on the solemn faith of a law of Congress, passed after the fullest deliberation by that body. On such a law, not deeming that it would be lightly broken or rescinded upon the first pretext, Kentucky had built her expectation of this money, and had acted upon that expectation, and had disposed of it by anticipation. Therefore, not only on the ground that this money would not be available to the General Government was this bill objectionable, but also on the ground that its present withdrawal from the States would be highly injurious and inconvenient to them. On this ground the bill in his view was eminently objectionable.

Was the faith pledged by an act of Congress to be so lightly broken? Was an expectation, based upon such ground, to be with such indifference and facility disappointed? Was it worth no effort—no exertion—no trouble, to keep a promise? to stand by a law? to fulfil an engagement? The States were invited to accept this deposit; it was no boon of their soliciting; and now, after it has been offered—after it has been promised—after it has been accepted—after it has been spent—after numberless schemes and plans for its employment, all beneficial to the States, have been devised and settled, and are waiting the payment of this fourth instalment for their completion, is it now the time to recede from our engagement? Is it now the time to break a promise? Is it now the time to violate a pledge, and say that you have not got the money? Might it not be replied, you have got the money, but you will not let the States have it! Such, in fact, would be the effect of the passage of this bill! Yes, sir, the money is there; the money is in the banks; the States are willing to receive it; but Congress interposes, and, by this bill, says "No; you shall not receive it."

We are told by the supporters and advocates of this bill that it must be passed, because it would be highly impolitic to borrow money in order to deposit it with the States. This, sir, is not the correct view of the case: this is not a fair statement of the question: this, sir, is not the question at all. The question is this: The States have been led to expect this fund, on the faith of a law: they have made improvements, entered into contracts, incurred expenses on the expectation of receiving this money, pledged to them by the law; and now, sir, the question is, "Is there no right on the part of the States, is there no obligation on the part of the General Government to fulfil the law?" Shall the law be set aside on the mere plea of inconvenience? That, sir, is the question, the great question! Whether a solemn law shall be fulfilled—whether a pledge shall be redeemed—whether a promise shall be performed—whether there exists any obligation to fulfil promises given, and not to disappoint expectations gratuitously raised? Shall we be told, sir, that there exists no such obligation? It is, in my view, the highest obligation which attaches to any Government. Now, in answer to this, we are met by the plea of convenience. We are told it would be very inconvenient to fulfil this contract with the States; that money will have to be borrowed for the purpose; and, therefore, since it would not be quite convenient to fulfil the obligation, the obligation ought to be broken, and the faith of the law violated!

But there is also another plea for this measure. I understand gentleman to say that there is not money enough in the Treasury to pay this fourth instalment. But, sir, laying aside the question how far such an argument ought to prevail to induce the violation of a solemn engagement, let us ask, as to the fact, whether there are, indeed, no funds for the purpose of meeting this engagement? On looking over the report of the Secretary of the Treasury, (said Mr. C.) I only find a probability spoken of. He says, there may probably be a deficit, and not that there is. The argument therefore is divested of its main strength, and that is, of the absolute fact necessary to sustain it. But, sir, if there are no funds adapted to the wants of the General Government, there are funds which the States would willingly receive. They have confidence in the banks; they would receive their

paper. They are not engaged in warfare against them; they do not wish to destroy them, and to destroy the credit of the country and of the people; while, on the other hand, there are no funds for the use of the General Government only because it will not recognise our money, our funds, our credit, and will only receive gold and silver; it is not willing to go hand in hand with the people in aiding and assisting to support and sustain that credit which is the life and soul of the business, trade, and commerce of the nation.

Again, sir, let me expose another monstrous idea which seems to possess the gentlemen who have brought forward, and those who advocate this bill; an erroneous idea, indeed, of which it were well that they were dispossessed; and it is this, sir: they seem to imagine that this money belongs to the Government. Not so, sir, (said Mr. C.) far from it: it belongs to the States—it belongs to the people, from whom the Government has gathered and collected it; but which gathering and collecting did not make it its own. Therefore, sir, in addition to the many strong reasons why this money should not be withheld from us, the reason above all is, that it is our own money.

The President of the United States in his Message had read a lecture on economy to Congress, and to the people of this country, and had told them that the distress and exigency of the times which have brought us here are to be attributed to the extravagance of the people. Now, sir, it is very strange that it never occurred to the President that economy was of all things that in which the Government itself was most deficient; that economy was especially needed to be put in practice by it; that the tide of prodigality and high expenditure of millions upon millions, in which it had of late years indulged, it was now high time should be stopped. Strange, sir, is it, that the President, before he made this charge upon the people, did not look to the crying necessity for reform and economy in the Government itself.

In a time of distress like this, when the Government gives to the people such lessons of economy, what conduct do we behold in the Government? Any approach, sir, to economy? No, sir, none whatever: on the contrary, all the recommendations of the Message, and all the measures of the administration, are, notwithstanding the people's distress, and notwithstanding the lessons of economy read to them by the President, directed and aimed at the one single and only object of filling the Treasury with money! of keeping the Government going; of providing means for a profuse and wild extravagance of expenditure. Before we vote for the issue of Treasury notes, I feel it my duty, sir, to inquire to what extent retrenchment may not be carried into the expenditures of the Departments. All eyes are turned upon you; the people look to you for relief, and what do we behold? Why, sir, all the inquiry made, all the measures proposed, are merely how to fill the Treasury with money! *Sauve qui peut!* is the cry of the Government. All its efforts are directed to help itself, to save itself; to cut loose from the general wreck, and leave the country to help itself as it best may be able! Is this the duty of a Government? when we come here for the express purpose of giving relief, then only to bring forward a bill like this, to withhold money from the States, and other bills, as bad in their principle, to raise more money from them, in order to sustain, and help, and fill the Treasury, while nothing is done or thought of for the people?

Mr. BROWN said, he had not intended, at that stage of the bill, to delay its early passage by any remarks of his, but in consequence of the observations which had fallen from the two gentlemen, who in the course of that morning had addressed the Senate, he would take the occasion to make a few remarks in reply, and in justification of the vote which it was his purpose to give on the measure then before them.

In addition to the arguments which had already been urged, and which to his mind were conclusive, in favor of withholding the fourth instalment payable to the several States on the first of October, under the deposit act, another argument entitled to still more weighty consideration had decided his mind in favor of that course. If we refuse to pass

the bill having that object in view, the obligation will unavoidably devolve on Congress to provide the means to meet the payment of the instalment, which will otherwise become due to the States, the available means of the Treasury being inadequate for that purpose. Now he (Mr. B.) could not see in any part of the Constitution the power to raise money, and of necessity the power to tax our constituents to pay the money thus raised, for the mere purpose of depositing it in the treasuries of the several States. The power to raise money was limited to the objects and duties with which the General Government was charged by the Constitution, and in no part of that instrument was the power to be found, either by express grant or implication, to raise it for any such purpose. It could not be pretended, that to raise money for such purpose was to carry into effect any power belonging to the General Government. To his mind, therefore, it was a palpable violation of the Constitution to exercise such power, which they unquestionably would have to do, in providing the means to meet the remaining instalment, if its payment should not be postponed. He drew a distinction between the power of Congress to authorize the deposit of a surplus in the State treasuries which already existed, and the power to raise money for the sole purpose of thus depositing it. It was in that point of view, that he deemed the deposit act of last year justifiable; that act, had, in the course of its execution exhausted the surplus, which was the true object Congress had in view in passing it, and having fulfilled its great end, he was of opinion its further operation should now cease. He thought the gentleman from South Carolina (Mr. Preston) would have much difficulty in reconciling the vote which he had announced his intention to give on this question, with the doctrines of a strict construction of the Constitution, of which he had heretofore professed himself a zealous advocate. He called on that gentleman to show what constitutional authority Congress had to pass a law raising money not in execution of any of its conceded powers, but for the avowed purpose of being deposited with the States. It had been argued by the same gentleman that strong expectations had been created among the States, that the instalment which it is now proposed to withhold, would be paid over to them, and that an equitable obligation was imposed on Congress not to disappoint those expectations. He contended that the idea of an equitable obligation on Congress to pay over the money was utterly destroyed, by the power given to the Secretary of the Treasury in the deposit act to call on the States, under certain restrictions, for the repayment of the sums deposited with them. The power thus given to that officer by the act in question, was, in effect, a notice to the States that the Government of the United States might want the money deposited with them; and, in that event, would require its repayment. He considered the same notice as substantially applicable as regarded the instalment yet unpaid, and was, in itself, a very significant indication that Congress would withhold any part of the money unpaid, should a contingency arise making it necessary to do so. That contingency had arisen, making it proper, in his opinion, to withhold that which remained unpaid; but he trusted that none would arise making it necessary to call on the States for that portion of the surplus revenue already deposited with them.

Besides the constitutional objection to raising money for the purpose of depositing it with the States, the unavoidable consequence of providing for the payment of the remaining instalment to them would be to lay the foundation of a new national debt, than which nothing, in his opinion, would be more preposterous, when resorted to for the unauthorized purpose of dividing money among the States. He would in no event vote for any measure leading to the creation of a national debt, unless it could be made appear to be indispensable to aid the Government in the performance of its legitimate functions.

It had not been without some surprise, that he had heard the charge of harsh and unjust treatment towards the States, in reference to the proposed measure especially, brought against the



General Government. Was it nothing, that it had in the space of a few months past divided among the States near thirty millions of dollars? Was the distribution of this immense amount among the States, (for he regarded it, practically and in point of fact, as a distribution) to be considered nothing? Or was it, in this act, that gentlemen found reasons to complain of oppression, on the part of the General Government, against the States? He really thought, if gentlemen would take a dispassionate review of the conduct of the General Government towards the States, in its pecuniary transactions with them, if they did not find all their most extravagant expectations realized, they would at least find enough, in the magnitude of the distribution which had been made, to exempt the General Government from the harsh censure which they had cast on it.

The gentleman from Kentucky (Mr. Crittenden) has taken strong exceptions to what he has been pleased to term the paternal advice given us by the President, in his message, against the increasing luxury and extravagance in the mode of living, which are rapidly diffusing themselves throughout our country, and thinks that it would have been more becoming him to have set an example of economy and retrenchment, by the introduction of those principles into his administration, before he ventured his advice on such subjects. It was true, (said Mr. B.) that the President had, not in the way of advice, as had been suggested by the gentleman, but in tracing the causes which had led to the present embarrassed condition of the country, enumerated that, among many others, in connection with the inflated paper system existing in this country and in England, which, acting and reacting on each other, have, in conjunction with the cause first mentioned, mainly contributed to produce the existing evils—evils which all experience, in both countries, proves belong to the paper system, and periodically recur under it, no matter in what form it exists, whether in the shape of a national bank or of State institutions. He would, however, before finishing his reply to the censure which had been cast on the President for this remark, take the occasion to say to the gentleman from Kentucky, if he would unite in carrying out the recommendation of the President to withhold the fourth instalment to the States, that it would be taking a step of no little importance towards bringing the Government back to economy and retrenchment. The state of the case between the views of the President and the gentleman from Kentucky, in relation to the measure alluded to by him, was simply this: the President recommends the passage of a law postponing the payment of the fourth instalment to the States, amounting to some nine or ten millions, and which the Government, not having the means to satisfy, owing to the default of the deposit banks, will necessarily, if paid, have to provide the means by going in debt for that sum while the gentleman from Kentucky insists on the payment of the instalment to the States, the effect of which would be to compel the Government to raise the necessary means, either by an issue of Treasury notes or in some other manner. Now he would submit it to the impartial decision of any one to determine who was for economy and retrenchment, and who was for extravagant expenditure—the President of the United States or the honorable Senator himself.

We have been told, with much emphasis, said Mr. B. that although Congress had been specially convoked by the President, yet no measure of relief had been recommended for the people; that it was all for the Government. While he would say that this declaration was unsustained by the character of the measures recommended in the Message of the Chief Magistrate, he could not permit the occasion to pass without the expression of his sincere regret that language of that character had fallen from any Senator on that floor. The Government of the United States had been spoken of as something alien to the people who were its constituents. Gentlemen surely forgot the principles and theory of our Government, and imagined themselves engaged in combating against a Government of irresponsible powers, and claiming no origin from, or sympathy with, the public will. What, he would ask, was the nature and character of that Govern-

ment, which it was in this way attempted to rouse public prejudice against, and to induce the belief that its interests were distinct from the great body of the people? Was it not an emanation of that popular will which it was now sought to turn against it, imbued with the same feelings, and interwoven with the best interests and dearest rights of the great body of the people? Was it to be regarded as a crime, that means should be taken by those sent here to legislate, and by the Executive, whose province it was to see that the laws are executed, to continue the Government in its regular and constitutional action? Heretofore, we had been taught, that the preservation of our system of government in its constitutional action, while it was, by far, an object of higher interest and more universal concernment than any other, to every citizen, was, at the same time, the first and highest duty of patriotism. Language of the kind, to which he had alluded, had unfortunately been too common among a certain political party in this country; the effect of it was, to produce dissatisfaction in the public mind, and prepare the way for the overthrow of our system of government, by inducing the impression that there is no identity of interests between the people and their own Government. It was not the part of an American statesman, in his humble judgment, to use language calculated to bring the Government into disrepute at home, and to degrade it in the estimation of foreigners abroad.

As to the idea of legislative relief to the country, of which so much had been said in the course of this debate, he must confess that he had but little faith in it. It was true that Congress might, and probably would, grant indulgence to such of the merchants as were debtors to the Government and required it; and might adopt some other measures affording some incidental benefit to the country; but as to the idea of a legislative remedy to relieve it from its embarrassments, it was, in his opinion, not only impracticable, but at variance with the principles of our Government. What, he would ask, did gentlemen mean by the relief, which they had so often spoken of in the course of the debate? Was it that men should be legislated out of debt, who had most improvidently plunged into gambling speculations? Was it that banking corporations should in some way be favored, by our legislation, at the expense of public rights? They had not spoken out as to the measures of relief, on the virtue of which they seemed so much to rely. He ventured to predict, however, whenever these measures of relief were proposed, although they might be brought forward professing to be in the name and for the benefit of the people, they would turn out to be a plan to relieve certain classes at the expense of the great mass of the people. The true doctrine under our system, if he had rightly comprehended it, was for Government to extend its powers no further than to protect individuals in their personal rights and lawful acquisitions of property against fraud and violence, leaving each in the enjoyment of the rewards of his own industry, and to pursue his own happiness in his own way. When Government undertakes to do more, and to interfere in the private pursuits of men, it must of necessity, in endeavoring to relieve one class, violate the rights of another, by doing it at their expense. Such was the doctrine that had been taught by the highest and most revered names on the list of our statesmen. He, therefore, repudiated the doctrine of legislative nostrums to relieve classes who were embarrassed, and believed that such things must mainly work out their own cure; that being the only sure and effectual way of remedying the evil.

While gentlemen in the opposition were so unsparing in their censure against the measures proposed by the administration, they had not condescended, in the plenitude of their skill in curing diseases of State, to propose the panacea which they were ever and anon obscurely hinting at. Without intending to dictate a course of public conduct to them, he must be allowed to say, that when gentlemen condemn so freely the policy and plans of others, they thereby assume an obligation, as faithful representatives of their constituents, to furnish a better, and not to

confine themselves simply to a line of condemnation.

He (Mr. B.) did not see in the condition of the country the alarming symptoms and dangerous crisis which had been described in such dark and gloomy colors, and which, however well intended the motives doubtless were that prompted them, were but little calculated, in the present tremulous and sensitive state of public confidence, to allay the evils arising from pecuniary embarrassment. He did not believe that the nation had fallen into the "slough of despond" as the gentleman from South Carolina (Mr. Preston) had said. It was true that embarrassment had been severely felt in the commercial community, and among other classes who had overtraded and engaged in ruinous speculations; but the great mass of substantial citizens, agriculturists and others, he believed, were unaffected, except by the banks having suspended specie payments, which they had done with, he believed, a larger aggregate proportion of specie than they had at any time before possessed. Looking to the condition of our country in contrast with others, he saw no reason to despair, but much to congratulate ourselves on. With no national debt weighing on our resources, with a population possessed, to an unexampled degree, of the means of human subsistence and happiness, with a country of unlimited capacity for the production of every thing essential to supply its wants and comforts, and, above all, remembering that our free and noble institutions yet survive, who does not feel that we stand in proud and gratifying contrast with any other nation?

Checked in its prosperity, it might be, for a short time, by the causes which had operated on both sides of the Atlantic to produce an imprudent extension of the credit system; but he denied that the substantial resources of the country were even touched by the events which had happened in the last six months. Many individuals, in commercial and other pursuits, had fallen beneath the pressure of the times; others perhaps would share the same fate; property had and would, he did not doubt, in very many more instances, change proprietors, but it would still remain in the country, leaving us in possession of all the substantial elements of individual happiness and national greatness. He saw nothing in the present crisis to produce despondency, but much to animate our hopes, in looking through the perspective of the future. No country on earth, he believed, possessed, in a higher degree, the faculties of self-recovery. Its onward course might be retarded for a very short period, but could not be arrested by the causes now operating.

He could not admit that the country was so absolutely dependent on banks for its prosperity, as was supposed by some. As a citizen of this Republic, he should feel humiliated to make such an admission. The true sources of its prosperity are to be found in the enterprise and industry of our citizens, in the inexhaustible natural resources in which it abounds, and in our free Government, which, by protecting each citizen in the enjoyment of the fruits of his labor, quickens enterprise, and invigorates exertion. Notwithstanding these views, he was, however, far from either expecting or wishing the abolition of the paper system; the most that could be effected, was to subject it to salutary restrictions, by lessening its capacity to do mischief, and to infuse into it a greater proportion of metallic currency. These correctives could be applied only by the joint agency of the States and the General Government, which were demanded as well by the public voice, as the best interests of the country. He repeated, therefore, that he saw nothing in the condition of the country to inspire alarm, nothing that the public virtue and intelligence were not fully able to meet, and in a short time to overcome. For this, we had the best guaranty in the abundant capacity which the nation had shown to rise above all difficulties, in seasons infinitely more trying than any to be found in its present condition. Mr. WALKER said, without discussing at this time the great question debated by the Senator from Massachusetts, (Mr. Webster,) in regard to the paper currency of the country, and the supreme

contro, which he claims on this subject, and all that relates to it, for the Government of the United States, he would proceed at once to the inquiry now before us, whether it would be proper to postpone paying over to the States the last instalment under the deposit act. This instalment amounted to a sum exceeding nine millions of dollars. The report of the Secretary of the Treasury informs us, that the money is not in the Treasury to pay the instalment. Even in the event of the postponement of this deposit with the States, there is still a deficiency in the revenue, which the Secretary asks to be supplied by the emission of Treasury notes. It is, then, obvious, that if this instalment is to be paid to the States on the first of October next, it can only be effected by an emission of an additional amount of Treasury notes, bearing interest, or in other words, by the creation of a new national debt, arising from a new loan, in order to deposit the amount for safe keeping with the States of this Union. Disguise it then as we may, the refusal to pass this bill is a determination on our part to borrow more than nine millions of dollars on the credit of the United States, to be deposited for safe keeping with the States of this Union. The Constitution authorized us to borrow money on the credit of the United States—but for what object? Clearly for no other than to carry into effect the powers delegated by the Constitution. But that this Government could borrow millions, without limitation as to the amount, for the purpose of depositing it with, or distributing it among the States, was to clothe this Government with the most alarming and despotic powers. If this Government can make such a loan for such a purpose, the taxing power is unlimited, for by taxes only can it raise the money to refund what it has borrowed. Mr. W. said he was one of a small minority of six in the Senate who had voted against this deposit bill. He had then predicted the disastrous consequences that he thought would follow from the passage of this bill, and his worst fears would be realized, if now, when there was a deficit in the Treasury, when many of the public creditors had to be paid in protested drafts on broken banks, a surplus was created by loans for the purpose of depositing among the States of the Union.

Mr. W. said he well knew the voracious character of the surplus spirit; that it was ready to keep up the tariff, to keep up the price of the public lands, and to refuse all relief to the settlers of the West, for the purpose of creating a surplus for distribution; but he could scarcely have believed that now, when we must in any event replenish, by loans, an exhausted Treasury, that new loans are asked for to the amount of nine millions for distribution, —loans to be refunded, if not from the lands of the West, from the tariff, by which Mississippi, now nearly the greatest exporting State of this Union, will receive but about one fourth as much as she will be compelled to refund by the operation of the tariff—reducing the price of her great staple to enrich the incorporated monopolists of other sections of the Union. Mr. W. said he must be blind indeed, who did not perceive, that to raise, by loans, nine millions for deposit with the States, is, to the extent of nine millions, to render it necessary to augment the tariff. It is true, we talk of getting back this money from the States, whilst a majority of the Senate, as he (Mr. W.) thought, most unwisely, have just taken from the Secretary of the Treasury the authority which he possessed, under the deposit act, to call upon the States to refund any portion of the money already deposited. And now, (Mr. W. predicted,) that Congress never would make any requisition upon the States for this money, but that when it was wanted, the South would be compelled to raise it through the operation of the tariff. Could any man doubt this result, when so bold an effort was now made to induce the Government to borrow money to pay the last instalment to the States.

But the Senator from South Carolina (Mr. Preston) tells us that we can obtain this money for deposit among the States by repealing some of the appropriation bills. Sir, the Senator from South Carolina (Mr. Calhoun) has most clearly shown the impossibility of obtaining a repeal of laws partly executed, passed by large majorities in both

houses of Congress. But if the appropriation bills were repealed to-morrow to the extent proposed, it would not put one dollar in the Treasury, now exhausted, nor enable the Government on the first of October next, now at hand, to deposit these nine millions with the States of the Union; for, in the calculation of the Secretary of the Treasury, the expenditure of fifteen millions of these appropriations is postponed till next year. But we have been told by the Senator from Massachusetts, (Mr. Webster,) that this amount may be paid to the States by the money in the deposit banks, whose paper would be gladly received by the States in which they are located. It has been already shown by the Senator from New York, (Mr. Wright,) that the entire money now in the deposit banks subject to new drafts, is not enough, by more than a million, to meet the required amount of the last deposit instalment; but if it were enough, let us examine the effect of this proposition. It is to pay the States in the paper of the deposit banks, by new issues of paper by those banks to an amount exceeding nine millions of dollars—to put out, in other words, more than nine millions of depreciated bank paper, issued by banks that have suspended specie payments. And is this the relief the Senator from Massachusetts would extend to the community? Sir, (said Mr. W.) nearly all the embarrassments of the community have been occasioned by the vast over-issues of paper by the banks, paper which they cannot now redeem in specie, and which has depreciated from ten to thirty per cent. in various sections of the Union. Is it not clearly perceived that this would greatly increase the embarrassments of the community? that it would add greatly to the present enormous mass of depreciated paper? that it would still further depreciate all the paper of all the banks making the new emissions; postpone for a long time, if not indefinitely, the resumption of specie payments by the banks, by augmenting nearly one-third the amount of their depreciated paper, and thus, also, disable them from extending the least indulgence to their debtors by this vast increase of their circulation, imposing the correspondent obligation of calling in their debts as rapidly as possible to the same amount? If (said Mr. W.) this proposition of the Senator from Massachusetts be a part and portion of the plan of the opposition for relieving the embarrassments of the country, he had no curiosity to hear the remainder of their proposition.

Mr. PRESTON replied at some length, (chiefly to the arguments of Mr. Brown;) he denied that he had said, if there was no money in the Treasury, it was better to create a loan than withhold these deposits. What he maintained was, that the fourth instalment should go to the States in good faith; and that if the Treasury was empty, and there was that pressing demand for money which had been represented, that they had better call upon the States to refund the first and second instalment, according to the provisions of the deposit law, giving the States the legal notice; not, by withholding this instalment, disturb their domestic arrangements, and subject them to so much inconvenience. He had said, and would still say, that it would be a violation of a pledge to the States, and he would stake his character as a lawyer on the soundness of that assertion.

The gentleman (Mr. Brown) had said he did not believe in this general distress; for his part he was glad that in all this wide-spread calamity that gentleman was exempt from it; but neither the State he represented, nor himself, had the good fortune to be so situated—they came in for their full share.

Something had been said "about being tired of *nostrostrums*." The administration party had the destiny of this nation in their hands, and it was their duty to produce cures for the evils they had inflicted. Mr. P. said he belonged to a portion of a small and helpless minority, that could do nothing but advise and warn,—and had that advice been taken, the country would not have been in its present situation; we should not have been convened here at this time, and had *projects* for issuing Treasury notes and withholding instalments. Mr. P. understood we were to have an entire currency of gold and silver; and now we were presented with a plan for

Treasury notes. Did not that look more like *nostrostrums*?" Yes, the nation had been depleted, bled, and drenched with warm water, upon the true Sangrado principle, till it was weak and powerless. When it was prosperous, the gentlemen of the administration pointed triumphantly to the ship of State, and said "See the effect of our policy." There was the gallant bark, with her wide sails spread, skimming her way over the smooth and glassy ocean of prosperity—her crew blithesome and joyous, and songs of mirth and gladness resounding from her deck—what a gorgeous spectacle! Suddenly the scene is changed—the sails are rent, and hang flapping against the yards, and the spars and masts drop piecemeal from the hull; she is overwhelmed before the crew are raised from the giddy rapture; and this was the effects of experiment—of *nostrostrums*. The evils of the experiment remain. Would to God he could get rid of the experimenter!

### TREASURY NOTE BILL.

### SPEECH OF MR. BENTON, OF MISSOURI,

IN SENATE, MONDAY, SEPT. 18, 1837.

Mr. BENTON said he should not have risen in this debate, had it not been for the misapprehensions which seem to pervade the minds of some Senators as to the character of the bill. It is called by some a paper-money bill, and, by others, a bill to germinate a new national debt. These are serious imputations, and require to be answered, not by declamation and recrimination, but by facts and reasons, addressed to the candor, and to the intelligence, of an enlightened and patriotic community.

I dissent from the imputations on the character of the bill. I maintain that it is neither a paper-money bill, nor a bill to lay the foundation for a new national debt; and will briefly give my reasons for believing as I do on both points.

There are certainly two classes of Treasury notes—one for investment, and one for circulation; and both classes are known to our laws, and possess distinctive features which define their respective characters, and confine them to their respective uses.

The notes for investment bear an interest sufficient to induce capitalists to exchange gold and silver for them, and to lay them by as a productive fund. This is their distinctive feature, but not the only one; they possess other subsidiary qualities; such as transferability only by indorsement—payable at a fixed time—not re-issuable—nor of small denomination—and to be cancelled when paid. Notes of this class are in fact loan notes—notes to raise loans on by selling them for hard money—either immediately by the Secretary of the Treasury, or, secondarily, by the creditor of the Government to whom they have been paid. In a word, they possess all the qualities which invite investment, and forbid and impede circulation. The act of 1812 authorized an issue of notes of this description. They bore five and two-fifths per cent. interest, with an express clause that the Secretary of the Treasury might raise money upon them by loan. I presume there are Senators present who were members of the House of Representatives in 1812—who gave the sanction of their approbation to the Treasury note law of that year, and who would be very unwilling to hear the epithets applied to that law which are lavished upon this bill, which is copied from it.

The Treasury notes for currency are distinguished by features and qualities, the reverse of those which have been mentioned. They bear little or no interest. They are payable to bearer—transferable by delivery—re-issuable—of low denominations—and frequently re-imbursable at the pleasure of the Government. They are, in fact, paper money, and possess all the qualities which forbid investment, and invite to circulation. The Treasury notes of 1815 were of that character, except for the optional clause to enable the holder to fund them at the interest which commanded loans—at seven per cent.

These are the distinctive features of the two classes of notes. Now try the committee's bill by the test of these qualities. It will be found that the notes which it authorizes belong to the first named class; that they are to bear an interest, which may be six per cent.; that they are transferrable only by endorsement—that they are not re-issuable—that they are to be paid at day certain; to wit, within one year—that they are not to be issued of less denomination than one hundred dollars—are to be cancelled when taken up—and that the Secretary of the Treasury is expressly authorized to raise money upon them by loaning them.

These are the features and qualities of the notes to be issued, and they define and fix their character as notes to raise loans, and to be laid by as investments, and not as notes for currency, to be pushed into circulation by the power of the Government, and to add to the curse of the day by increasing the quantity of unconvertible paper money.

The execution of the act, and especially the cardinal feature of the quantum of interest, is left to the President and the Secretary of the Treasury. I presume it will be executed as a law to borrow money; and in that point of view the interest was left open, under a maximum limit, as is proper to be done in all propositions for loans. Bids may be invited by advertisement; the competition of lenders may fix the interest; capitalists may fix it by competition, though nominally left to the discretion of the President and Secretary; and at whatever rate it is thus fixed—at whatever rate a loan of gold and silver is commanded—at that rate the whole issue, made at any one time, ought to go. There should not be two rates of interest; a high one for the independent and opulent capitalist, and a low one for the helpless and necessitous public creditor.

This is my opinion of the character of these Treasury notes, and of the mode of using them. I cannot doubt but that lenders will present themselves, and that the whole ten millions may be borrowed in gold and silver just as fast as the Government needs it. That opinion is formed upon data—upon the great amount of specie now in the country—its unproductiveness to its present holders, and the facility with which large amounts of specie were borrowed immediately after the bank suspensions; and the commercial revulsions of 1819. The specie in the United States cannot now be less than it was six months ago, to wit, eighty millions of dollars; for it is shown by the custom-house reports, and other data, that, notwithstanding the efforts to ship it to Europe, the imports and exports are about even during that time; and that, taking the whole fiscal year together, the imports now exceed the exports by nearly four millions of dollars; and that near nine hundred thousand dollars in gold have been coined in the first three quarters of the present calendar year. The specie in the country cannot, therefore, be less than \$80,000,000, and, upon the calculation of last year, is more. The whole of this vast amount is lying idle, barren, and unproductive to its owners—not that they are all unwilling to lend it, and to receive interest, but for want of borrowers in whom they have confidence. The United States will present that borrower, and will bring forth the hoarded treasures which the lack of general confidence now consigns to sterility in private chests, and in special bank deposits. Thus it was in 1819, '20. The commercial and bank catastrophe of that period took place in 1819; in less than a year afterwards, from the collapse of business, and the stagnation of commerce, money in the Atlantic cities was abundant, idle, and seeking investment at four or five per cent. So says Mr. Cheves—so we can all remember—but to refresh memories, and establish this important fact, I will read a paragraph from Mr. Cheves's late letter to Dr. Cooper:

"Before the close of the first year of my administration, adequate capital had been assigned to the offices in which it had been deficient, and the bank and its offices generally, then or very soon after, were in a condition to do extensive business, had the situation of the country permitted it. But the commerce of the country became perfectly stagnant. Money was a drug. The bank, to keep up its business as far as possible, discounted long

paper, say at four and six months, and perhaps longer. It was even proposed, with the same object, to lower the rate of interest to five per cent. I believe local banks at Boston did, in some instances, discount at that rate. In Philadelphia, I think, the local banks discounted paper having nine months to run, and perhaps more. The commerce of the country was reduced from a state of great excitement, such as we have just witnessed, to a state of collapse, such as I fear we may soon suffer. Under these circumstances the discounts fell off, the bank was too safe. It had, at times, I believe, as much specie, perhaps more, in its vaults than it had notes in circulation. Under this want of demand for money, I was so fortunate as to obtain the public loans, to the amount of six millions of dollars, which the bank was able to pay for, and retain an abundance of specie in its vaults."

Such is the testimony of Mr. Cheves, and thus easily and rapidly did the recuperative energies of this young, vigorous, athletic country recover from the depression and desolation of that day. The effect cannot be different now; on the contrary, the recovery must be more rapid and easy; for the distress now is not the tythe of what it was then; the real money in the country, the gold and silver, was not the fourth part then of what it is now; the distress then was *all* real, and no part of it assumed, pretended, artificial, forced, and fictitious, contrived with malice aforethought, to govern elections and politics, and to coerce the revivification of a national bank.

I remember the times of which Mr. Cheves speaks. I came to the Senate in 1820; and I know that his picture of the abundance of money, the facility of getting loans, and the low rate of interest, is entirely just. Our own legislation proves it; for a loan of three millions was authorized in the session of 1819–20, and another at the ensuing session for five millions, both expressly to defray the current expenses of the Government; and both loans were eagerly bid for by capitalists, and at rates considerably below six per cent. It was six millions out of these eight that Mr. Cheves congratulates himself for having been fortunate enough to obtain for the Bank of the United States. The picture drawn by Mr. Cheves is correct as applicable to the Atlantic board for which he intended it; it is not correct as applicable to the West, and was not so intended by him. That great region did not recover for several years after 1819. It had been eviscerated of its gold and silver to sustain the Bank of the United States! It had been sacrificed to save that bank! At the time that Mr. Cheves refers to, it was, so far as the precious metals were concerned, the empty skin of an immolated victim, sacrificed upon the altar of salvation to a foreign institution. Not so now. Thanks to the ever-glorious Treasury order! That order has saved the West from the fate which overwhelmed her for so many years after the revulsion of 1819. She is not now, in respect to money or any thing else, the empty skin of a sacrificed victim. She has her fair proportion of all the blessings of good government, as well as her fair proportion of all the blessings of Heaven. She is able and willing to pay her share of the public revenue in solid money. The sales of the public lands, since the suspension of specie payments, are fully equal to what they were in the best years before the two years of bank expansions and mad speculations. These sales have gone on in June, July, and August, at a rate to yield near four millions per annum, which is equal to the best years before 1835 and '36. Mr. Cheves was right in his picture of the moneyed plethora on the Atlantic board. It was a drug there in less than one year after the great catastrophe of 1819; it will be a drug there again, and from the same causes—stagnation of trade and collapse of business—within a few months. It is on the Atlantic board that these Treasury notes will be borrowed. Money will be loaned upon them. They will be taken as investments, to be laid by; not as currency, to be shovled into circulation.

The bill has been denounced as the germ of a new national debt. It certainly proposes the creation of a debt. But for what purpose, and under what circumstances? To comply with the maxim, that a public debt is a public blessing?

By no means! But to relieve the States from being called upon for a reimbursement of any part of the twenty-seven millions of dollars which have been deposited with them—to relieve the merchants from an immediate payment of four millions—and to relieve the late deposit banks from an immediate press for six millions. This is the object. The loan of ten millions on the Treasury notes comes in place of the four and six millions due from merchants and the banks. It is because we cannot collect one, that we create the other. If we had the ten millions from the merchants and the banks, we should not want the Treasury notes; not being able to collect those ten millions, we give time to our debtors, and borrow an equivalent sum. The outstanding debt due to the United States is equal to the debt created; it will be a fund to pay it, interest and all; for the merchants and banks are to pay interest; and then the Treasury note debt becomes a mere nominal transaction, so far as debt is concerned, being no burden to the United States, and a relief to her debtors.

This is the object of this nominal debt, and under what circumstances is it created? Under the same which occasioned eight millions to be borrowed by direct loan in the two succeeding sessions after the catastrophe of 1819. We have run the career of that period over again, and the parallel is exact in every particular. Then, as now, we had had our dream of inexhaustible surpluses, and were wakened up to the reality of an empty treasury. Then, as now, we had our forty-seven millions of revenue; our nine millions of annual surplus—our bank expansions—our mad speculations—our bloated and delusive prosperity; and then, as now, we were called together to borrow eight millions for the support of the Government, to hear the cries of distress, and the calls for relief. The eight millions borrowed then, and borrowed with the approving voice of some who now stigmatize a similar loan, under similar circumstances, and for the same object, was not considered as the germ of a new national debt, neither will our loan be so considered by the country.

I trust I have vindicated the bill from the stigma of being a paper currency bill, and from the imputation of being the first step towards the creation of a new national debt. I hope it is fully cleared from the odium of both these imputations. I will now say a few words on the policy of issuing Treasury notes in time of peace, or even in time of war, until the ordinary resources of loans and taxes had been tried and exhausted. I am no friend to the issue of Treasury notes of any kind. As loans, they are a disguised mode of borrowing, and easy to slide into a currency: as a currency, it is the most seductive, the most dangerous, and the most liable to abuse of all the descriptions of paper money. "The stamping of paper (by Government) is an operation so much easier than the laying of taxes, or of borrowing money, that a Government in the habit of paper emissions would rarely fail, in any emergency, to indulge itself too far in the employment of that resource, to avoid as much as possible, one less auspicious to present popularity." So said General Hamilton; and Jefferson, Madison, Macon, Randolph, and all the fathers of the republican church, concurred with him. These sagacious statesmen were shy of this facile and seductive resource, "so liable to abuse, and so certain of being abused." They held it inadmissible to recur to it in time of peace, and that it could only be thought of amidst the exigencies and perils of war, and that after exhausting the direct and responsible alternatives of loans and taxes. Bred in the school of these great men, I came here at this session to oppose, at all risks, an issue of Treasury notes. I preferred a direct loan, and that for many and cogent reasons. There is clear authority to borrow in the Constitution; but, to find authority to issue these notes, we must enter the field of constructive powers. To borrow is to do a responsible act; it is to incur certain accountability to the constituent, and heavy censure if it cannot be justified; to issue these notes is to do an act which few consider of, which takes but little hold of the public mind, which few condemn and some encourage, because it increases the quantum of what is vainly called money. Loans are limited



by the capacity, at least, of one side to borrow, and of the other to lend; the issue of these notes has no limit but the will of the makers and the supply of lampblack and rags. The continental bills of the Revolution, and the assignats of France, should furnish some instructive lessons on this head. Direct loans are always voluntary on the part of the lender; Treasury note loans may be a forced borrowing from the Government creditor—as much so as if the bayonet was put to his breast; for necessity has no law, and the necessitous claimant must take what is tendered, whether with or without interest—whether ten or fifty per cent. below par. I distrust, dislike, and would fain eschew, this Treasury note resource. I prefer the direct loans of 1820-21. I could only bring myself to acquiesce in this measure when it was urged that there was not time to carry a loan through its forms, nor even then could I consent to it until every feature of a currency operation had been eradicated from the face of the bill.

I have spoken to the points which induced me to rise, and might here terminate my remarks; but the committee, of which I am a member, has been assailed, and, being on my feet, I will say a word in its defence. Senators have said that the committee has reported nothing for the relief of the country—nothing, in fact, of any value or consequence. With deference to their judgments, I presume to think otherwise, and, with the indulgence of the Senate, will undertake to convince them of their mistake. First, there is the merchants' bond bill; it relieves a class of debtors to the amount of four millions of dollars, and through them it relieves many others. This bill also grants additional credits on bonds to become due for a year hence, and in that grants further relief to the same class and to their numerous dealers. Then there is the deposit bank relief bill. This gives time to another class of debtors to refund six millions, and through them it relieves all their debtors, and besides, enables them to give temporary assistance to the country generally. Then comes this Treasury note bill; a measure of relief to the States to the amount of ten millions, and through them a relief to all their citizens, by supplying the Treasury from our own resources; and thus staving off the contingency on which they became subject to re-imburse ten, out of the twenty-seven million deposit, while still in the very act of receiving it. The Senate, on the motion of the Senator from Pennsylvania, who sits over the way, (Mr. Buchanan,) has since abrogated this contingency, and substituted the will of Congress; but this change, while it admonishes us to say, *farewell—a long farewell to the twenty-seven millions!* and even to fear the approaching departure of the nine millions, cannot diminish the merit of the committee, which had first deferred the contingency before the Senator's motion abrogated it for ever.

These are instances of direct relief—large as well as direct—and extending into all the ramifications of society. It is four millions to the merchants, six millions to the banks, and ten millions to the States—in all, twenty millions; and, though nominally, to the merchants, the banks, and the States, it is in reality to the whole body of the community—to all the citizens to whom merchants, banks, and States resort to collect the money which is to be paid over to the Federal Treasury. To these three bills of immediate, direct, large, and positive relief, the committee have added two others, less general in their scope, and more indirect in their action, but still well entitled to be classed among relief measures—one to abolish credits at the custom-houses, after a given time; and the other to relieve this city, and these ten miles square, in which Congress has exclusive jurisdiction, from the evils of an irredeemable paper currency, and the pestilence of paper ticket change.

The divorce bill—the bill to dissolve the connection between Bank and State—and to enable the Government to keep in its own hands its own means of existence—will certainly be a relief to one of the parties, if not to both. These bills have been reported by the Finance Committee, and will enable the country to judge how far they are obnoxious to the charge of reporting nothing for relief, and nothing of any value. They are six in

number—of great value and efficacy in my estimation—and they comprise all the subjects on which that committee were expected to produce any thing for the action of the Senate.

There is another bill which may come from another committee, the Judiciary, and which I shall rejoice to see come from it—a bill of most potential and universal relief to the whole country! to relieve us from a most crying imposition, which now afflicts and oppresses every thing in our America, from the Federal and State Governments, and their elevated functionaries, down to the tub of the washerwoman and the cart of the drayman. It is the bill to apply the penalties of bankruptcy to their ancient, original, appropriate, and primitive subject, and the one from which the law itself takes its name. Broken bank!—*bancus* and *ruptus*—is the Roman designation of the law. Broken banks, and not broken merchants, broken tailors, broken lawyers, and broken farmers, were the Roman, the Grecian, the Asiatic, and the Egyptian subjects of this law. The English, and other moderns, have diverted it to humbler game; and President Van Buren is the first in the list of Executive magistrates to propose to restore it to its original and most appropriate subjects. I shall rejoice to see that bill come in. It will be tidings of forthcoming relief to an afflicted and prostrate empire. It will fix the day for the general resumption of specie payments, and will furnish a rule, and provide an engine, for separating the solvent from the insolvent, "*promisers to pay.*"

That bill has been denounced in advance upon this floor, and war to the knife has been declared against it. The assault has even assumed the character of a combined movement against the nervous system of the friends of the measure. It seems as if they would terrify us. I have not communed with others to learn how they stand the shock of this precocious assault; but, for one, my nerves remain unaffected, and my feet do not feel as if they meditated flight, and intended to bear off my body from the perils of the coming conflict.

That bill has been denounced in an unusual, unexpected, and precipitate manner. I do not return the denunciation, nor do I now undertake its defence, by obliquing into an argument foreign to the question before the Senate; but I am free to declare myself friendly to the measure, and ready to support it as soon as it is brought forward. I am not deterred by the imposing apparition of sovereign States, engaged in the trade, or associated in the business, of banking. My own State, even Missouri, has embarked in the perils and mysteries of this trade. She has chartered a moneyed corporation, and gone into partnership with it; and if ever that concern shall dishonor its "*promises to pay,*" I, for one, shall be ready to apply the penalties of bankruptcy to the whole establishment, and shall make no discrimination between the effects of individual stockholders and the effects of the State embarked in the partnership.

I say this, not in defiance, but in candor, in sincerity, and in openness of heart. I am for the measure, and avow it in my place here; and if the consequences of this avowal should be what some seem to think—an extinction of political existence, and a perpetual exclusion from the purlieus of this TEN MILES SQUARE—I stand here now ready to do the deed, and to pay the forfeit—to vote for the bill without faltering, and to march from this Capitol without looking back.

#### APPENDIX TO MR. BENTON'S SPEECH ON THE TREASURY NOTE BILL.

Having pointed out, in this speech, the similitude between the catastrophe of 1819 and of the present year, (1837,) Mr. B. republishes, in an appendix, the remarks which he made upon that point in a speech on the rescinding resolution of Mr. Ewing at the last session of Congress.

"Mr. B. wished to point out to the Senate the great similitude which existed between the present state of things in our country, and that which existed about twenty years ago. There was instruction to be derived from the retrospect, and he would use the highest authority for the fidelity of the picture which he proposed to recall. He would have recourse to the highest official papers—the message of Presidents to Congress—and would read the parts which were applicable to his purpose. He read:

*Extract from President Madison's annual Message at the meeting of Congress, the first Monday of December, 1816.*

"It has been estimated that, during the year 1816, the actual receipts of revenue at the Treasury, including the balance at the commencement of the year, and excluding the proceeds of loans and Treasury notes, will amount to about the sum of \$47,000,000; that during the same year, the actual payments at the Treasury, including the payment of the arrearages of the War Department, as well as the payment of a considerable excess, beyond the annual appropriations, will amount to about the sum of \$38,000,000; and that, consequently, at the close of the year, there will be a surplus in the Treasury of about \$9,000,000."

*Extract from President Monroe's annual Message, the first Monday of December, 1817.*

"A considerable and rapid augmentation in the value of all the public lands, proceeding from these and other obvious causes, may, henceforward, be expected. The public lands are a public stock, which ought to be disposed of to the best advantage for the nation. The nation should, therefore, derive the profit from the continual rise in their value."

*Extract from President Monroe's annual Message, the third Monday of November, 1818.*

"The sale of the public lands during the year has also greatly exceeded both in quantity and price, that of any former year, and there is just reason to expect a progressive improvement in that source of revenue."

This is the picture for 1816, '17, and '18, and a glowing one it is. The Treasury full and overflowing; forty-seven millions of revenue in one year; thirty-eight millions paid out; nine millions of surplus on hand; public lands selling with unprecedented rapidity, the sales for 1818 being seventeen millions of dollars, which, in proportion to the population, were larger sales than those of the last year, when twenty-five millions were received. At the end of the year 1818, this gorgeous picture of prosperity still augments, and the President so elated with the prospect of income from the lands, that he advises their price to be raised from two dollars per acre, which was then the minimum, to a sum not stated in his message, but understood to be five dollars; and concludes with expressing his opinion that there was just reason for expecting a progressive improvement in the sales of these lands. Now, (said Mr. B.) let us resume our readings, and see what manner of picture is presented by the same President in the ensuing Messages. He read:

*Extract from President Monroe's annual Message at the meeting of Congress, Dec. 1819.*

"Although the pecuniary embarrassments which affected various parts of the Union, during the latter part of the preceding year, have, during the present, been considerably augmented, and still continues to exist, the receipts into the Treasury to the 30th of September last have amounted to \$19,000,000."

The causes which have tended to diminish the public receipts could not fail to have a corresponding effect upon the revenue which has accrued upon imports and tonnage during the first three quarters of the present year. The great reduction in the price of the principal articles of domestic growth, which has occurred during the present year, and the consequent fall in the price of labor, apparently so favorable to the success of domestic manufactures, have not shielded them against other causes adverse to their prosperity. The pecuniary embarrassments which have so deeply affected the commercial interests of the nation, have been no less adverse to our manufacturing establishments in several sections of the Union. The great reduction of the currency, which the banks have been constrained to make in order to continue specie payments, and the vitiated character of it where such reductions have not been attempted, instead of placing within the reach of these establishments the pecuniary aid necessary to avail themselves of the advantages resulting from the reduction in the prices of the raw materials and labor, have compelled the banks to withdraw from them a portion of the capital heretofore advanced to them. That aid which has been refused by the banks has not been obtained from other sources, owing to the loss of individual confidence from the frequent failures which have recently occurred in some of our principal commercial cities."

And recommends encouragement to manufactures.

*Extract from President Monroe's annual Message at the meeting of Congress, December, 1820.*

"The receipts into the Treasury from every source (including a loan of three millions) to the 30th of September last, amount to \$16,794,107; whilst the public expenditures to the same period amount to \$16,871,534. The sum of three millions authorized to be raised by loan, by act of the last session of Congress, has been obtained on terms advantageous to the Government. It is proper to add, that there is now due to the Treasury, for the sale of the public lands, \$22,996,545. In bringing this subject to view, I consider it my duty to submit to Congress, whether it may not be advisable to extend to the purchasers of these lands, in consideration of the unfavorable change which has occurred since the sales, a reasonable indulgence. It is known that the purchases were made when the price of every article had risen to its greatest height, and that the instalments are becoming due at a period of great depression. It is presumed that some plan may be devised, by the wisdom of Congress, compatible with the public interest, which would afford great relief to these purchasers."

What a change of language! said Mr. B. It looks like enchantment! and all to take place between the meeting of one session of Congress and the meeting of the next! What a change! No more forty-seven millions of income; no more surpluses; no more seventeen millions from public lands; no more propositions to raise their price; no more of all this glowing picture! But the income from customs fallen down to thirteen millions; the income from lands to less than one million; a loan of eight millions authorized to carry on the Government; all the public expenditures cut down to the lowest point; universal distress; banks failing; currency deranged; prices depressed; manufactures sinking; and calling for a new tariff; relief to them recommended; the purchasers of the public lands twenty-three millions in debt to the Government, unable to pay, calling for relief, and relief recommended and granted; the twenty-three millions of debt for lands either released, or payment deferred on extended credit; and the minimum price, instead of being raised to five dollars per acre, reduced to one dollar twenty-five cents. Such was the change of picture which it was the fate of the same President to present in the short interval which elapsed between two sessions of Congress! and what is the instruction which we should derive from it! Certainly, that similar effects follow similar causes, and that the past should be a lesson and a warning for

the future. We are now in the circumstances of 1816, '17, '18; overflowing Treasury, large surpluses, great sales of the public lands; the price of every thing high. And what made that state of things? Bank issues; bank expansions; bank loans; bank facilities! And what made the cruel reverse which took place in 1818-19? Contraction of bank issues; contraction of expansions; curtailment of loans; withdrawal of facilities; and the explosion of innumerable banks! The paper system—the paper system—was the real and sole cause of the illusive and deceptive prosperity which, for a while, smited treacherously upon the country, and was so suddenly followed by a sad and real distress. And are we not at this moment, and from the same cause, realizing the first part—the deceptive, the illusive, the treacherous part—of this picture? and must not the other part, the sad and real sequel, inevitably follow? Mr. B. said it must follow, and went over several reasons to show it to be more certain now than in 1818-19. In the first place, there were three times more banks now than then, and increasing much faster now than they did then, and dealing in millions now for hundreds of thousands then. In the next place, there is now a great political party, confederated with a powerful moneyed institution, to produce derangements of the currency, and pecuniary distress in the country, and to lay it upon the Government, when no such party existed in 1816, '17, '18. In the third place, the business of banking is now carried on in a more complex and critical form than formerly, by institutions using each others notes as cash; issuing notes at one place payable at another, and a distant place, and entering into temporary and voluntary arrangements for keeping up the credit and circulation of their notes at places where payments of them are not exigible by law. These are points in which the present trade of banking is more dangerously exposed, and more critically situated, than it was twenty years ago. On the other hand, there are some safeguards now which did not exist then; *first*, the great amount of specie, now near eighty millions of dollars, which the wisdom of President Jackson's administration has accumulated in the country; *secondly*, the avoidance, thus far, of the error of former administrations in using local paper for a national currency; *thirdly*, the Treasury order of July 11th, 1836, which saved the western banks last fall, and which it is the object of this bill to rescind and supersede. Two of these safeguards are in danger of being removed by law—the second and the third of them. The first will remove itself whenever the premium on foreign exchange rises to 10, (at which point it is profitable to export specie,) and that premium is now at near 10, and rising; and it will remove itself whenever the Federal Government, relapsing into the fatal error of receiving and paying out paper money, shall cease to create a home demand for the employment of gold and silver. The day of revulsion, said Mr. B. may come sooner or later, and its effects may be more or less disastrous, but come it will, and disastrous to some degree it must be. The present blot in the paper system cannot continue; the present depreciation of money, exemplified in the high price of every thing dependent upon the home market, cannot last. The revulsion will come, as surely as it did in 1819-20. But it will come with less force if the Treasury order is maintained, and if paper money shall be excluded from the Federal Treasury. But, let these things go as they may, and let reckless or mischievous banks do what they please, there is still a refuge for the wise and good: there is still an ark of safety for every solvent bank, and for every prudent man; it is in the mass of gold and silver now in the country—the seventy odd millions which the wisdom of President Jackson's administration has accumulated—and by getting their share of which, all who are so disposed can take care of themselves."

### REMARKS OF MR. DUNCAN, OF OHIO.

In the House of Representatives, September 11, 1837.  
On the following resolution offered by Mr. Smith, of Maine:

*Resolved*, That the action of the several standing committees of this House, on all matters not embraced by the Message of the President of the United States to the two Houses of Congress, communicated on the second day of the current session, be suspended until the commencement of the annual session of Congress, in December next; and that the consideration of all petitions on such suspended matters be also postponed to the period above specified.

Mr. DUNCAN, said he did not rise for the purpose of wasting the time of the House, but he felt himself bound to do his part towards sustaining the present resolution, for he considered it one of great importance to the people and to the Government. To the people, because its adoption was calculated to bring the session to a speedy close, and thereby save a vast expense that the country was illly able to incur at this time. To the Government, because it would receive the immediate benefit of early legislation on the weighty and important matter that had rendered it necessary to convene Congress at this unusual season. Mr. D. said he came here entertaining very different views from some gentlemen who had addressed the House on this and some other propositions. He came for the purpose of relieving the Government, or the Treasury thereof, from the embarrassments produced by the suspension of specie payments by the banks, and to afford such relief to other interests in the country as may be found within the power of

Congress. In the language of the President's Message, "The act of the 23d June, 1836, regulating the deposits of the public money, and directing the employment of District, State and Territorial banks, for that purpose, made it the duty of the Secretary of the Treasury to discontinue the use of such of them as should at any time refuse to redeem their notes in specie, and to substitute other banks, provided a sufficient number could be obtained to receive the public deposits upon the same terms and conditions therein prescribed. But a state of things has occurred which the wisdom of Congress had not anticipated. The wholesome provisions of the act for the security of the public revenue, and regulation of the deposits, was at once defeated by the act of the banks all suspending payment at or about the same time. The collection of the revenue which, under such a state of things, must, of necessity, be in nothing but gold or silver, became extremely difficult—so much so that the Executive had found it necessary to give indulgence on duty bonds. Nor was the collection more difficult than the safe keeping and transmission to places to be used when collected.

Owing to the diminution of the revenue, in consequence of this general suspension and embarrassment of the country, it has become a question whether it is proper or not to deposit with the States the fourth instalment of the surplus of last spring, according to the provisions of said act, which, if deposited, would require of the Government to contract a loan equal to the amount of said instalment. These, said Mr. D. are a part of the great and weighty matters that superinduced the call of Congress at this unusual time, and it seemed, in his humble opinion, that the occasion justified the end; and it was, if possible, to remedy these evils, that they were convened. But gentlemen seemed to think otherwise, and talked of every thing but the real object. Some talked as though they had come there to vote money into the pockets of the distressed people. A very humane object! laudable indeed! He went in for the people. But did gentlemen reflect that they must first vote it out of their pockets?—a policy by which the States have been enriched by the deposits! Other gentlemen, one would think, came expressly to abuse the administration and the democratic party. He asked what words in the English vocabulary had been more used, and were more common in the mouths of such, since they had assembled, than "Executive patronage," "Executive corruption of the people and of the press," "Executive influence over the majority in this House, 'misrule,'" "pet banks," "humbug," and "slavish and blind attachment;" and all these poured forth with all the vindictive ness and malignity of party rancor. It seemed to him that resolution after resolution, without meaning and without sense, had been introduced merely for the purpose of giving gentlemen an opportunity, or affording an excuse, to make a speech abusing the administration with these opprobrious terms. He said it was not necessary to come there, at so vast a public expense, to hear the party in power (placed there, too, by a majority of the freemen of the nation,) abused day after day with these terms, and in this kind of language. They could hear such stuff at home from every poor, lean, lank, and corrupted stipendiary, that fed upon the crumbs which fell from the table of the banks—and they might read the same kind of bilingsgate—as elegant in every particular—in the filthiest sheets of any country editor who had been bought with gold. One gentleman told them that the people had been humbugged for the last ten years. Pray, sir, how have the people been humbugged? He supposed by Gen. Jackson and his administration. What had been the leading measures of that administration to which gentlemen have alluded as the means of humbugging the people? Were they its efforts to prevent the public money from being squandered, in the construction of unconstitutional and worse than worthless internal improvements, projected for the purpose of carrying certain distinguished gentlemen into office, such as the veto on the Maysville road bill? Was it the official course against the recharter of the United States Bank? Was it the hostility to the

continuation of exorbitant duties, mis-called "the great American system?"

These he had understood to be the great sins of the first term of the late administration. How was the President sustained? To deprecate those measures at this day was to assail directly the intelligence of the people, to denounce their honesty, and was no less than a direct charge that they had humbugged themselves. The recharter of the bank was the question in 1832, in which all questions of a party or political character were merged. Gen. Jackson had vetoed the bill to recharter that institution on the 4th of July next preceding the election. The question was fairly presented to the American people, and they were all attention to the subject. Bank documents and panic speeches flew through the country thick as leaves in autumn. The merits and demerits, the advantages and disadvantages, the constitutionality and the unconstitutionality of the bank, were proclaimed from the stump, the stand, the pulpit, and in the columns of the press. The people heard, read, reasoned, and judged for themselves. To say they were not prepared to act on that important question, is to assume the high-toned federal doctrine that they are incapable of being prepared. But they were prepared, and did decide through the ballot boxes. The result of that decision was the re-election of General Jackson to the Presidency, and the prostration of the bank. This was all the work of the people.

What next? During his second term of service, he committed in the estimation of gentlemen the still greater sin of removing the "deposits" from the Bank of the United States. And in that again, the people humbugged themselves, by sustaining the measure, notwithstanding the notes of panic were raised, and solemnly as the tune of Old Hundred mournfully sung throughout the land. That was not all: the foolish people still continue to humbug themselves. They had recently elected Martin Van Buren to the Chief Magistracy, who stood openly and avowedly pledged, by practice, by his professions, and upon principle, to sustain the same policy and great leading measures that had distinguished the administration of his illustrious predecessor. Sir, his election was predicated upon that very pledge. And now, notwithstanding the land is filled with federal mourning and crocodile whimpering, the great body of the people are unmoved. But in all this, according to the opinion of gentlemen, they were still humbugged. Agreed: be it so. It was the people's work, and he (Mr. D.) had implicit confidence in their judgment and their honesty. There was a certain party who think otherwise—who believe that the common people could be better ruled by those that are a little uncommon than by themselves. Some of the democratic members of this House had been asked if they were "not chafed?"—"if they were not unwilling to draw longer in the old team." Mr. D. said, freemen never permitted themselves to be trained; the democracy required no harnessing; their principles were natural to them; and all that was wanting to apply them to the best practical purposes, in a political sense, was independence and a love of liberty; and thank God they had both. The same principles, and the same maxims, had governed the democratic party from the commencement of the Government to this time; and they had always been known by one name. This would always continue to be the case, for the simple reason that their principles have their foundation in nature, and formed a part of the natural laws that governed freedom. But, he said, how was it with the party to which the gentleman belonged who had made this degrading inquiry? Had they borne the same name ever since they existed as a party? Had they been governed by the same open and avowed principles? and were they composed of one entire body, governed by those principles? If so, why was it that they had changed their name with the return of almost every annual election, and their policy and principles, when necessary, to secure such elections? But there was a sign by which they and their principles might always be known, and it was their universal and uncompromising hostility to, and personal abuse of, the democratic party, its men, and its measures. So far as his experience went, the inquiry of the

gentleman or his party was in bad time. He would ask, in return, of what was the gentleman's party composed? Was it not of the odds and ends of the factions and fractions of all parties and all opinions? What kind of disciplining was necessary to keep such a party together, and to secure their united strength? It was well known that there were factions and malcontents under various names, and disposed to be governed by different principles. When such factions spring up, they are put to the off wheel. If there is any disposition to back, they are held by the breeching—if disposed to be restive and run forward, a taught rein restrains them. In the absence of a disposition to pull true, or as the Dutch teamster expresses it, "if they take the stud," the timely application of the lash makes all right. A discipline of this kind soon fits them for the single line: a few such lessons prepares them soon to go without any line at all. "Pet banks," the "experiment" and its "currency." How often had these terms been thrown at the administration, and its supporters in the most taunting tones of insult from the first day of this session? He had been provoked (new and inexperienced as he was in the science of Congressional legislation) to inquire of gentlemen who indulged in their tirades, whose *pets* the local banks were? If gentlemen meant to throw them on the administration, on the democratic party, as their *pets*, he repelled the charge as false and unfounded, and as a base slander against the party in power; and to sustain him, needed but an exposition of their principles. Hostility to banks, banking institutions, monopolies, and exclusive privileges, were watchwords with the democracy; and to oppose them in every shape that the interests of the country would permit, was a paramount duty. Let them examine the facts in relation to the local banks, and it would not be difficult to decide with which party to place them, or who were their *creators*. Let the petitions in the archives of the State Governments be examined. They would there find that two-thirds of all the signers to all the petitions for local banks were, and ever would be, opposed to the present administration. Examine the stock books of the banks, and they would find that two-thirds, or more, of the stock was owned by enemies of the democracy. Examine the institutions in a political aspect, and they would find that two-thirds of the directors and officers that control them, were the inveterate enemies of the democracy. Lastly. Examine the internal and secret operations of those institutions, and it would be found that two-thirds of all the loans were made to enemies of the administration. Why, then, were they called *pets* of the administration? Why a part of its experiment? Why were the filthy and deceitful rags of such a creation and parentage called the currency of the administration?—when it was well known that, from the commencement to the last official act of his administration, it was General Jackson's object to establish the constitutional currency—a currency of gold and silver—a currency that was durable, of intrinsic value, and uniform.

The majority of the House had been charged as being under Executive influence, and the people of being corrupted by the same influence, he had little to say, so far as personally concerned; (other members might take care of themselves;) his conduct was before the country; his constituents had that to decide upon; on their judgment he felt disposed to rely; and to treat the accusation, coming as it did, as he did the thousand other slanders that were put afloat with intentions the most corrupt and poisonous, but which carried with them their antidote. As to the people, however, he had something to say; and by way of retort, he would not enumerate the number of presses and their dependants that had been bought, corrupted, and subsidized by the Bank of the United States, and the party that wants to get into power. But he asked if the democracy of the country had been corrupted by Executive influence? He said the democracy of the country could make and unmake Presidents when they pleased; they were composed of the farmers and mechanics who obtain their living by the sweat of their brows; who are the supporters of the country in peace, and its defenders in war. What did such men want of Executive patronage? What

use could they make of it, and what would it amount to? Why, sir, if the whole amount of it were distributed in equal parts, it would not give each democrat the value of one gill of new whiskey, and he thought a freeman could hardly be purchased with so small a bribe. Sir, the people are out of the reach of Executive influence. They are above any price that the Executive is able to give. They are unpurchaseable—he meant the democracy. Political men sometimes placed themselves in market. When such an individual wishes to place himself under the hammer, he usually changes his principles, or rather disavows principles that he had professed. Before he can be made the subject of bribery and corruption, he must first divest himself of every principle (and usually of the name) of democracy—a thing, to be sure, sometimes done, but the case was very rare with the true democracy. He had known some wolves in sheep's clothing. Such soon declare themselves. At a time when the black clouds of prophesied pecuniary desolation hung over the country, (he meant the panic era between 1832 and '34,)—when bribery was the order of the day—when he who could bribe highest and corrupt most, stood highest with the enemies of democratic principles; when he who could slander, detract, and calumniate most, was most in favor; when the contents of every reservoir of filth and abomination were emptied upon the administration of their choice, through the filthy sewers and polluted columns of bought presses, he had seen the true democracy stand firm to their principles; they faltered not; they were neither to be bought, sold, bribed, flattered, frightened, or corrupted. Sir, Executive *patronage* cannot corrupt such a democracy.

Before he took his seat, he would disabuse Ohio of some portion of the shattered and beggarly garb in which panic and distress gentlemen had attempted to clothe her, in connection with other States. The gloomy and distressing account which is given here of the pecuniary desolation, of the commercial ruin, and the individual suffering, may be true as to other States and the country generally, but it was not true of Ohio; and he claimed it of gentlemen hereafter, when they undertook to degrade the country, to blast its reputation, and add to the evils of a fraudulent suspension by the banks, by injuring mercantile credit, to confine their observations to their own constituents, where personal interests and local jealousies may give wings to all that may be said to their prejudice, especially by their own citizens and representatives. He begged of them, in all their future tirades, to save and except Ohio, for she never was in a more flourishing condition than at the present time. True, she felt the commercial embarrassments produced by the suspension of specie payments by the banks, and a highly respectable portion of her citizens labored under great inconvenience in consequence of it—particularly those who owed foreign debts. He believed, however, that the inconvenience consisted chiefly in the difficulties attending the exchanges—general confidence was not destroyed. The paper of the local banks in Ohio most men believed would be ultimately redeemed. They reported themselves solvent. He thought their notes were none of them more than ten per cent. below par, and even that, he would admit, was a bad state of things, and one which ought not to exist. But Ohio might thank the foresight of Andrew Jackson, in directing the Specie circular, that it was not worse. When the time came, and the opportunity presented itself, he should endeavor to exert the influence he possessed for the relief of the commercial interests of his country and constituents. But he repeated, that the true and real interests of Ohio were never in a more prosperous and flourishing condition than at this time. He believed most of the embarrassments under which a portion of her citizens had labored, was in consequence of over-issues by banks, and the speculating mania that had prevailed, and which had led to overtrading and extravagance in eating and drinking, in costly apparel, and purchases of "paper cities." Such of his constituents as were wise, had seen the necessity of retrenchment and prudence in these particulars, and to relieve themselves, had turned their at-

tention to the plough; and it seemed that Providence in mercy to their former weakness, extravagance, and folly, had been more than usually bountiful in its favors. Ohio's fields groaned with redundant crops—her barns overflowed with a rich harvest—her soil was still fertile—her mines inexhaustible, and her democracy not ashamed to work them. Her turnpikes at this time are crowded with waggons—her canals with packets—her lakes and rivers with vessels and steamboats, laden with the products of the soil and the fruits of the labors of her yeomanry.

### SPEECH OF MR. RARIDEN, OF INDIANA,

In the House of Representatives, September 25, 1837—  
Upon the bill to postpone the payment of the fourth instalment of the surplus revenue.

The amendment of Mr. THOMPSON of South Carolina being under consideration in Committee of the Whole on the state of the Union—

MR. RARIDEN rose and said: Sir, I feel great reluctance in obtruding any remarks of mine upon this House at any time, but especially at this early period of my congressional life. But, said Mr. R. I came here, resolved that upon all and any measures effecting the weal or woe of this Government, to act upon the suggestions of my own understanding, regardless of the quarter from whence they might originate, or the friends or party who might advocate or oppose them. Yes, sir, I came here with a full purpose of heart to give the administration a fair hearing, and a bona fide support in all measures which, in my opinion, would redound to the interest of this nation; and having made up my opinion upon this bill adverse to the Executive recommendation, it behooves me to show some good reason for that opinion, or I might subject myself to the charge of wanton opposition.

Sir, said Mr. R. I am aware, too, of the delicacy of the situation in which an humble individual places himself, when he sets up his opinion in grave matters of State against those of men exalted to the highest places upon the credit of superior endowments, and more than common devotion to the good of the country. I am aware, too, sir, that my position is less eligible for a correct conclusion—that I am less removed from causes which might mislead the judgment, than is the Chief Magistrate; and was there not a very decided preponderance in my mind against the measure recommended and embraced in this bill, I might surrender my own judgment and acquiesce, but upon this occasion I cannot; but I am disposed to accord to the Chief Magistrate the same purity of motive in the recommendation, that I claim for myself in opposing it, and place the whole upon the ground of an honest difference of opinion.

Sir, I cannot view this bill as simply intending to withhold from the States the fourth instalment of the surplus revenue. This is a false and mistaken view of it. This will not be its practical effect, for it must be kept in mind that this surplus, the payment of which to the States is to be indefinitely postponed by this bill, is already with the States in the deposit banks, and is the basis of a portion of the circulating medium of the States; and to postpone its payment to the States by the National Treasury, means nothing more or less than to withdraw from the States this basis of their circulating medium, by withdrawing from the deposit banks in hard money a sum equal to the amount to which each State is yet entitled, under the provisions of the deposit law; and whilst this ruinous measure, which will be most sensibly felt by the western and southwestern States, is pressed forward, we find another measure, (claiming the same fraternity)—(referring to the bill to postpone the collection of merchants' bonds)—the effects of which will be to leave with certain States several millions of money, of which the Treasury is at this time in want, and to which, under existing laws, it is now entitled.

The few remarks which I design to make are with a view to illustrate the positions just assumed.

This question has been discussed by some gentlemen as though there was an angry and rival inte-



25th Cong....1st Sess.

Postponement of fourth instalment—Mr. Atherton.

H. of Reps.

rest involved in the action of this House between the General and State Governments, and some seem to feel that they have specially in charge the interest of the former. For my part, I do not view it in that light, nor do I feel myself more the friend and agent of the State which sent me here, than the friend and agent of the General Government. I feel that in this matter I am the common friend of both, and that the action of this House is paternal; that in a controversy like this, for the possession of a fund which each claims as trustee, that the adjustment of the difference is referred to us and the co-ordinate branches for an adjustment upon principles of political equity, looking to the convenience and well being of both claimants.

I cannot comprehend how the General Government has any adverse or paramount rights in this fund to the people of the States. It was they who infused into it all its life and vigor, and bestowed upon it all its capacities, among which was the power to levy and collect a revenue off themselves, to such amount as was necessary to carry on and carry out the functions they had bestowed upon it, and predestined it to fulfil for their own good.

Now, sir, if from accidental causes in the due execution of the established revenue laws, more has been collected than was necessary for purposes of Government, to whom does it belong—the agent who collected it, or the principal of whom it was collected? I, sir, consider it a common right of the people in a common surplus in the safe keeping of the United States, the accumulation and inactivity of which, at the time Congress acted upon it, was paralyzing the enterprise and industry of the country. Money, we know, sir, is the generator of enterprise, and had this fund been permitted to have remained an inactive accumulating mass in the National Treasury, it would, in all probability, have checked the industry and enterprise of the country, as injuriously as its subsequent removal to the State banks stimulated them, and thereby greatly diminished the natural resources of the Treasury.

Add to this, sir, that it was a source of jealous watching with our intelligent countrymen, lest its influence might have been diverted to party purposes, instead of National. Indeed, sir, I have heard whispers that the party who once had the entire control of it, were less successful in elections since it has been wrested from their control, but whether there be any foundation for the uncharitable surmises that this fund had any agency in the success, I know not, and therefore cannot say.

Nor can I pretend to say positively that had this surplus remained in the Bank of the United States, the result would have been different from that which followed its deposit in the State banks—if the Bank of the United States was managed by fallible human agents, and it is probable, at least possible, that they were liable to the influence of the same passions and frailties which characterized the agents of the State banks.

This is all possible, but not necessary to determine now. The surplus was removed to the State banks, which cannot now be undone or recalled.

Congress, in the passage of the deposit law, seemed to have in view to ward off from the country the injurious effects of that disposition of them.

To ascertain the real effect of that disposition, we should inquire, how those deposits found those State banks and the business of the country dependant upon them, and how did they leave them?

Sir, the deposits found them doing a neat and profitable business, upon their own actual capital, and affording the country a paper currency, convertible at all times, and almost at all places, into hard money. The country was full of hard money. The business pursuits were prudent, safe and economical. Few ventured beyond their means. But when this surplus insinuated itself into the operations of those State banks, they grew mad with avarice. Agents were employed to sue at the Treasury for favors, and when obtained, they poured their issues upon the country, based upon those favors, until they maddened it with the spirit of wild and reckless speculation. Discounts were increased, merchants enlarged their stocks, and their customers enlarged their purchases. Farmers enlarged their opera-

tions; and speculators theirs; and the spirit of the times, and the facility of obtaining accommodations, seduced some of the best men in the country from the occupations of their whole lives, into hazardous and profitless enterprises, and thus seemed to be going wild the whole business of life.

Congress seeing this, and correctly appreciating the cause, passed this deposit law as a corrective. I suppose it was in the contemplation of Congress, that, by withdrawing the deposits from the State banks, it would necessarily decrease their issues, and subject them to call in those which was based upon the surplus, and that by parcelling it among the States, at about the same ratio it had been collected of them, it would in some measure replenish the circulating medium, which would be constantly running into those banks, to enable them to meet their engagements to the Government.

The western States, or at least Indiana, was peculiarly situated at this time, and under peculiar embarrassments. In addition to her State debt, her citizens owed an immense private bank debt, based upon this same surplus, and which was contracted in the days of the experiment, and induced by the action of the Government, by throwing the immense surplus into the State banks, and stimulating their action, with a view to supplant the receding issues of the United States Bank, lest the people might mourn its loss.

Now, sir, this basis of the bank issues is withdrawn, and the notes of our people are in those banks to redeem those issues, and a large surplus portion of the same issues have run into the National Treasury through the land offices; and is there a charge against our banks, as deposits; it is the National Treasury that the banks must raise funds for, which we are told must be paid in hard money? From whence are those banks to derive this hard money but from the people, whose notes they hold; and they, in turn, must coerce hard money from their debtors; and so the process must go on, raking together the whole amount of hard money in the country, to be placed in the Treasury, and from thence issued out to those in the employment of Government? Add to this, sir, the constant drain that is running from our pockets, in hard money, through the land offices, to the same point, and for the same purpose. Both those drains, sir, are too much for any country to bear, especially in times of depressed markets.

Sir, it was with an eye to adjust this state of thing that Congress passed this remedial, beneficent and parental deposit law, and directed this surplus, which had done so much harm, to be delivered over to the States, the effect of which was to make the banks debtor to the States instead of the National Treasury, and thus to change the direction of the golden current.

But some gentlemen tell us now that that there is no surplus; that the act is spent, and nothing remains for it to operate upon. Why so? Where has it gone to? Was not the action of Congress based upon a visible and tangible fund, to be in the Treasury on a certain day? And was it not there on that day? So says the Secretary's report. And disposed of by the act? If so, then it is a Congressional disposition of the public money; like all other dispositions, a fair and permanent charge upon the Treasury; and if misdirected by the agents of the Government, or absorbed by other appropriations, it is a fair demand of the States upon the Treasury, and so far remains to be executed.

Sir, it is important to my State that it should be executed. Much of her legislation is based upon its reception; her institutions of learning look to it; her system of internal improvements looks to it; and her citizens look to it as a fund to resuscitate, in some degree, the fountain of their currency in these dark days.

And as it is submitted to us, as the common arbiters of the General and State Governments, let us adjust it in such way as the least inconvenience will result from it; and in doing this, we need not consider for a moment the condition of the national Treasury. It can speak money into existence with our assent; and in doing so, it will increase both the quantity and quality of the circulating medium, now oppressively deficient. In deciding this question, it is unimportant to me whether

one or the other side is correct in their deductions from the Secretary's finance report. The currency of the State which I have the honor in part to represent is not kept flush by disbursements from the National Treasury, as are some of the Atlantic States. We have no army or navy to supply or pay off; no breakwaters or buoys to erect; no light houses, no harbors; not any thing, indeed, but a small appropriation from the two per cent. fund on the Cumberland road. It is not that I would impute to Congress or the Executive partiality in those things; not so: it grows out of the nature of our position. But it is true, that those States favorably situated in regard to disbursements from the National Treasury, do not feel the effect of those drains of their circulating medium that we do.

Sir, putting aside all other considerations, to retract the legislation of the last year would be disreputable to the nation, whether the policy of the act was wise or unwise. It would be a confession that this grave body and the co-ordinate branches had had acted upon a mistaken assumption of facts, or that they were so short-sighted that they could not appreciate the real condition of the Treasury or wants of the Government. For my part, whether the Treasury be flush or empty, I am for this money going to its predestined object. It will there do much good, and prevent much harm, and its absence from the National Treasury can work no inconvenience; for, I again repeat, we can speak money into the Treasury; and we who are for the democracy of numbers can have no objection to obtaining it in that way; for by parcelling it out with the States, it goes into the hands of the necessitous and borrowing class, and will tend to keep up the price of labor and produce; and when it is to be refunded in the redemption of Treasury notes, it comes from the pockets of the wealthy—those who "clothe in purple and fine linen, and fare sumptuously every day." When things resume their natural tone, it will be time enough to talk about legislating it from the State Treasuries.

Such are my views.

#### POSTPONEMENT OF DEPOSITE.

#### REMARKS OF MR. ATHERTON, OF NEW HAMPSHIRE,

*In the House of Representatives, Sept. 21, 1837.—*

In Committee of the Whole, on the bill to postpone the deposit of the last instalment with the States.

MR. ATHERTON said he had endeavored, yesterday, to obtain the floor, to ask the indulgence of the committee while he offered for their consideration a few remarks; and the remarks which he had then intended to make would now be much abridged, on account of what had been said by his honorable friend from Virginia, (Mr. Jones,) who had enforced, with so much more eloquence and ability than he could pretend to, so many convincing arguments in favor of the bill before the committee. Complaint had been made by the gentleman from Pennsylvania, (Mr. Biddle) of the confusion existing in the Report of the Secretary of the Treasury, and the impossibility of understanding its details, so as to arrive at a definite conclusion in respect to the existing state of the Treasury; and a reference was made to an admission of the gentleman from Ohio, (Mr. Hamer,) that it was incumbent on the friends of this bill to make out satisfactorily the propriety of passing it. In allusion to this, the gentleman from Pennsylvania asserted that he was in doubt, and that it was evident others were also, as to the state of the Treasury; and, therefore, the case of the friends of the bill was not made out. Now, even on this ground, he (Mr. A.) viewed the matter in a different light, and considered that a case of doubt as to the condition of the Treasury would make out affirmatively the propriety of adopting this measure; nay, would compel us to it as a duty: for the question would then be, whether, when it was doubtful whether we should need our own funds, or not, we should place them out of our disposal? But what doubt is there on the subject? No one denies that, whether the Secretary's report be understood or not, and whether the last instalment be postponed or not, we

must have recourse to some method of raising money for the exigencies of the Treasury. How, then, can it be said that the Treasury does not need this money?

One chief argument, however, advanced by the opponents of the bill, is, that it does not appear that the sum in the Treasury is less than what would be required for the payment of the last instalment. He contended that it did so appear, and that the conclusions of the Secretary were stated definitely and explicitly, and the details leading to those conclusions must appear clear and consistent to those who would give to the report that attention which the nature of the subject demanded. He had drawn up a statement, based on the report, which, in his opinion, sufficiently showed this, and which he had intended to lay before the committee; but as the committee were already wearied with the subject, and the matter had been so ably stated by the gentleman from Virginia, he would forbear from inflicting it on them. But it seemed to him that the gentleman from Pennsylvania had admitted a principle which at once decided this question. That gentleman, in reference to various statements of the condition of the Treasury made upon this floor, tending to support the report of the Secretary, has denied that they have any weight, or ought to have any, because they have not the seal of responsibility—they contain no assurance from any officer responsible to the House. Now, sir, we have a statement from an officer responsible to the House—from the Secretary of the Treasury. He is the officer to whom we, as a branch of this Government, apply for information on the state of the Treasury, and on whose information we must base our proceedings. If he deceive us, he is liable to impeachment. Can it be asserted that this officer has not better means of knowing the state of the Treasury than any member on this floor? What does the Secretary say? He declares that the whole amount in the Treasury at the time his report was made, was only a little over eight millions of dollars, and this includes both available and unavailable funds. Any person, he believed, must, on carefully perusing the report, arrive at the same conclusion. It must also be evident that, after taking out the excess of the expenses over the receipts for the month of September, the balance on the first of October will be not much above six millions of dollars; and of this balance, the available funds will be only about two millions of dollars.

In whatever light it may be viewed, the question seems to be, whether we shall borrow money for the sake of depositing it with the States. The gentleman from Pennsylvania, (Mr. Sergeant,) who addressed the committee some days since, was understood to admit there would be a deficiency in the Treasury, but to contend that the Secretary was bound to make this deposit, if there were no action of Congress on the subject; and that the question was whether we would stop this appropriation. Now he (Mr. A.) thought it incumbent on gentlemen to say how the Secretary could, by any possibility do this, unless there be some action of Congress on the subject. He thought it incumbent also on those who contended there is such a vast amount of money in the Treasury, to inform the Secretary where it may be found. Nor could he conceive it to be other than a misapplication of terms to call this an appropriation.

The gentleman from Tennessee (Mr. Bell) has said that he views the question of making the deposit of the last instalment with the States as a question of faith, like that of making payment to any other creditor. To him, (Mr. A.) the position that this was a contract, seemed utterly untenable. Are the States our creditors to the amount of the last instalment? What consideration have we received for it? Has the money already deposited, gone to pay our debts to the States? The gentleman from Ohio (Mr. Loomis) contends that the States furnish a consideration, because they are obliged to agree to accept the money, and to pledge the faith of the States for its repayment. Now, this fact, to Mr. A's mind, showed it to be a deposit, else why so much caution as to securing the repayment of the money when needed? All the guards and securities to this end, prove that it was

the money of the United States, and not that of the States. The deposit law of 1836, both in its letter and in its spirit, is a law for the safe-keeping of the money of the United States. We have power to withdraw the money after its deposit, if we need it, and, of course, to withhold it. The law was based on the supposition of a surplus in the Treasury, and an available surplus.

The gentleman from Tennessee has said that he considered this a question whether our expenditures were to be reduced now or never, and contends that the expenditures under existing appropriations can be so reduced as to supersede any necessity of postponing the last instalment. It seemed to him (Mr. A.) that this is shown to be utterly impracticable. All expenditures have already been postponed in the Secretary's estimates, which, after a most careful investigation, it was found could properly be dispensed with for the present. It must be apparent that the greatest reduction which could, by any possibility, be made in the expenditures of the last three months of this year, would not affect the balance in the Treasury to an amount sufficient to make any difference in the aspect of the question under consideration. As to the reference made by that gentleman to the sum in the hands of disbursing officers, it seemed only necessary to recollect that this sum is not in the Treasury, and can in no manner be made applicable by the Secretary in the manner contended for. Money in the hands of disbursing officers is charged, at once, to appropriations which are, by that, so much reduced; and of the amount returned by the last reports as in the hands of those officers, half of it is actually expended, and all the remainder contracted for. Should works under contract be stopped, every one must perceive, it would be a source of great expense and loss. We should be beset with application after application for damages on account of breaches of those contracts; and it requires but very little acquaintance with such subjects to convince once that the responsibilities and the expense thus incurred would, by far, counterbalance any advantage that could accrue to the Treasury. He (Mr. A.) believed that a large majority of the friends of the administration would be found as ready as the gentleman from Tennessee to do all in their power to prevent extravagant appropriations. That gentleman has said that the professions of economy of this administration, like those of the last, were hollow. In regard to the professions of the last administration, perhaps he [Mr. A.] ought to defer to the greater experience of the gentleman from Tennessee, and his superior opportunities of judging. He had, however, been inclined to believe them sincere, and before he admitted the justice of the gentleman's imputation, he would like to inquire whether the friends of the gentleman, the National Republicans of the north, who have been characterized by the gentleman from South Carolina (Mr. Pickens) as having reform on their lips and extravagance in their hearts, had nothing to do with these extravagant appropriations. But it did seem to him (Mr. A.) that of all the extravagance ever heard of, of all the extravagance which it ever entered into the heart of man to conceive, the greatest is that proposed by the opponents of this bill. It is to borrow money for the purpose of giving it away—according to the views of the gentleman from Kentucky (Mr. Underwood) who contends that the States have a right to retain this money after they once get it—or to borrow money and pay interest for it, that it may be kept safely for us by the States, who pay no interest! In either view of the subject, he called on gentlemen to show that this is not the worst of extravagance.

The gentleman from Pennsylvania (Mr. Biddle) had said that those voting for this bill, in its present shape, would subject themselves to the charge of insincerity, and of a low and hollow device, because, while it professed merely to postpone, its real effect would be to repeal, the deposit law, so far as relates to the last instalment. He (Mr. A.) could not see how this charge could be sustained. If there be insincerity chargeable anywhere, it would seem to him to apply much more forcibly to those who advocated the passage of the law of 1836 as a deposit law, and now contend that it

should be construed as a distribution law. It is within the knowledge of all that the passage of that law was urged on the ground that it was merely a law to regulate the deposits of our own money, and they are the persons who really manifest hostility to the principles of that law, who now view it in another light. By this they go far to sanction the justice and force of the arguments used by the opponents of the law against its adoption; for it was earnestly contended, in opposition to its passage, that it would prove to be not what it professed to be, but a distribution law.

As measures contained in other bills reported by the Committee of Ways and Means had been alluded to, he might be permitted to notice a remark of the gentleman from Tennessee, that the true object of the administration was to establish a Treasury bank, and that this object was already indicated by a proposition for the issue of a large amount of Treasury notes for a currency. It was unnecessary to refer to the various precedents of such issues by the Government, when no such imputation was ever dreamed of. These precedents are familiar to all. But how does the matter stand? If the bill before the committee pass, there will be a necessity for the issue of only ten millions, while, if the bill be defeated, an amount of twenty millions of notes will be required. Thus it seemed to him (Mr. A.) that this charge would apply with much more force to the opponents, than to the friends of the bill before the committee.

It was not without some surprise that he heard a call made on those in favor of State rights to oppose this bill. It seemed to him that nothing could so effectually destroy State pride, and the rights of the States, as to make them the eager and humble expectants of the bounty of the General Government; to introduce them here as requesting the Government to borrow money for the purpose of distributing it among them. The very worst feature of the principles of those who have upheld what they call the American system is here discernible; that which indicates the disposition to keep up a high tariff for protection, and to disregard the true doctrine of limiting our revenue to our expenditures—an earlier observance of which would have preserved us from many, if not all, of the difficulties with which, of late years, this Government has had to contend.

Nor could he admit that the argument drawn from the fact, that a postponement of the last instalment might interfere with the domestic arrangements of the States, as to its disposition, was a legitimate argument. The States had no reason to consider the money as their own, and any legislation founded on that supposition was, thus far, improvident legislation. No one certainly regretted any inconvenience to which the States might be subjected more than himself. His constituents would suffer their share of any such inconvenience. It was his opinion, and he doubted not that he agreed in this with a large majority of his constituents, that we have no constitutional right to raise money for the purpose of paying over this last instalment; and were the inconveniences which would result them to far greater, he could confidently say they were too patriotic, and too much attached to the Constitution of their country to desire the violation of so important a principle. But the inconvenience would, in no case, be very general or very great. This money goes in too many instances into the hands of a limited number of favored individuals, and in some States to the use of corporations; and its distribution is, at best, a taxation of the many for the benefit of a few.

As allusions had been made to the Message of the President, and to the existing embarrassments of the country, together with the means of relieving them, Mr. A. would briefly advert to these topics. We had heard it said by gentlemen of the opposition that they did not come here prepared to introduce or suggest any measures of relief; yet they had animadverted with the greatest severity on the Message of the President as proposing no such measures. Unless they knew of some measure proper to be suggested, would they be so unjust as to condemn the President for not suggesting it? Yet it has been here stated more than once

that they would suggest nothing. It seemed to him (Mr. A.) that they were reduced to the dilemma of either acknowledging that they had no measure which they could suggest, or that their favorite measure is such that they shrink from presenting it before the people.

We have, indeed, heard a caution given to the gentlemen of the opposition, not to bring forward any proposition for a national bank, because such a measure was odious to a majority of the people. But, sir, thanks to the frankness of the gentleman from Kentucky (Mr. Underwood) and the gentleman from Pennsylvania, (Mr. Biddle) there is no longer any doubt or concealment upon this subject. The embarrassments of the country, which those gentlemen represent in the most vivid colors, are all ascribed to the destruction of the United States Bank; and the establishment of such an institution is set forth as the panacea which is to restore every thing to health, and bring back our former high and palmy state of prosperity.

The gentleman from Kentucky has asserted that the great cause of mischief was the veto of 1833, occasioned by that clause in the Constitution which makes the will of the President, in the exercise of the veto power, paramount to the will of the representatives of the people. Had it not been for this, said the gentleman from Kentucky, we should now have a national bank. He (Mr. A.) viewed the matter differently. The exercise of the veto power in that instance by the President, who, in this respect, acted as the agent of the people who elected him, prevented the representatives from fastening, by an accidental majority, an odious and irresponsible moneyed oligarchy on the people, against their will. And in that provision of the Constitution he (Mr. A.) saw a wise provision, which prevented the will of the people from being thwarted by accidental circumstances, and secured to it, in the end, its full force and effect.

The issue is now fairly presented, and (said Mr. A.) let it be proclaimed to the people of the country that the true issue to be tried is, a Bank of the United States, or no bank. The gentleman from Pennsylvania had referred to the recent election in Maine in connection with the doctrines of the Message, and had adverted to that election as showing the rise of a "star in the East." The doctrines of the Message had been termed on this floor revolutionary. He thought that those doctrines were the doctrines really deserving that epithet, which would lead us to overturn the Constitution and to do that which we have no constitutional right to do. He (Mr. A.) believed that the doctrines of the Message were such as a vast majority of the people would approve, and that the sentiments there avowed would find a hearty and cordial response in their bosoms. It was just such a message as was earnestly and ardently desired and expected by the people; and the President, in sending forth that able and admirable document, had done that without which no one can obtain permanent greatness or renown—he has identified himself with the spirit of the age.

There are gentlemen on this floor, representing the State of Maine, abundantly able to speak in her behalf; but he (Mr. A.) knew a little of the spirit of the democracy of the North, and he would venture to say, that, let the true issue be presented to them, and the principles of the Message be well weighed and understood, and they would rise, and, to a man, they would gird on their armor and bare their blades, and, shoulder to shoulder, they would again fight the battle of liberty. And he could tell the gentleman from Pennsylvania that, ere another year, his "star in the East" will have proved but an ignis fatuus which has deceived him with a false and delusive hope, and the true star in the East will re-appear—the star of the morning—the harbinger of full and glorious day.

He hoped he might be pardoned by the committee if he alluded briefly to the imputations which have been made on the Secretary of the Treasury. That distinguished officer was a native of his (Mr. A's) native State, and of his native county. One imputation which has been thrown out is, that the Secretary is opposed to the deposit law, and that he has (if he, Mr. A. understood the charge) thrown a large amount of money into the hands

of disbursing officers, so that it could not be available for the purpose of paying the fourth instalment. If gentlemen would take the trouble to examine the information communicated by the Secretary of the Treasury on the subject, they would discover the injustice of this imputation in the fact that the amount in the hands of disbursing officers is less than it was in May last, the time of the suspension of specie payments. He would also remark that the complaint which has been so earnestly made concerning extravagant appropriations, seems hardly consistent with another source of complaint against that officer, who has also been accused of taunting Congress with the fact that their appropriations were larger than he had recommended or could approve. He thought that some observations which have been made here in relation to the Secretary might well have been spared.

Is there any secret cause of sensibility which prompts these attacks on the part of the friends of the Bank of the United States? Do they result from the fact which is before the committee, in an answer to the resolution of inquiry proposed by the gentleman from Pennsylvania, (Mr. Biddle,) that the Secretary of the Treasury has paid large classes of public creditors in gold and silver, while this favorite Bank of the United States, in violation of its charter and of the plainest moral obligations, refuses to pay one single dollar?

That individual, said Mr. A. needed not the aid of his humble vindication: his distinguished career is well known to the nation. In his native State, as an advocate, he had few equals, and no superiors at a bar, which, for learning and talent, is unsurpassed by that of any State in the Union. Elevated to the bench at a very early age, his dignity, impartiality, and varied legal attainments, secured the respect of that bar, and the confidence of the suitors in his court; and his published legal opinions are justly admired for their clearness of conception, their correct diction, and their profound learning. Having filled the chair of Chief Executive Magistrate of his State, he was elected to the Senate of the United States; and in that body, amidst a constellation of talent never surpassed, he stood in the very first rank as a statesman and debater; and in the administration of two departments of this Government, and especially of the Treasury Department in the late difficult crisis, his eminent abilities, aided by that without which the greatest abilities are of little avail—his persevering and untiring industry—have placed him on an enviable eminence in the eyes of the American people—an eminence far above the reach of the shafts which have been, or may be, aimed at him.

#### REMARKS OF MR. BELL,

OF TENNESSEE.

*In the House of Representatives, Tuesday, September 19, 1837.*—The House having resumed, in Committee of the Whole on the state of the Union, the consideration of the bill from the Senate to postpone the payment to the States of the fourth instalment of the deposits under the distribution act of 1836.

Mr. BELL, of Tennessee, said, that although this was one of a series of measures, the tendency of which was to consummate an important and favorite policy of the administration, or for that reason might afford any latitude of debate that might be desirable to those who wished to enter into the discussion of any one or all those measures, yet he should not avail himself of this liberty. He considered the question directly connected with the measure proposed in the bill under consideration of great importance enough to engage his attention on this occasion. Again: the other measures to which he had alluded, and which were proposed in connection with this one, as different parts of one and the same general system, were each of them of weight and interest enough to demand and receive a separate discussion, and a separate determination of the questions they involved.

It cannot be disguised, said Mr. B. that the bills already reported in this House, and which received the sanction of the Senate, whatever gentlemen

might profess, and whatever some of them might perhaps very honestly think, were so many features of a project which found extensive countenance, and the object of which was to establish, in fact, a national bank—a Treasury bank of deposit and issue. Disguise it as they may, such a plan has been conceived, and not only conceived, but actually embodied to a considerable extent in the bills which have been reported from a committee of this House. The plan is to establish a Government bank under the proper disguises for the present, and through its agency to substitute a circulating medium composed of Federal Government paper, instead of the notes of State banks. We have the germ of this bank now before us; its parts are already sufficiently developed to indicate its true character. At another session, or in another Congress, by one or another addition, by way of amendment, we shall eventually behold the monster developed in all its frightful proportions. Such a subject is surely of consequence enough by itself to occupy the attention of the House, without connecting it with the less important subject under consideration.

But the questions presented by this bill are of great interest to the country. It is true, the object to be accomplished by it has less connection with the great results to which I have alluded, than any one of the other measures proposed for our adoption; and I believe it will be found, upon examination, to have originated more from the settled hostility of the administration to the policy of the deposit law of 1836, than from any actual necessity of the Government, or its tendency to promote the favorite fiscal policy of the Executive; but still it is of a piece with the general conduct and policy of those in power. One question which will be found to arise under the present bill, involves the public faith. The question is presented, whether Congress or the Federal Government is not bound to keep its promise, or comply with its engagements with the States of the Union, by obligations as strong as any that can exist between it and its creditors, of any other nature or description. It is a question whether, if the States agreed to accept the deposit of the surplus in the Treasury, according to the terms of the act of 1836, by which it was tendered to them, there was not, from that moment, a contract between them, as obligatory as any other compact between the Government and the States can be. Can the General Government, without consulting the other parties to this arrangement, dissolve it without a breach of faith?

But, sir, there is another and a much more impressive and important inquiry which presents itself in considering the effect of this bill—I mean the great question whether the expenditures of this Government are to be reduced now or ever? This is now the issue, and it is to be determined almost exclusively by this House. We already know the determination of the Executive branch of the Government, and all the influence attached to it; and we know, too, the decision of the other branch of the National Legislature. It devolves upon this House, I repeat, to settle the issue, whether the expenditures of this Government, after having been increased nearly threefold within the last few years, are to be reduced now or ever. These are questions, truly, which may command our exclusive attention for a season. With these convictions, and a corresponding determination, I shall proceed to make as succinct a statement of what I believe to be the existing condition of the Treasury as I can, that it may be seen whether the repeal of the act of 1836, proposed by the bill under consideration, is demanded by the state of the Treasury, or by the public interest; for, if it be so, I shall be prepared to give it my support.

Much confusion was produced yesterday by the mere statement of the condition of the Treasury, which was presented to the House by the chairman of the Committee of Ways and Means, (Mr. Cambreleng.) I do not mean to say that the statement of that gentleman varies materially from that of the Secretary of the Treasury, but certainly it was well calculated to add to the difficulties which all must have felt in coming to any satisfactory conclusion as to what is the real state of the National Treasury.



25th CONG....1st Sess.

Postponement of fourth instalment.—Mr. Bell.

H. of Reps.

I propose to present a statement based upon the facts and estimates contained in the several reports made by the Secretary of the Treasury at the present session, which I believe may be relied upon. At all events, I shall be obliged to any gentleman who shall detect any error in my statement to point it out to me as I proceed.

The whole amount chargeable by law upon the Treasury, during the present year, (1837,) is - \$85,621,228

Viz: The amount ascertained to be in the Treasury on the 1st Jan. 1837, after reserving \$5,000,000, according to the act of 23d June, 1836, providing for the deposit and distribution of the surplus in the Treasury among the several States, - \$37,468,859

Balance of appropriations of former year remaining unexpended on 1st January, 1837, - 16,752,282

Appropriations for the ordinary service of the current year, (1837,) - 31,400,087

Aggregate charge upon Treasury, - 85,621,228

The whole amount of moneys in the Treasury during the present year, (1837,) and applicable by law to the payment of the charge upon it, above stated, is 64,326,178

Viz: The sum ascertained to be in the Treasury on the 1st January, 1837, - 42,468,859

Additional sums ascertained by subsequent returns from banks to have been in the Treasury on the same day, - 1,670,137

Receipts into the Treasury from the customs, sales of public lands, and other sources, during the two first quarters of the current year, (1837,) - 13,187,182

Receipts into the Treasury, estimated for the two last quarters of the current year, (1837,) upon the supposition that the merchants' bonds will be extended for six months - 7,000,000

Add this further amount, ascertained to have been received into the Treasury during the two first quarters of the year, and omitted to be stated in carrying out his aggregate of receipts, in the report of the Secretary of the Treasury, by mistake - 513,263

Making the aggregate of means in the Treasury during the year - 64,839,441

By this statement it appears that the means in the Treasury, during the current year, will fall short of the amount chargeable by law upon it by 20,781,787

But it has happened that, at the end of every year, for several years past, there was a large amount of the charges existing against the Treasury by law, which were not demanded within the year; and the Secretary of the Treasury states in his report to the House, dated the 11th of September instant, (1837,) that he has already ascertained that the sum of 15,000,000, included in the amount above stated as chargeable by law upon the Treasury, will not be wanted or called for during the year. This sum may, therefore, be deducted from the amount first stated as the

aggregate of the charges against the Treasury during the year, which will then leave an actual demand against the Treasury during the year amounting to - 70,621,228

And exhibit a deficit of means in the Treasury to meet the actual demands of it during the year, amounting only to the sum of - 5,781,787

But this deficit is more apparent than real; for we think there is a large sum of money in the hands of superintendents of public works, of officers attached to the subsistence department of the army and navy, and disbursing officers generally, which ought, in truth, to be put to the credit of the Treasurer, and be stated as a part of the moneys in the Treasury, but which, in fact, is not so stated. The Secretary, in his report of the 11th of September, instant, admits that the sum of \$5,000,000 was then in the hands of disbursing officers. If this sum be added to the amount of moneys above stated to be in the Treasury during the year, the amount will stand thus:

Amount of actual demands against the Treasury during the current year, (1837,) - \$70,621,228

Actual amount of money in the Treasury to meet the demands upon it during the year - 69,839,441

Deficit - - - \$781,787

This small defalcation, let it be borne in mind, is brought out by a statement based exclusively upon the statements and estimates of the Secretary of the Treasury. For the most obvious reasons, his estimates of receipts into the Treasury, as well as his estimate of the probable expenditure during the remainder of the year, must be viewed as having been made upon the minimum basis as to receipts into the Treasury, and the maximum as to expenditures. I do not, indeed, deny that this was his duty. He should always make his calculations so as to have means enough to meet all probable demands; but in this case there has been a more powerful motive than usual to underrate the receipts, and to overrate the expenditures—the interest felt in making out a case which will justify the repeal of the deposit act of 1836; at least so far as the future and last payment to the States is concerned. But for this interest, there can be but little doubt that he could have ascertained that some seventeen or eighteen millions of the existing charges against the Treasury might be postponed until next year, instead of the \$15,000,000, as stated in his report; perhaps even 20 millions or more might have been stated as the probable amount of unexpended balances at the close of the present year. The same remarks will apply to his estimate of the probable receipts into the Treasury during the two last quarters of the year. I have taken his estimate of seven millions; but really, whether any greater indulgence is given on duty bonds or those he has recommended, or not, it seems to me that his estimate is too small. But without noticing this point further at present, I proceed to make a statement of the expenditures of the present year, founded also upon the facts and estimates of the several reports of the Secretary of the Treasury. Any statement of the expenditures only answers the purpose of elucidating and verifying the statement already made of the actual and probable demand upon the Treasury during the year. Such a statement will serve only to show the different items of which the charges admitted to exist against the Treasury consists.

Whole amount of expenditures for the current year, 1837, as appears from the several reports of the Secretary of the Treasury, will be - \$70,545,098

Viz: Amount already expended or withdrawn from the Treasury between the 1st of January and the 11th of September instant, and now being expended, for the ordinary service of the current year, 1837 - 24,075,239

The amount drawn from the Treasury and paid to the States, or for which transfer drafts have issued and

stand charged to the States under the act of the 2d of June, 1836 - 28,101,645

Aggregate expenditure of all descriptions between the 1st of January and the 11th of September instant - 52,176,884

Estimated amount of expenditure for the remainder of the year, or until the 1st of January, 1838, viz:

For the ordinary service of the Government - 9,000,000

For the payment of the 4th instalment due the States under the act of the 23d of June, 1836 - 9,367,214

Total of expenditures for the current year, [1837,] and which will be seen to be equivalent to the total amount of the actual demands or charges against the Treasury, as already stated in another form - 70,545,098

Difference between the expenditures, actual and required, during the year, and the amount of moneys actually at the disposal of the Government, as before stated - 781,787

This, then, is a true exhibition of the Treasury, and of its ability to meet the demands against it during the present year, including the 4th instalment due the States under the act of 1836, according to the statements and estimates of the Secretary of the Treasury himself. The only exception which can be taken to the statement which I have made, is, that the amount of \$5,000,000 in the hands of disbursing officers, which I have stated as being at the disposal of the Government, and which ought to have been enumerated as a part of the moneys on hand to meet accruing expenditures, is already expended, or at all events cannot be made liable for any other object of public expenditure, than those to meet which they were drawn from the Treasury. I insist, sir, that these moneys are an actual subsisting and on hand, and constitute a part of the actual and available means of the Treasury, as any other moneys of the same amount. It is true that amount of money has been drawn from the Treasury, to be expended upon certain specific objects; but what are those objects, and how do they differ from those objects which call for expenditures in some one or all of the remaining months of the year? Those objects upon which a great part of the nine millions, the estimated amount of expenditures for the two last quarters of the year is to be expended? They are the same; and to make these moneys actually available within the year, it is only necessary to require of the disbursing officers attached to the various departments of the public service, to exhaust the funds already in their hands, before they apply to the Treasury for any new supply. In this way we shall find that the Treasury is, and has for several years been, richer by five or six millions than in fact it has been represented to be by the Secretary. I have heretofore denounced this practice of keeping out five or six millions in the hands of disbursing officers as a gross abuse, and one which calls for redress. It has only sprung up within the last few years, and is only one of a great number of similar abuses which have arisen from a redundant Treasury.

In former times, some half million or a million of dollars was regarded as a large amount to be outstanding, and unexpended in the hands of disbursing officers. Scarcely any contingency can arise at a time when the Government has so many depositories of the public moneys, situated in every part of the Union, that a greater amount than half a million could be required to be placed, at any one time, in the hands of disbursing agents or officers. It is a practice not only dangerous to the safety of the public funds, but which gives rise to the increase of favoritism, and an extension of the Government patronage connected with the Treasury, in a form the most corrupting, as well as injurious to the public service. It was stated towards the close of the year 1835, by the newspaper organ of the Government, printed in this city, that the amount then in the hands of the disbursing officers of the Government, unexpended, was about six millions of dollars. Upwards of five millions are stated to have been in their hands, by the Se-

cretary of the Treasury, on the 1st of May last, and a similar amount is admitted to have been in their hands on the 11th of this month. In truth, sir, this has now, in practice, become a standing dead fund, so far as the public use of it is concerned. Instead of lying in the hands of disbursing agents, or being deposited to their credit in the banks from month to month and from year to year, I wish it brought forth, and *actually* expended during the present embarrassed condition of the Treasury and the country. It is now contemplated that this amount, or an average amount, will be in the hands of disbursing agents at all times, and it is upon this calculation that it is contended that this fund will add nothing to the means stated to be in the Treasury. I affirm, that if you will require these five millions to be actually expended, to the dregs, during the remaining quarter of the present year, it will diminish the estimated demands upon the Treasury during that period, by that amount. I insist, too, that this is the proper time to cure this evil. It has already been shown, that if this amount can be applied to the public service during the year, besides what is not yet drawn from the Treasury, the fourth instalment can be safely paid to the States, without leaving any material deficit in the Treasury, even admitting the receipts for the two last quarters of the year to be no more than they are estimated by the Secretary himself.

But it is contended by the chairman of the Committee of Ways and Means, (Mr. Cambreleng) that at least one million of the moneys in the Treasury should be reserved for the purposes of the Mint. I say, sir, that at such a crisis in our fiscal affairs, it is idle longer to be deluded by the expectation that the country or its currency is to be relieved by the operations of the Mint! We have had quite enough of such experiments already. It is said, however, by the gentleman, that five hundred thousand dollars are already in the Mint. In reply, I say let us un-mint it, then, if I may coin a word; and I am sure my coin is in quite as good taste as the new gold and silver coins which have issued lately from the Mint. I say, can we not reach this fund by law, if necessary? Let us reduce the amount employed in the Mint for the present, and until we shall have the means of carrying out the policy of recouping all the gold in this country, or that can be got from other countries.

[Mr. MERCER informed Mr. BELL that the amount formerly required for the use of the Mint was only 200,000 dollars.]

We have only, then, (continued Mr. BELL,) to bring back the operations of the Mint to the standard which answered so well until the recent experiment commenced upon the currency.

The gentleman from New York [Mr. Cambreleng] also contends that we must provide the means of keeping a contingent fund of four or five millions always in the Treasury; and he reminds us that that amount was required to be reserved in the Treasury by the deposit act of 1836. Does the gentleman mean to say that this fund must *always* be in the Treasury? Does he regard it in the light of a *fixture*, which, for the honor and safety of the Treasury, is never to be removed or disturbed? Sir, for what purpose is a contingent fund desirable or useful, but to meet just such a crisis—just such an emergency, as the present? It is the very purpose of its creation to meet unexpected calls upon the Treasury—to supply unexpected deficiencies at periods like the present. No such absurd idea as that which seems to have weight with the gentleman from New York, ever entered the heads of those who recommended the policy of always keeping a contingent fund of any amount in the Treasury.

[Mr. MERCER here informed Mr. B. that the amount formerly regarded as a sufficient contingent fund was only two millions.]

And even that amount, said Mr. B. was designed to answer demands upon the Treasury, when there should happen to be no other funds on hand.

It has been argued that in any form in which the means of the Government can be presented, there will be a deficit, or an excess of the amount chargeable by law upon the Treasury during the year over the moneys at the disposal of the Govern-

ment. This is true, if we include the fifteen millions chargeable upon the Treasury, which the Secretary himself admits may be postponed until the next year, (1838;) but, sir, we are called here to provide the necessary means to carry on the Government and to pay all demands upon its Treasury during the present year. It is not our business to anticipate the future demands upon the Treasury, and to provide for them, though we are providing an ample fund for that purpose, if we postpone the collection of all the outstanding duty bonds until the next year. It will be the proper business of the next session of Congress to provide for the expenditures of the year 1838; and we shall then do it, after having the benefit of another report from the Secretary of the Treasury, in which it will be his duty to point out the ways and means of meeting the expenditures of the next year. We have enough to do now, to provide the means necessary to meet the expenditures for the remainder of the present year.

It is true, Mr. Chairman, that we have now an estimate before us for an additional expenditure for the support of the war against the Indians in Florida of \$1,600,000. If this was not anticipated and included in the estimates of the expenditures for the remainder of the present year, submitted by the Secretary of the Treasury in his report to the House, it will increase the deficit or balance of charges upon the Treasury during the year, over the means at the disposal of the Government, by that amount. But, sir, even with that addition, the deficit will not be serious, and will constitute no substantial obstruction to the payment of all demands upon it. A small amount of receipts into the Treasury during the two last quarters of the year, or if half the amount of the Treasury protested drafts admitted in the report of the Secretary (4,000,000) to be now in circulation should continue, which will no doubt be the case, there will still be no actual want of means in the Treasury during the year.

In the statement I have made of the condition of the Treasury, it must be remembered, I have taken the statements and calculations of the Secretary of the Treasury as the basis.

But let us see what sort of a report upon the financial condition of the country we might have expected, and would probably have received, from an administration which was not hostile to the policy of the act of June, 1836, and which had no interest in embarrassing the States, and in making the distribution act unpopular; or, if such an interest was felt, was too magnanimous and patriotic to be actuated by such motives.

A truly republican and patriotic Executive, I can readily suppose, would have made some such statement as the following:

Whole amount chargeable by law upon the Treasury during the year 1837, inclusive of the amount due the States under the act of June, 1836—viz: balance of appropriations of former years remaining unexpended on the 1st of January, 1837, \$16,752,283  
Appropriations for the year 1837, exclusive of the Post Office Department - 31,400,087  
\$48,152,370

From this amount, however, may be deducted the following sums, viz: amount of appropriations for the year 1836, and the present year, which will probably not be required during the present year, \$16,500,000

The amount of appropriations for the years 1836 and 1837, which may be withheld from the objects to which they were appropriated if Congress shall consent, without any material injury to the public service - 5,500,000

Making an aggregate of \$22,000,000

Which being deducted from the sum stated as the whole amount chargeable upon the Treasury during the present year, will leave a balance of

existing appropriations which will probably be required to be expended for the ordinary service of the year (1837) amounting to \$26,152,370  
Add the amount of the 4th instalment due the States under act of 23d June, 1836, which is yet unpaid - 9,367,214

And the whole amount of the actual demands upon the Treasury during the current year will be - 35,519,584

To supply this necessary demand upon the Treasury, the following means may be stated as at the disposal of the Government during the current year—viz: balance in the Treasury on the 1st January, 1837, after setting apart the amount due the States according to the act of 23d June, 1836 - \$6,690,137

Receipts into the Treasury during the two first quarters of the current year - 10,700,445

Estimated receipts during the two last quarters of the current year - 10,000,000

The amount of the 4th instalment due the States under the act of 23d June, 1836, which was set apart on the 1st January, 1837, and which has not yet been drawn from the Treasury - 9,367,214

The amount remaining in the hands of disbursing officers, which, though drawn from the Treasury, is unexpended, and may fairly and perfectly be regarded as at the disposal of the Government, and applicable to the service of the current year, 5,000,000

Aggregate of means, \$44,737,406

By this statement, it appears that there will be a surplus in the Treasury amounting to \$9,218,822.

The only explanations which this statement may seem to require relate to the estimate of receipts for the two last quarters of the year, and the proposed reduction of the expenditures.

I have estimated the receipts into the Treasury from all sources during the two last quarters of the present year at \$10,000,000, or at the rate of \$20,000,000 for the whole year. I observe that the chairman of the Committee of Ways and Means estimates the receipts for the last quarter of the year at \$4,000,000, which is only one million less for the quarter than the estimate I have stated. He gives us no estimate of the receipts for the third or current quarter of the year, nor does the Secretary of the Treasury favor us with his estimate for the third quarter. He contents himself by stating the probable receipt in one contingency at \$9,000,000; in one other contingency, at \$7,000,000; and in still another, at \$4,500,000. The amount is undoubtedly contingent, but I think the estimate of the Secretary is too low, in any event affecting the revenue that is at all probable. But, suppose, sir, that I have overrated the receipts for the two last quarters of the year by \$3,000,000, and that the expenditures have been estimated too low by an equal amount, there will still be an excess in the Treasury of \$3,218,822.

But the reduction I have proposed in the expenditures of the year demands a fuller explanation. It will be seen that I have stated the unexpended balances at the end of the present year at sixteen millions and a half. This is less than the amount remaining unexpended at the close of the year 1836, and it ought to be borne in mind that most of the items of appropriation which remained unexpended at the close of last year are still outstanding, and must, of necessity, compose the principal of the fifteen millions which the Secretary admits will not be called for during the present year. The appropriations for the present year, applicable

to a great variety of objects, are unusually large and extravagant. In stating a much lower estimate of expenditures for the present year than that submitted by the Secretary of the Treasury, I have supposed that there might be a decided determination in this House, under the extraordinary circumstances of the times, to insist upon a very considerable reduction of the expenditures of the Government. I am sorry that the Secretary has not thought proper to make a more detailed statement to the House than he has done upon the subject of the unexpended balances of existing appropriations, that we might speak and act upon this subject with greater certainty. I beg leave, however, to submit a statement of appropriations for the present year to a great many objects, amounting in the whole to a much larger sum than I have stated in the general estimate I have just presented; which, in my opinion, may be properly dispensed with during the present year, either in whole or in part, and which, I venture to say, do not constitute any material proportion of the fifteen millions which the Secretary supposes may be safely postponed till the next year.

For public buildings in the city of Washington	357,000
For various additions and improvements connected with the Mint	202,500
For surveys of public lands	147,500
For national armories	360,000
For the armament of fortifications	200,000
For arsenals	373,000
For constructing new wall, &c. at Harper's Ferry	53,000
For arming and equipping the militia	100,000
For ordnance and ordnance stores	72,000
For improvement of navy yards	538,550
For building two sloops of war	280,000
For six vessels of war, &c.	400,000
For construction and repair of certain roads	462,496
For removal of obstructions in and at the mouths of certain rivers, harbors, &c.	1,912,188
For new light-houses, light-boats, &c.	921,000

Aggregate amount \$6,376,734

I have made out this statement of the principal items of the appropriations for the present year, which caught my eye in running hastily over them, and which appeared to me might be retrenched with the least injury to the public interest. The sum might be easily swelled, by addition of various other appropriations of a similar character, to eight or nine millions. (Mr. B. was here reminded, by gentlemen sitting near him, of the exploring expedition, the new custom-houses, &c.) I am aware that I have omitted in the statement I have presented a large number of appropriations equally extravagant and uncalled for. But to illustrate the general character of these appropriations, I would call the attention of the committee to the fact, that although we have been repeatedly informed from the proper department of the Government that light-houses had been multiplied beyond any actual necessity upon our Lake and Atlantic coasts, yet we find nearly a million appropriated to new ones during the present year. Except the improvements of this nature projected in the entrance to the harbor of New York, I venture to assert, that scarcely one of the numerous new light-houses embraced in the last light-house bill is of any real importance. The members of the late Congress will sustain me in the statement that the appropriations for the present year were enlarged to a most unusual and extravagant amount, for the purpose of exhausting the surplus which it was supposed might accumulate in the Treasury during the present year; and I appeal to the House whether there is not now an ample pretext, in the reduced state of the finances of the country, to repeal at least so much as appears evidently excessive and extravagant.

I feel very sensibly, Mr. Chairman, the advantages which the gentlemen connected with the administration may have in the argument upon this point. I neither know, nor have I the means of knowing, so long as the Secretary of the Treasury shall delay his report upon the subject, what portion of the appropriations I have alluded to for the

present year have already been expended; and what portion besides may be required to fulfil contracts or engagements, which are binding upon the Government. I submitted a resolution at an early day of the session, with a view to get information from the Treasury on this point. I am aware that it may be in the power of the chairman of the Committee of Ways and Means to rise in his place, and declare that the whole or the greater part of the sums I propose to retrench are already bound by contract; but I can remind the gentleman that if he shall do so, he will find some obstacles in his path likewise. He informed us, the other day, that the unexpended appropriations in the month of March last, of the present year, were twenty-eight or nine millions. We all must remember well that, in the month of April following, the pressure in the money market had already increased to such extent as to shake, in some degree, the general credit of the country; some of the largest failures had already taken place in New Orleans, and one at least in New York. What followed in May, June, and July, I forbear to rehearse. We know, however, that in these months there was a general wreck of commerce and bank credit. Can it be possible that the Secretary of the Treasury, and the other departments of the Government, under the existing state of the country, and of its financial condition and prospects, did feel it to be their duty to hasten the expenditure of the extravagant appropriations for the year—to expedite and precipitate contracts and engagements; that three thousand superintendents of public works, engineers, and other agents engaged in the expenditure of the public moneys were instructed to make immediate engagements to the extent of the moneys appropriated?

At such a crisis can it be possible that any of the heads of the Executive Departments could have been so regardless of the true interest and condition of the country as to have encouraged or even permitted any new contracts or engagements, after it became at least doubtful whether the banks which held so large a portion of the public funds might not prove wholly insolvent, or, at all events, be so crippled in their means as to afford no certain prospect of being able to pay their debts to the Government? Yet, sir, unless this reckless and indefensible course has been pursued by the Government, there are no considerable engagements existing for the expenditure of the appropriations of the present year, except for indispensable objects connected with the support of Government, and the maintenance of the Army and Navy. But we shall see how this is, I hope, in due time. We know one thing, that a wise and provident administration, under the circumstances of the country, and after the true complexion of the crisis was developed last spring, would have permitted no engagement for the expenditure of money, except for indispensable objects: But, whatever may be the amount or nature of existing engagements, I trust the sum of five millions and a half may, and I believe will, still be found free from any such impediment, and that we may retrench at least that amount of the appropriations for the present year.

I have now presented such a statement, founded upon the report of the Secretary of the Treasury, as I think will be seen to be in strict accordance with the facts therein stated. I have also exhibited a statement of the condition of the Treasury, based upon my own estimates, both of the probable receipts and expenditures for the two last quarters of the year, which varies materially from the views of the Secretary of the Treasury. The explanations I have given of the different conclusions to which I have arrived, I hope will be regarded as at least deserving the attention of the House. But before I proceed to notice, a little more in detail, what I consider the most material questions connected with this bill, and to which I have more than once alluded already, it is proper that I should notice the statement presented by the Chairman of the Committee of Ways and Means; and I will remark, in the outset, that, however widely his statement may at first view appear to differ from the one presented by me upon the basis of the Secretary's report, there will, upon examination, be found to be but

little substantial difference, so far as regards the actual means in the Treasury.

According to the statement of that gentleman (Mr. Cambreleng) there will be in the Treasury on the 1st October next the following means, viz:

Specie	\$1,500,000
Balance undrawn in the deposit banks	5,000,000
Instalment due from the United States Bank	1,500,000
Aggregate, according to estimate of the chairman of the Committee of Ways and Means	\$8,000,000
Add the amount admitted to be in the deposit banks, which has been drawn upon, but which is not paid, and does not constitute a specific fund from the payment of the drafts	4,500,000
And it will appear that the actual amount of means in the Treasury on the 1st of October will be	12,500,000
Deduct the amount of the first instalment due from the United States Bank, which it is supposed will be paid in protested Treasury drafts, and may therefore be unavailable	1,500,000
And the aggregate of available means in the Treasury on the 1st October will appear to be	11,000,000
The receipts into the Treasury, estimated for the last quarter of the year by the chairman of the Committee of Ways and Means, will be	4,000,000
Making an aggregate of means in the Treasury to meet the demands upon it during the last quarter of the current year, amounting to	15,000,000
Add the means in the hands of disbursing officers, and which may be applied to the public service during the last quarter of the year	5,000,000
And the aggregate of means already at the disposal of the Government during the same period, will be	20,000,000
The expenditures of the last quarter of the year, exclusive of the amount obtained from the Mint, the amount required to take up protested drafts and contingent fund, according to the statement of the Committee of Ways and Means, are as follows, viz:	
For the ordinary service of the last quarter of the current year, (1837,)	\$9,000,000
For the support of the Florida war	1,600,000
Aggregate,	\$10,600,000
Add amount of fourth instalment due the States under the act of 23d June, 1836,	9,367,214

Real aggregate, 19,967,214  
Showing a surplus of means at the disposal of the Government during the last quarter of the current year, amounting to 32,786

Some explanation may be necessary to be given of the alterations I have made in the estimate submitted by the chairman of the Committee of Ways and Means, in relation to the amount on deposit in the deposit banks, and which has been drawn upon by drafts from the Treasury. The honorable gentleman from New York thinks that this money, amounting to about four millions and a half, should no longer be accounted a part of the means in the Treasury. I affirm that they are as much means as they were before they were drawn upon. If they had been paid out to the drafts which were drawn upon them, his view would certainly be correct; but, because drafts had been drawn upon these funds, which have been prohibited and are now in circulation, it by no means follows that these moneys cease to be a part of the means of the Treasury. They may be paid out to other drafts, or arranged so as to pay that amount to other creditors of the Government, while the drafts originally drawn upon them are gradually absorbed in payment of duties and for public lands, or taken up at the Treasury.



I have omitted to notice in the version I have given of the statement of the chairman of the Committee of Ways and Means the fact that he sets down the whole amount in the banks, except what appears to be regarded in the light of special deposits in specie, as unavailable funds; and he contends that the available funds actually on hand on the 1st of October will be only 2,000,000! With what propriety or consistency can the gentleman insist upon such a statement as being correct? When did all the moneys in the deposit banks cease to be available? Since the 15th of August it appears that the amount deposited in the banks has been diminished some three or four millions. Does not the gentleman know that in many, if not in every, quarter of the country these funds in the banks are made available? They are this day as available as they have been within the last three or four months. The notes of the deposit banks have actually been received by a class of the public creditors at par, in some sections of the Union, and the drafts of the Government upon these banks have been notoriously sought after. How, then, can the gentleman state such fund as unavailable? It is only unavailable to answer the purpose of argument here, and to lead Congress into the measures proposed by the Government. If the States shall be tendered drafts upon the balances remaining in the hands of the deposit banks, in payment of the fourth instalment due the States under the act of 1836, and they shall refuse to receive them, then, with some color of propriety, these funds may be stated to be unavailable; but not till they shall be brought to some such test can they be regarded as unavailable.

I have now, sir, shown that, taking the statements of the several reports of the Secretary of the Treasury as correct, if the funds lying dead in the hands of disbursing officers be brought forth and applied in aid of the expenditures of the last quarter of the year, as they should be, the fourth instalment due the States can be paid, with all other actual demands against the Treasury during the year, and not scarcely more than a nominal deficit; but if, as has always been the case heretofore, a portion of the actual demands upon the Treasury shall not be presented for payment at the depositories of the public money within the year, there will be a surplus, in fact, still left in the Treasury at the end of the year.

I have also, as I believe, shown, that regarding the estimate of the chairman of the Committee of Ways and Means as correct, if we are permitted to employ the amount in the hands of disbursing officers, the Treasury will still be able to meet all demands upon it, including the fourth instalment due the States, and leave a small surplus in the Treasury. But these several results are not only denied, but it is contended by those who have the direction of the public Treasury, that even the passage of this bill, and thereby relieving of the Treasury from a charge amounting to \$9,367,214, will not supply a sufficient fund for the expenditures of the remainder of the present year. A bill is brought into the House, and there appears to be a great probability that it will pass, authorizing the issue of twelve millions of Treasury notes! And how will the fund of the Treasury stand then, according to the showing of the officer at the head of the Treasury himself?

The deficiency in the means of the Treasury, after paying all demands upon it during the current year, (1837,) including the fourth instalment due the States, is stated in the report of the Secretary at the sum only of - - - \$5,876,565

If the bill now under consideration shall pass, it will relieve the Treasury of a charge during the year amounting to \$9,367,214, which will leave, instead of a deficit, an actual surplus in the Treasury amounting to - - - 3,490,649

If the bill authorizing the issue of Treasury notes to the amount of 12,000,000 shall pass, it will swell the surplus means in the Treasury to the sum of - - - 15,490,649

If to this we further add the means in the hands of disbursing officers, the aggregate surplus in the Treasury will then be - - - 20,490,649

The measures proposed by the Government, if sanctioned by this House, will lead to this result. Instead of an embarrassed Treasury, we shall find the Government again in the possession of a surplus of twenty millions in the Treasury! Where, then, the necessity of withholding from the States the sum which was provided and set apart by past laws for the States? Is it desirable to keep up a surplus in the Treasury? Is it desirable that the administration shall be encouraged by the possession of ample means still to go forward in their ruinous experiments? If we look—as we have a right, as it is proper we should look—to the source from whence this measure comes, we shall find ample reason to distrust the intention of those who support it, or the soundness of the arguments by which they attempt to prove the necessity of it. The proposition to postpone, or rather to repeal, the deposit act of 1836, comes from a source which was originally and eminently hostile to that law; which has never ceased to make war upon it and all those of the opposition who favored its passage, ever since. One great aim of their policy, from that time to the present, has been to thwart its operation, and to make it odious with the people. The notorious and fatal Specie circular was conceived in a spirit of hostility to the deposit act of 1836; and I am firmly persuaded that most of the evil which has since befallen the country may be traced to the manner in which the Secretary of the Treasury executed the provisions of the law. In his zeal to make it be felt rather as a curse than a blessing, he contributed to bring upon the country the curse of a depreciated currency. We ought to remember that it is the same party which now brings forward this proposition, which, before the deposit act became a law, preferred to vest the surplus moneys in the Treasury in State stocks, in railroads to carry the mail, in fortifications that never would be necessary for the defence of the country, in useful public works, and in works of no use, rather than see it distributed among the States. Ought we to place much confidence in the arguments or representations coming from a quarter so partial, and unyielding in opposition to the original act which is now sought to be repealed?

Some of the gentlemen who supported the act of 1836, when it was known that there was a large surplus in the Treasury, as a choice of evils between the extravagant expenditures which they foresaw would be the certain consequences of its remaining in the Treasury, and the distribution among the States, seem to be under the impression that they are under some obligation of principle, now that it seems to be doubtful whether there are moneys enough in the Treasury to meet all the demands upon it, to vote in favor of the repeal of it. I warn those gentlemen not to be too easily persuaded that they take the right view of the subject. A little reflection will satisfy them that principle is now altogether against the present bill. Those gentlemen are not now the same free agents in regard to this subject that they were before the act of 1836 was passed. Another and quite as important a principle stands in the way of their support of this bill as that which determined them to support the act of 1836; and in one view of the subject the principle is the same, as I will presently show.

The question now is, whether the States have not acquired rights under the act of 1836, which it is not competent for Congress to annul or defeat without their consent. It is a question of power and of right in the General Government whether, after the States have accepted the terms of the deposit act; after many of them have anticipated the funds which they expected to receive in payment of the fourth instalment, and made other important arrangements connected with their financial interests and condition, they will not have just cause to complain of a breach of faith, if this Government shall now proceed to abrogate the compact by legislative action merely, and without any communication with the States. I call upon those gentlemen especially, who hold to what is called the State rights party, to say upon what grounds they

can support the bill under consideration? Will it not be a usurpation, a clear assumption of power on our part, and an insulting disregard of the State sovereignties, if, after deluding them with promises of these funds upon certain conditions, which have been acceded to by the States, we should claim the power to postpone the execution of the compact, or to annul the whole proceeding unconditionally, without reference to their wishes or interests, and even without consulting them.

But, sir, we have the same grand object, inviting us to reject this bill, which operated with many gentlemen in giving their support to the deposit act of 1836. The question is now, as then, whether we shall set about curtailing the extravagance and profligacy of the Government in its expenditures. We have tried every other plan, every other occasion, in vain. If we would prove ourselves what we profess to be—if we be ourselves in earnest—if we are seriously the advocates of retrenchment and reform, we can never hope, in our time, a more propitious season to make one bold and determined effort. "Now's the day, and now's the hour." If we suffer ourselves to be deluded by the arguments and the devices of the advocates of power, and shall let this opportunity pass, we need never hope again. There is only one expedient left, and that is to withhold the supplies; stop the money; keep the Treasury drained and low; cut off the means; and I engage that the expenditures, for once, shall be reduced to the actual wants of the Government. I call upon the experienced of this House—the observation of them, and there are some who have had seats here for more than twenty years—to say, if any time could be so fit, or promise equal success, in effecting this great object, as the present. I repeat, if the means are not supplied, the expenditures must cease. But how are we to account for the course of the Executive?

The Secretary has taunted us with our extravagance. He has told us, to our teeth, in his report, that the appropriations of the present year exceeded the amount he recommended by five or six millions; but how is it that we hear not one word from that high officer upon the subject of retrenching those appropriations, and thereby relieving the Treasury to that amount? How does it happen that we have no estimate laid before us of that nature? So far from it, that we cannot even draw from him, by order, in the shape of a resolution of this House, any statement upon this subject. Are we not bound to conclude, from the course of the administration upon this subject, that the determination still to sustain the late extravagance and profligacy, as a means at once of patronage and power, is inflexible? But what becomes of the professions of the President upon this point? In his late message he repeatedly adverts to the virtues of economy in the expenditures of the Government—the necessity of reducing the revenue to the actual wants of the Government; yet we do not hear of the first step taken by his supporters in the House to carry out his views upon this subject; but, instead of retrenchment, the cry is still for more money. Are we destined for ever to be imposed upon and deluded by hollow professions—by promises of reform and retrenchment, which are ever to be repeated, and as often broken? Are we to have under this administration, as under the late one, the constant avowal of the sternest republican principles, but in practice the grossest infraction of every maxim of a free Government?

Is it in this respect that the President intends to imitate and walk in the footsteps of his distinguished predecessor? Has he not already insulted us, by telling us that the late trouble and ruinous revulsion in trade, and the prostration of every interest connected with it, were the result, in a great degree, of much extravagance? Have we not seen the Chief Magistrate of this Republic condescending to rebuke and insult the inhabitants of the large cities for their extravagance, and the luxurious indulgence which the Government has set the example in all the modes of extravagance known in the practice of any Government, and is itself, at this moment, the greatest prodigal in the land! Witness the prodigal waste of money upon every branch of the public service, upon the public works in every quarter of the Union, and espe-

cially in this city, and under the eye of the President himself. I say, shall this be endured, that such charge shall come from the same source which requires us to repeal the deposit law, because it is said there are no means in the Treasury? which asks us also to give them the power to issue a Government paper to pay the charges upon the Treasury, and yet never *himself* at any plan of retrenchment and reform? I repeat, shall we never be exempt from the mockery of a constant profession of the principles of economy and reform, and the uniform disregard of both in the actual administration of the Government?

Mr. Chairman, the only consolation I have felt in the survey of the wide-spread mishaps which have grown out of the late mal-administration of public affairs, particularly in relation to the currency and finances of the country—the individual depression and suffering—the public loss of character: the only solace I could take to myself in being called at this unfriendly season of the year to this seat of national legislation was, that perchance a favorable opportunity had presented itself—a most propitious conjuncture in our affairs had arisen, for one further effort to bring back the Government to that real “*republican track*” which was promised us with so much seeming sincerity in 1829, and which the country at this time, and all the best and dearest interests connected with it, so imperiously demands. Our expenditures have more than doubled since that period. I am not so impracticable as to ask that we should be brought back to the standard of the expenditures of the administration of the distinguished and venerable gentleman who sits over the way, (Mr. Adams.) The average annual expenditures during his administration, exclusive of the public debt, was \$13,500,000. I admit a necessity for some enlargement beyond that standard. Our country has grown in population and resources greatly since that period, and I would be content if we could retrace our steps only so far as to adopt the standard of 1833 and 1834. Then, sir, our expenditures did not exceed seventeen or eighteen millions of dollars annually. But what hope is there that even this moderate reform can be accomplished, when we seem determined to grant the Government all the money they ask, and not to retrench one cent of the expenditures of the present year, though they are expected to be upwards of thirty-three millions of dollars!!

Mr. Chairman, in conclusion I shall say, that I look upon the decision of this House upon the present bill with deep interest and powerful anxiety—not so much by reason of the interest or the profit the States have at stake in the question, but because I shall regard the vote of this House as decisive of the course of the Government, and of the course of purity and economy in its administration. If this manner of compelling the Government to curtail its extravagance by refusing the means of its indulgence, and by acting upon the maxim that an impoverished Treasury is better than one overflowing with means, be not resorted to, I shall despair of success in any less favorable conjuncture.

#### REMARKS OF MR. DUNCAN,

Of Ohio,

In the House of Representatives, September 20, 1837.—  
On the bill to postpone the 4th instalment of the public deposits.

Mr. DUNCAN said he was anxious for the passage of the bill; there was more than one consideration that operated on his mind and induced him to support it. The object of the deposit act was to relieve the Treasury of the surplus revenue—a surplus which, as he would attempt to show, grew out of a policy the most dangerous and disastrous in its character, and which, if it had been persisted in, would have, in all probability, severed this Union—he meant the unequal and inequitable policy misnamed “the American System,” which had for its object the official elevation of its projectors and zealous supporters, and which, in its operation, was at the same time beneficial to one portion of the Union and destructive to another. The surplus was

now disposed of, and the object for which the deposit law was made, is accomplished, and it was of no further use. He hoped it would take its place among the things that had been and are not, and that the policy which gave rise to its necessity would share the same fate.

The question involved in the bill was simply whether the Government shall deposit nine millions of dollars with the States, in proportion to their representation in Congress, when, to enable him to do it, she must borrow a sum equal in amount, to supply her own wants during the current year.

The first fact upon which the question depends is, does the Government want the money? And if she does, is it not better that she should keep her own and use it, than to deposit it with the States and run in debt for an equal amount to supply her own wants? To convince the committee that the amount of the fourth instalment of the deposits would be wanted by the Government for her own use, he had prepared a statement, which was the result of a calculation from the facts stated in the Report of the Secretary of the Treasury, and he believed it would be found correct, and conclusively show that Government would want the full amount of the fourth instalment. In submitting the statement, he would acknowledge his obligation to the worthy and distinguished gentleman from Maryland, (Mr. McKim,) for the assistance he had received from him in preparing the statement.

Whole amount of money in the Treasury, 1st January, 1837.

Whole amount of available money in the Treasury 1st of January, 1837, applicable to public purposes	\$42,468,859 97
Deduct the sum reserved by law	5,000,000 00
	\$37,468,859 97

Which amount of \$37,468,859 97 was, under the provisions of the act of June 23, 1836, to be placed in deposit with the States, and it is ascertained that there has been deposited	27,063,430 80
	\$10,405,429 17

The amount of the third instalment, the deposit of which has not been acknowledged, is	1,165,575 18
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Amount of fourth instalment, not deposited	\$9,239,853 99
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The amount reserved in the Treasury on the 1st January, 1837, has been increased from \$5,000,000 to	6,670,137 52
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The receipts in the first half year are as follows:

From customs	\$7,234,451
From lands	5,307,731
From miscellaneous sources	512,263
	13,050,445 00

To which add \$600,000 in hand, and \$50,000 in the hands of collectors, subject to draft	650,000 00
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If no further postponement be granted on duty bonds, it is estimated that the whole amount of receipts of the last half year will be about	9,500,000 00
	29,870,562 52

Deduct postponement on bonds to the 15th November	2,500,000 00
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Total amount of moneys estimated to be received in 1837	\$27,370,562 52
Expenditures for the first six months of the year 1837.	
Civil, miscellaneous, and foreign intercourse	\$2,812,540 40
Military, including pensions	10,603,361 49
Naval	3,297,149 69
Public debt	20,832 75
	16,733,884 33

Expenditures required to meet ex-

isting appropriations during the last half year, will, as computed, equal the sum of	16,000,000 00
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Amount of receipts ascertained and computed for the year 1837	27,370,562 00
	\$5,363,322 33

This is an actual deficit, notwithstanding there ought to be a sum equal to this always in the Treasury, which really shows a deficit of above \$10,000,000.

Whatever expenditures shall arise within the year upon new appropriations which Congress may think proper to make, will require a corresponding addition to this amount; but without them, it will constitute an excess of \$5,363,322 33 of expenditures over both the receipts and the balance at the end of the year, besides not leaving at the close of the year any thing in the Treasury or Mint for future uses, or to meet contingencies.

State of the Treasury up to the first of October.

By the Treasurer's report on the 30th of August past, it appears that the balance in the Treasury, including what was in the custody of banks, the mint, and collecting officers, was then	\$14,596,311
That the amount of this sum subject to immediate draft, was only	8,928,072

This is the amount of all drafts of all kinds outstanding, viz:	5,668,239
Drafts on banks and mint for debts	3,877,468

Drafts on banks for transfers to States,	1,165,575
Drafts on receivers and collectors, 28th Aug.	625,000
	5,668,043

Leaving subject to draft near Sept. 1st as above	8,928,072
Expenses in Sept. about 2,500,000, with receipts	2,500,000

Leaving 1st Oct. in banks, mint, and receivers' and collectors' hands	6,428,072
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Of the amount in banks, not over one or two millions are available, leaving four millions unavailable	4,000,000
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For the mint, which cannot be used immediately	500,000
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Amount of cash funds in the Treasury, 1st of October next	1,928,072
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If, said Mr. D. the report of the Secretary of the Treasury is a correct and true exposition of the state of the Treasury and the finances of the nation, then his statement proved, beyond all doubt, that the money proposed to be deposited as a fourth instalment was required for the use of the Government, and it disposed of the main question.

Before he went into the other questions involved in the passage of this bill, he felt himself bound to discharge an obligation he was under to redeem a friend from some unkind remarks indulged in by gentleman from South Carolina, (Mr. Pickens.) The gentleman had represented the honorable Secretary's report as obscure and unintelligible, as full of errors in point of its arithmetical calculations and its grammar, and had thrown out the insinuation that Congress could not make a more fit appropriation, or one more useful, than for the purpose of his instruction in those branches of science. He regretted to hear the literary character of one of the principal Executive officers of the Government thus assailed, and attempted to be degraded. Such statements did not merely strike at the reputation of the distinguished individual against whom they were spoken, but they were calculated to reflect discredit upon the party in

power, through whose instrumentality he held this high and responsible station; nor did they stop there—they embraced the Government, on whom its effects were more fatal, being calculated to bring it into contempt with the people, to destroy confidence in its reputation, and to strip its Executive officers of that respect which was due to the stations they occupied, and which was so essential to the discharge of their high and responsible trusts with credit to themselves and to the best interests of the public. He did not concede to public officers any privileges or immunities in this respect that did not belong to any other citizen, but he thought they were entitled to the same respect and courtesy. He always felt himself bound to protect and defend the reputation of a friend, when assailed in his absence, more especially when assailed on this floor unjustly, because official station here gave privileges that did not belong to any but members. Was it a fact that there were errors in the report of the Secretary? If there were, he had not discovered them. Was it a fact that there were grammatical errors in the report? He had seen no violation of any rules of grammar that he had ever learned. Perhaps, however, arithmetic and grammar in O. D. (Mr. D.'s residence) and New Hampshire (the residence of the Secretary) were not the same things that they were in South Carolina. If so, the gentleman was not in fault. If otherwise, he had better brush the cobwebs out of his own *garret*, before he charged the honorable Secretary with a benighted brain. Mr. D. said he was of opinion that Congress could make a more profitable appropriation than the one suggested by the gentleman, viz: to give its members clear heads. Of such an appropriation he (Mr. D.) would lay claim to a large proportion for his own use.

But, *was it a fact* that the Secretary who controlled the financial interests of this nation and people, was unacquainted with the two first rules of common arithmetic, addition, and subtraction? for the report from which the gentleman seemed to have formed his opinion, required the exercise of no other rules. He repeated the inquiry: is it possible that the Secretary of the Treasury who had been one of the first graduates of as good an institution as the nation affords, regularly bred to the profession of the law, who had practiced with honor to himself, who had presided in the Supreme Court of his native State, on whose learning depended the property, liberties, and often the lives of her citizens; who had finally filled her Executive chair for years, and whose present elevated and distinguished station is the proof, the fruit and reward of the ability and fidelity with which he has discharged the official duties of every proud and responsible station, assigned to him by his country—is it possible that he is unacquainted with the first principles and rules of grammar and arithmetic? Such poison going forth with the report carries its own antidote. Should an appropriation ever be made such as the gentleman recommends [Mr. D.] should be unwilling that the gentleman [Mr. P.] should receive any portion of it as the Secretary's *tutor*, until he had seen some new evidence of his capacity to teach him. He had manifested some warmth, and he hoped he would be excused, for such feelings and such a disposition constituted a part of his nature, and the exercise of such feelings, he felt proud to say had been and would continue to be his practice. Should charges of a like character, or any other which were unjust, and calculated to injure or impair the reputation of the gentleman from South Carolina, or any other gentleman, in whose honesty he had confidence, be made on this floor, or elsewhere in their absence, he [Mr. D.] if present, would exert his feeble efforts to defend him or them. He who attacks an absent friend, or who does not defend him when attacked by another, or who yields even a silent assent, when his friend is calumniated, must be regarded as wholly unworthy of confidence or esteem.

But to return to the subject of this bill. Is it good policy for the Government to deposit her money with the States for their use, when she wants to use it herself? The decision of this question seemed to him a small business. Present the naked question, and there was no schoolboy in the

district he had the honor to represent who did not carry the answer on the end of his tongue. What was there about the question that prevented it from being a plain, easy question to answer? We are told that there exists a contract between the Government and the States, that is binding in law, in equity and in conscience. That Congress, by a solemn act, had agreed to deposit the surplus revenue with the States for safe keeping, provided the States would agree to receive it, and that the States had agreed to the only condition necessary to complete the contract, viz: to receive them. Therefore, the States were entitled to the full benefit of the contract, and in good faith the money ought to be paid over. What miserable sophistry!! What pitiful subterfuge to cover nakedness and deformity, and how far from every true principle connected with the question. What is the title of the deposit act? "An act to provide for the deposit of the surplus revenue, and safe keeping of the same." Is there any thing in the title of this act that authorizes the belief that Congress intended that the States should have any other benefit from the public moneys, than a depositor should have from any general deposit? Is there any expression in the body of the act that conveys any other meaning? On the contrary, is it not full of provisions by which such inferences are studiously foreclosed and avoided? Does not the act provide the manner in which the Secretary of the Treasury shall recall them whenever the circumstances of the Government may require? Did the supporters of that law attempt to convey the idea, or advance the argument, when it was under consideration, that the surplus revenue, in the form of a deposit, was really to be a gift to the States? No, sir. At the time the bill was under consideration there was no idea held out or advanced, other than that the money was to be placed with the States for safe keeping. But gentlemen who rejoice at the embarrassed state of the Treasury, and who are shouting that their former predictions of misrule and ruin are verified, are willing, in violation of the meaning, spirit, and express words of the deposit law, to withhold from Government the necessary funds of conducting its only legitimate operations, and that, too, for party effect; so that possibly what they heretofore predicted, and now declare has happened, may yet, peradventure, prove true. But in what section, sentence, word, or syllable of that act is the provision to warrant the statement that the Government is pledged to deposit with the States the means of *her own*, which are necessary to conduct her own concerns? Sir, such a construction of the act, and such a policy, is revolting to every economist and correct judge of ordinary dealings and business habits. In what, he again asked, did the plighted faith of Government consist? It seemed to him to have all the characteristics and features of any individual transaction, and all the rules of justice, honor, and equity, that apply in one case will apply in the other. Suppose (said Mr. D.) I tell a friend and relative that I shall, at a given time, have more of the needful than I shall want for my own use, and knowing that he has a better way of securing and keeping it than I have, I will deposit it with him for safe keeping. That I will deposit my money with him in instalments, as it accrues upon my stocks, my farms, and from my factories; provided he will accept it and safely keep it until I want to use it. That, in conformity with the proposition thus made by me, and acceded to by my friend, I had made deposits at three different times; but before the time arrived for making a fourth, according to the terms of my proposition, my income is cut off; my factories are consumed by fire; the crops on my farm are destroyed; and the value of my stocks deteriorated by some accidental or unaccountable circumstance; should I be bound in law, in equity, or morals, to complete the fourth deposit, at the expense of my business, my prosperity, my happiness, my domestic comfort, or my business reputation? No man in his senses would say that I should. All the reasons to excuse the compliance with the proposition to deposit in the individual case supposed, will apply to the proposition of the Government contained in the deposit act.

But before I conclude this part of my remarks,

let me ask where would be the advantage to the States and people if they adopted and acted upon the propositions and principles of the gentlemen opposed to the bill, by fully executing the deposit act? It had been shown that Government must contract a loan, in some form, equal to the amount to be paid; and who must pay it? Where is the money to come from when pay day arrives? Why, the people. What advantage to them to make the payment to the States, and then turn round shortly and levy a tax upon the people who compose the States for whose benefit alone the law is to be executed? Is there any good to be derived by an odious, and dangerous, and unconstitutional, and deceiving exercise of the power to levy money? Has not our Government been shaken, and the very existence of our happy Union already threatened, by a policy of this description—odious to every friend of equal rights, and as unconstitutional as odious? His objections to incur a debt to enable them to make the deposit, appeared to him of great weight. He thought it would indirectly establish the fact that the Federal Government had the right to levy taxes in the form of a "tariff"—which is an indirect tax upon the people, and in its effects as oppressive as a direct one—and thereby to collect money from the people to bestow on the States.

And here, sir, said Mr. D. is where the great secret lies; this is the mainspring of all the hostility to the bill. If its opposers, who were the enemies of the administration, and represented the party that had been striving to aggrandize the Federal Government at the expense of the reserved sovereignty of the States, and to strip them of their independent rights, ever since the formation of the Union, could succeed in preventing the passage of the bill, they will have achieved a great and important point—an exercise of power no less than that of taxing the people at will, and of providing the means of subjugating them and the States with their own money. And the failure of the bill would exhibit a standing record of a precedent and warrant that the Government possessed the right of exercising such a power henceforth and forever, which would be felt so far as the influence of those composing the body would extend. Sir, look at the ridiculous predicament in which the General Government and States will be placed by the failure of the bill and a resort to a loan. First, the Government borrows money on interest, and deposits it with the States for their use without interest. The people at least lose the interest in this ridiculous operation.

But the States must have receiving officers who must be paid; they must have disbursing officers, and they must be paid: thus the money is diminished by per centage and fees, in addition to the loss of interest. They may also employ dishonest men as their agents, and thus entirely lose the principal. Again: if Government has to make a loan, there must be officers employed for that purpose. These will sweat away a little of the cash in fees and salaries. When pay day comes there must be paymasters and receivers: here must be fees also, and the fund is sweated again. It may be that the Federal Government, by dishonest hands, may lose the principal fund when paid back and diminished, as I have shown it must necessarily be; or she may lose large sums when borrowed, that will never get into the hands of the States. If the bill does not pass all the honest drains which I have noted, and perhaps more, must occur, and the dishonest ones may occur. I put it to the good sense of every individual who hears me, if it is not better that the General Government keep its own money, and use it for the purposes for which it wants money, and must have it? Mr. D. said he was not only in favor of this bill, now the surplus revenue was disposed of, but he was opposed to the policy out of which it grew. The unequal, extravagant, and excessive tariff; the system misnamed "the Great American System;" a system which he hoped, as he hoped for the preservation of the Constitution, the support of our free institutions, and the perpetuity of the Union, never to see again revived but from imperious necessity, which he hoped and believed never would exist. He would not leave the subject without recurring to the motive which had originated the



policy that created the surplus. He said it had ever been the object of the opposers of the administration (he meant the federal party, for he liked to call things by their right names) to enrich the Federal Government, and thereby diminish the reserved sovereignty and independence of the States, and consequently the liberty of the people. They were the same party, and governed by the same principle, which wanted, at the inception of the Union, "a limited monarchy, and a Senate for life;" and after failing in that, had striven from that time to this for a Government as nearly monarchical as possible; a rich and powerful, great and consolidated Federal Government will suffice, provided nothing better can be had. He asked the friends of liberty how long it would be before that class of politicians would have what they wanted as a substitute for a limited monarchy, provided it were once determined that the General Government had the power of raising, by direct tax or indirect tax, any sum beyond what was really necessary for the exercise of its constitutional duties, how long before the prostration of the State Governments, except in form, would be effected? For, the moment they admitted a dollar could be raised for any other purpose, they admitted a principle by which any number of millions might be levied. Where, then, would be their personal liberty, their State sovereignty? What would have been gained by their independence? Gone, sir! gone for ever—swallowed up and merged in the great vortex of federal wealth and power. Sir, (said Mr. D.) when our gallant ancestors shook off the fetters and shackles that bound them to the British throne, the aggregate amount of freedom and independence then belonged to the people in their individual capacity, and to the emancipated colonial Governments. When the union of the colonies formed the Federal Government, the colonial Governments, under the designation of States, each surrendered a portion of its sovereignty, or rather yielded certain of its State rights, to the Federal Government; but there was no increase or diminution of power; it was no more than a transfer of the right to exercise power. It took of the power which the States had derived from the people, and gave to the Federal Government; and what was not transferred was reserved.

Mr. D. said, "*money is power*;" that as an individual, a State, or a nation became rich, it became powerful; that as a Government became rich, (when it was made so by taxes,) so in proportion did the people become poor; that in proportion as the Federal Government became powerful in this respect, so did the State Governments become weak and dependent, because the amount of power thus derived was taken from them. The diminution in their strength might be measured by their indebtedness. If the Federal Government is unrestricted, and may collect taxes from the States and people, she must become rich and powerful at their expense, unless she pays it back. He hardly thought many of the people would be willing to have a collection of a sum made from them, that a part of it might be paid back.

He thought it very important that the State and General Governments should each be confined to the objects for which they were created. If they were permitted to pass their bounds, there could be no calculation as to the result. It was clear to his mind that the United States had no powers not granted in the Constitution, and there could not be found therein the grant of any power to loan or levy money to give away, or to afford the opportunity of having it well kept. Usurpations are dangerous; he would never tread on even doubtful ground, if he could avoid the necessity. If the General Government assumes the exercise of powers not expressly granted by the Constitution, she comes in collision with the reserved rights of the States. If the State Governments assume the exercise of powers which have been surrendered to the General Government, or which have never been surrendered by the people, they come in collision either with the General Government or the liberties of the people. If the constitutional bounds in either case are overleaped, what assurance have the people that their liberties and reserved rights may not be imperceptibly frittered away and swal-

lowed up by the Governments created originally for their protection, and they stripped naked as a Danish boor or a Russian serf, especially if the United States may tax them, and the States may tax them, when neither tax is to be levied for either National or State purposes. It was by gradual usurpations that any Government became tyrannical. No people ever gave up at once more of natural and inherent rights than was necessary to protect the residue. Mr. B. repeated he should vote for the bill, because he was opposed to the policy out of which the surplus grew.

I go for it, because the purposes for which the deposit act was passed have been accomplished, viz: the disposal of an accumulated fund. I go for it, because the Government wants the use of the money, and must have it, and has no right to supply its place, if not used, by a tax or loan. He acted in this matter without any instructions from his constituents; all that guided him was his own judgment, and a knowledge of the fact that he had the honor to represent a high-minded and honorable people, who stood ready, at all times, to maintain their Government—a people who did not carry their patriotism in their pockets; whose love of liberty did not consist in the enjoyment of a few dollars and cents, but in love of country, in an attachment to her institutions, and in a disposition to sacrifice every selfish and personal consideration to the shrine of correct principles—a people who do not live for themselves, but for their friends, their country, and posterity.

### REMARKS OF MR. CALHOUN, OF SOUTH CAROLINA.

*In Senate, September 19, 1837.—On the bill authorizing an issue of Treasury notes.*

MR. PRESIDENT: An extraordinary course of events, with which all are too familiar to need recital, has separated, in fact, the Government and the banks. What relation shall they bear hereafter? Shall the banks again be used as fiscal agents of the Government? Be the depositories of the public money? And, above all, shall their notes be considered and treated as money, in the receipts and expenditures of the Government? This is the great and leading question; one of the first magnitude, and full of consequences. I have given it my most anxious and deliberate attention; and have come to the conclusion that we have reached the period when the interest both of the Government and the banks forbid a remission. I now propose to offer my reasons for this conclusion. I shall do it with that perfect frankness due to the subject, to the country, and the position I occupy. All I ask is, that I may be heard with a candor and fairness corresponding to the sincerity with which I shall deliver my sentiments.

Those who support a reunion of the banks and the Government, have to overcome a preliminary difficulty. They are now separated, by operation of law, and cannot be united while the present state of things continue, without repealing the law which has disjoined them. I ask, who is willing to propose its repeal? Is there any one who, during the suspension of specie payments, would advocate their employment as the fiscal agents of the Government, who would make them the depositories of the public revenue, or who would receive and pay away their notes in the public dues? If there be none, then it results that the separation must continue for the present, and that the reunion must be the work of time, and depending on the contingency of the resumption of specie payments.

But suppose this difficulty to be removed, and that the banks were regularly redeeming their notes, from what party in this body can the proposition come, or by which can it be supported, for a reunion between them and the Government? Who, after what has happened, can advocate the reunion of the Government with the league of State banks? Can the opposition, who for years have been denouncing it as the most dangerous instrument of power, and efficient means of corrupting and controlling the Government and country? Can they, after the exact fulfilment of all their predictions of disastrous consequences from the connexion, now turn round and support that which they have so long and loudly condemned? We have heard much from the opposite side of untried experiments on the currency. I concur in the justice of the

censure. Nothing can be more delicate than the currency. Nothing can require to be more delicately handled. It ought never to be tampered with, nor touched, until it becomes absolutely necessary. But if untried experiments justly deserve censure, what condemnation would a repetition of an experiment that has failed deserve? An experiment that has so signally failed, both in the opinion of supporters and opponents, as to call down the bitter denunciation of those who tried it. If to make the experiment was folly, the repetition would be madness. But if the opposition cannot support the measure, how can it be expected to receive support from the friends of the administration, in whose hands the experiment has so signally failed, as to call down from them execrations deep and loud?

If, Mr. President, there be any one point fully established by experience and reason, I hold it to be the utter incompetency of the State banks to furnish, of themselves, a sound and stable currency. They may succeed in prosperous times, but the first adverse current necessarily throws them into utter confusion. Nor has any device been found to give them the requisite strength and stability, but a great central and controlling bank, instituted under the authority of this Government. I go further. If we must continue our connexion with the banks—if we must receive and pay away their notes as money, we not only have the right to regulate and give uniformity and stability to them, but we are bound to do so, and to use the most efficient means for that purpose. The constitution makes it our duty to lay and collect the taxes and duties uniformly throughout the Union; to fulfil which we are bound to give the highest possible equality of value throughout every part of the country, to whatever medium it may be collected in; and if that be bank notes, to adopt the most effective means of accomplishing it, which experience has shown to be a bank of the United States. This has been long my opinion. I entertained it in 1816, and repeated it in my place here on the deposit question in 1834. The only alternative then is, disguise it as you may, between a disconnection and a bank of the United States. This is the real issue to which all must come, and ought now to be openly and fairly met.

But there are difficulties, in the way of a national bank, no less formidable than a reconnexion with the State banks. It is utterly impracticable, at present, to establish one. There is reason to believe that a majority of the people of the United States are deliberately and unalterably opposed to it. At all events, there is a numerous, respectable, and powerful party (I refer to the old State rights party) who are, and ever have been, from the beginning of the Government, opposed to the bank; and whose opinions, thus long and firmly entertained, ought at least to be so much respected as to forbid the creation of one, without an amendment of the constitution. To this must be added the insuperable difficulty, that the Executive branch of the Government is openly opposed to it, and pledged to interpose his veto, on constitutional grounds, should a bill pass to incorporate one. For four years, at least, then, it will be impracticable to charter a bank. What must be done in the mean time? Shall the Treasury be reorganized to perform the functions which have been recently discharged by the banks, or shall the State institutions be again employed until a bank can be created? In the one case, we shall have the so much villified and denounced sub-treasury as it is called; and in the other, difficulties insurmountable would grow up against the establishment of a bank. Let the State institutions be once reinstated, and reunited to the Government as their fiscal agents, and they will be found the first and most strenuous opponents of a national bank, by which they would be overshadowed and curtailed in their profits. I hold it certain that in prosperous times, when the State banks are in full operation, it is impossible to establish a national bank. Its creation, then, should the reunion with the State banks take place, will be postponed until some disaster, similar to the present, shall again befall the country. But it requires little of the spirit of prophecy to see that such another disaster would be the death of the whole system. Already it has had two paralytic strokes—the third would prove fatal.

But suppose these difficulties were overcome, I would still be opposed to the incorporation of a bank. So far from affording the relief which many anticipate, it would be the most disastrous measure that could be adopted. As great as is the calamity un-

der which the country is suffering, it is nothing to what would follow the creation of such an institution, under existing circumstances. In order to compel the State institutions to pay specie, the bank must have a capital as great, or nearly as great, in proportion to the existing institutions, as the late bank had, when established, to those of that day. This would give it an immense capital, not much less than one hundred millions of dollars, of which a large proportion, say twenty millions, must be specie. From what source is it to be derived? From the State banks? It would empty their vaults, and leave them in the most helpless condition. From abroad, and England in particular? It would reproduce that revulsive current, which has lately covered the country with desolation. The tide is still running to Europe, and if forced back by any artificial cause, before the foreign debt is paid, cannot but be followed by the most disastrous consequences.

But suppose this difficulty overcome, and the bank re-established, I ask what would be the effects under such circumstances? Where would it find room for business commensurate with its extended capital, without crushing the State institutions, enfeebled by the withdrawal of their means in order to create the instrument of their oppression? A few of the more vigorous might survive but the far greater portion, with their debtors, creditors, and stockholders, would be involved in common ruin. The bank would, indeed, give a specie currency, not by enabling the existing institutions to resume, but by destroying them and taking their place.

Those who take a different view, and so fondly anticipate relief from a national bank, are deceived by a supposed analogy between the present situation of the country and that of 1816, when the late bank was chartered, after the war with Great Britain. I was an actor in that scene, and may be permitted to speak in relation to it with some little authority. Between the two periods there is little or no analogy. They stand almost in contrast. In 1816, the Government was a debtor to the banks—now it is a creditor: a difference of the greatest importance, as far as the present question is concerned. The banks had over-issued, it is true, but their over-issues were to the Government—a solvent and able debtor, whose credit, held by the banks in the shape of stock, was at par. It was their excessive issues to the Government, on its stock, which mainly caused the suspension; in proof of which, it is a remarkable fact, that the depreciation of bank paper under gold and silver was about equal to the proportion which the Government stock held by the banks bore to their issues. It was this excess that hung on the market and depressed the value of their notes. The solution is easy. The banks took the Government stock payable in twelve years, and issued their notes for the same payable on demand, in violation of the plainest principles of banking. It followed, of course, that when their notes were presented for payment, they had nothing but Government stock to meet them. But its stock was at par, and all the banks had to do was to go into market with the stock they held and take up their notes, and thus the excess, which hung upon the market and depressed their value, would have been withdrawn from circulation, and the residue would have risen to par, or nearly par, with gold and silver, when specie payments might be easily resumed.

This they were unwilling to do. They were profiting every way—by drawing interest on the stock, by discounting on it as capital, and by its continued rise in the market. It became necessary to compel them to surrender these advantages. Two methods presented themselves—one a bankrupt law, and the other a national bank. I was opposed to the former then, as I am now. I regarded it as a harsh unconstitutional measure—opposed to the rights of the States. If they have not surrendered the right to incorporate banks, as is conceded, its exercise cannot be controlled by the action of this Government, which has no power but what is expressly granted, and no authority to control the States in the exercise of their reserved powers. It remained to resort to a national bank, as the means of compulsion. It proved effectual. Specie payments were restored; but, even with this striking advantage, it was followed by great pressure in 1818, '19, and '20, as all who are old enough to remember that period must recollect. Such, in fact, must ever be consequence of resumption, when forced under the most favorable circumstances; and such, accordingly, it proved even in England, with all her resources and with all the caution she used

in restoring a specie circulation, after the long suspension of 1797. What, then, would be its effect in the present condition of the country, when the Government is a creditor, instead of a debtor; when there are so many newly created banks without established credit; when the over-issues are so great; and when so large a portion of the debtors are not in a condition to be coerced? As great as is the tide of disaster which is passing over the land, it would be as nothing to what would follow were a national bank to be established as the means of coercing specie payments.

I am bound to speak without reserve on this important point. My opinion then is, that, if it should be determined to compel the restoration of specie payments by the agency of banks, there is but one way—but to that I have insuperable objections. I mean the adoption of the Pennsylvania Bank of the United States as the fiscal agent of the Government. It is already in operation, and sustained by great resources and powerful connexions, both at home and abroad. Through its agency specie payments might undoubtedly be restored, and that with far less disaster than through a newly created bank; but not without severe pressure. I cannot, however, vote for such a measure. I cannot agree to give a preference and such advantages to a bank of one of the members of this confederacy over those of others—a bank dependant upon the will of a State and subject to its influence and control. I cannot consent to confer such favors on the stockholders, many of whom, if rumor is to be trusted, are foreign capitalists, and without claim on the bounty of the Government. But, if all these and many other objections were overcome, there is still one which I cannot surmount.

There has been, as we all know, a conflict between one of the departments of the Government and that institution, in which, in my opinion, the department was the assailant; but I cannot consent, after what has occurred, to give to the bank a triumph over the Government, for such its adoption as the fiscal agent of the Government would necessarily be considered. It would degrade the Government in the eyes of our citizens and of the world, and go far to make that bank the Government itself.

But, if all these difficulties were overcome, there are others, to me, wholly insurmountable. I belong to the State rights party, which, at all times, from the beginning of the Government to this day, has been opposed to such an institution, as unconstitutional, inexpedient, and dangerous. They have ever dreaded the union of the political and moneyed power, and the central action of the Government to which it so strongly tends; and, at all times, have strenuously resisted their junction. Time and experience have confirmed the truth of their principles, and this, above all other periods, is the one at which it would be most dangerous to depart from them. Acting on them, I have never given my countenance or support to a national bank, but under a compulsion which I felt to be imperious, and never without an open declaration of my opinion as unfavorable to a bank.

In supporting the bank of 1816, I openly declared that, as a question *de novo*, I would be decidedly against the bank, and would be the last to give it my support. I also stated that, in supporting the bank then, I yielded to the necessity of the case, growing out of the then existing and long established connexion between the Government and the banking system. I took the ground, even at that early period, that so long as the connexion existed; so long as the Government received and paid away bank notes as money, they were bound to regulate their value, and had no alternative but the establishment of a national bank.

I found the connexion in existence and established before my time, and over which I could have no control. I yielded to the necessity in order to correct the disordered state of the currency, which had fallen exclusively under the control of the States. I yielded to what I could not reverse, just as any member of the Senate now would, who might believe that Louisiana was unconstitutionally admitted into the Union, but who would, nevertheless, feel compelled to vote to extend the laws to that State, as one of its members, on the ground that its admission was an act, whether constitutional or unconstitutional, which he could not reverse.

In 1834, I acted in conformity to the same principle, in proposing the renewal of the bank charter, for a short period. My object, as expressly avowed, was to use the bank to break the connexion between the Government and the banking system gradu-

ally, in order to avert the catastrophe which has now befallen us, and which I then clearly perceived. But the connexion, which I believed to be desirable in 1816, has now been broken by operation of law. It is now an open question. I feel myself free, for the first time, to choose my course on this important subject, and, in opposing a bank, I act in conformity to principles which I have entertained ever since I have fully investigated the subject.

But my opposition to a re-union with the banks is not confined to objections limited to a national or State banks. It goes beyond, and comprehends others of a more general nature relating to the currency, which to me are decisive. I am of the impression that the connexion has a most pernicious influence over bank currency; that it tends to disturb that stability and uniformity of value which is essential to a sound currency; and is among the leading causes of that tendency to expansion and contraction, which experience has shown is incident to bank notes as a currency. They are, in my opinion, at best, without the requisite qualities to constitute a currency even when unconnected with the Government; and are doubly disqualified by reason of that connexion, which subjects them to sudden expansions and contractions, and exposes them to fatal catastrophes, such as the present.

I will explain my views. A bank note circulates not merely on account of the credit of the institution by which it is issued, but because Government receives it like gold and silver in all its dues, and thus adds its own credit to that of the bank. It, in fact, virtually endorses on the note of every specie-paying bank, "receivable by Government in its dues." To understand how greatly this adds to the circulation of bank notes, we must remember that Government is the great money dealer of the country, and the holder of immense public domains, and that it has the power of creating a demand against every citizen as high as it pleases, in the shape of a tax, or duty, which can be discharged, as the law now is, only by bank notes or gold and silver. This, of course, cannot but add greatly to the credit of bank notes, and contribute much to their circulation, though it may be difficult to determine with any precision to what extent. It certainly is very great. For why is it that an individual of the first credit, whose responsibility is so indisputable that his friend of equal credit endorses his note for nothing, should put his with his friend's, being their joint credit, into a bank, and take out the notes of the bank, which is, in fact, but the credit of the bank itself, and pay six per cent. discount between the credit of himself and his friend and that of the bank? The known and established credit of the bank may be one reason, but there is another and powerful one: the Government treats the credit of the bank as gold and silver in all its transactions, and does not treat the credit of individuals in the same manner. To test the truth, let us reverse the case, and suppose the Government to treat the joint credit of the individuals as money, and not the credit of the bank; and is it not obvious, that, instead of borrowing from the bank, and paying six per cent. discount, the bank would be glad to borrow from them on the same terms. From this we may perceive the powerful influence, which bank circulation derives from the connexion with the credit of the Government.

It follows, as a necessary consequence, that to the extent of this influence, the issues of the Banks expand and contract with the expansion and contraction of the fiscal action of the Government; with the increase of its duties, taxes, income, and expenditure; with the deposits in its vaults acting as additional capital, and the amount of bank notes withdrawn, in consequence, from circulation; all of which must directly affect the amount of their business and issues, and bank currency must of course partake of all those vibrations to which the fiscal action of the Government is necessarily exposed, and, when great and sudden, must expose the system to catastrophes such as we now witness. In fact, a more suitable instance cannot be selected to illustrate the truth of what I assert, than the present; as I shall proceed to show.

To understand the causes which have led to the present state of things, we must go back to the year 1824, when the tariff system triumphed in Congress—a system which imposed duties, not for the purpose of revenue, but to encourage the industry of one portion of the Union at the expense of the other. This was followed up by the act of 1828, which consummated the system. It raised the duties so extravagantly, that out of an annual importation of

sixty-four millions, thirty-two passed into the Treasury; that is, Government took one half for the liberty of introducing the other. Countless millions were thus poured into the Treasury beyond the wants of the Government, which became in time the source of the most extravagant expenditures. This vast increase of receipts and expenditures was followed by a corresponding expansion of the business of the banks. They had to discount and issue freely to enable the merchants to pay their duty bonds, as well as to meet the vastly increased expenditures of the Government. Another effect followed the act of 1828, which gave a still farther expansion to the action of the banks, and which is worthy of notice. It turned the exchange with England in favor of this country. That portion of the proceeds of our exports, which, in consequence of the high duties, could no longer return with profit, in the usual articles which we had been in the habit of receiving principally from that country in exchange for our exports, returned in gold and silver, in order to purchase similar articles at the North. This was the first cause which gave that western direction to the precious metals, the revulsive return of which has been followed by so many disasters. With the exchange in our favor, and consequently no demand for gold and silver abroad, and the vast demand for money attendant on an increase of the revenue, almost every restraint was removed on the discounts and issues of the banks, especially in the northern section of the Union, where these causes principally operated. With their increase, wages and prices of every description rose in proportion, followed of course by an increasing demand on the banks for further issues. This is the true cause of that expansion of the currency, which began about the commencement of the late administration; but which was erroneously charged by it to the Bank of the United States. It rose out of the action of the Government.

The bank, in increasing its business, acted in obedience to the condition of things at the time, and in conformity with the banks generally in the same section. It was at this juncture that the late administration came into power—a juncture remarkable in many respects, but more especially in relation to the question of the currency. Most of the causes which have since terminated in the complete prostration of the banks and the commercial prosperity of the country were in full activity.

Another cause, about that time, (I do not remember the precise date,) began to produce powerful effects. I refer to the last renewal of the charter of the Bank of England. It was renewed for ten years, and, among other provisions, contained one making the notes of that bank a legal tender in all cases except between the bank and its creditors. The effect was to dispense still further with the use of the precious metals in that great commercial country, which, of course, caused them to flow out in every direction through the various channels of its commerce. A large portion took their direction hitherward, and served still further to increase the current, which, from causes already enumerated, was flowing so strongly in this direction; and which still further increased the force of the returning current, on the turn of the tide.

The administration did not comprehend the difficulties and dangers which surrounded it. Instead of perceiving the true reason of the expansion of the currency, and adopting the measures necessary to arrest it, they attributed it to the Bank of the United States, and made it the cause or pretext for waging war on that institution. Among the first acts of hostility, the deposits were removed, and transferred to selected State banks, the effect of which, instead of resisting the tendency to expansion, was to throw off the only restraint that held the banking institutions of the country in check; and of course gave to the swelling tide, which was destined to desolate the country, a powerful impulse. Banks sprung up in every direction; discounts and issues increased almost without limitation; and an immense surplus revenue accumulated in the deposit banks, which, after the payment of the public debt, the most extravagant appropriations could not exhaust, and which acted as additional banking capital. The value of money daily depreciated; prices rose; and then commenced those unbounded speculations, particularly in public lands which was transferred, by millions of acres, from the public to the speculators for worthless bank notes, till at length the swelling flood was checked, and the revulsive current burst its barriers, and overspread and desolated the land.

The first check came from the Bank of England, which, alarmed at the loss of its precious metals, refused to discount American bills, in order to prevent a further decrease of its cash means, and cause a return of those which it had lost. Then followed the execution of the deposit act, which, instead of a remedial measure, as it might have been made if properly executed, was made the instrument of weakening the banks at the point of pressure, especially in the great metropolis of the Union, where so large a portion of the surplus revenue was accumulated. And, finally, the Treasury order, which still further weakened those banks, by withdrawing their cash means to be invested in public lands in the west.

It is often easy to prevent what cannot be remedied, which the present instance strongly illustrates. If the administration had formed a true conception of the danger in time, what has since happened might have then been easily averted. The near approach of the expiration of the charter of the United States Bank would have afforded ample means of staying the desolation, if it had been timely and properly used. I saw it then, and purposed to renew the charter, for a limited period, with such modifications as would have effectually resisted the increasing expansion of the currency; and, at the same time, gradually and finally, wear out the connexion between the bank and the Government. To use the expression I then used, "to unbank the banks;" to let down the system easily, and so to effect the separation between the bank and the Government as to avoid the possibility of that shock which I then saw was inevitable without some such remedy. The moment was eminently propitious. The precious metals were flowing in on us from every quarter, and the vigorous measures I purposed to adopt in the renewal of the charter, would have effectually arrested the increase of banks and checked the excess of their discounts and issues; so that the accumulating mass of gold and silver, instead of being converted into bank capital and swelling the tide of paper circulation, would have been substituted in the place of bank notes, as a permanent and wholesome addition to the currency of the country.

But neither the administration nor the opposition sustained me, and the precious opportunity passed unseized. I then clearly saw the coming calamity was inevitable, and it has neither arrived sooner, nor is it greater, than what I expected.

Such are the leading causes which have produced the present disordered state of the currency. There are others of a minor character, connected with the general condition of the commercial world and the operation of the Executive branch of the Government, but which, of themselves, would have produced but little effect. To repeat the causes, in a few words, the vast increase which the tariff of 1824 and 1828 gave to the fiscal action of the Government, combined with the causes I have enumerated, gave the first impulse to the expansion of the currency. These, in turn, gave that extraordinary impulse to overtrading and speculation (they are effects and not causes) which has finally terminated in the present calamity. It may thus be ultimately traced to the connexion between the banks and the Government; and it is not a little remarkable that the suspension of specie payments in 1816 in this country, and that of 1797 in Great Britain, were produced by like causes.

There is another reason against the union of the Government and the banks, intimately connected with that under consideration, which I shall next proceed to state. It gives a preference to one portion of citizens over another; that is neither fair, equal, nor consistent with the spirit of our institutions.

That the connexion between the bank and the Government, the receiving and paying away their notes as cash, and the use of the public money from the time of the collection to the disbursement, is the source of immense profit to the banks, cannot be questioned. It is impossible, as I have said, to ascertain with any precision to what extent their issues and circulation depend upon it, but it certainly constitutes a large proportion. A single illustration may throw light upon this point. Suppose the Government were to take up the veriest beggar in the street, and enter into a contract with him that nothing should be received in payment of its dues or for the sales of its public lands in future, except gold and silver and his promissory notes, and that he should have the use of the public funds from the time of their collection until their disbursement.

Can any one estimate the wealth which such a contract would confer? His notes would circulate far and wide over the whole extent of the Union; would be the medium through which the exchanges of the country would be performed; and his ample and extended credit would give him a control over all the banking institutions and moneyed transactions of the community. The possession of a hundred millions would not give a control more effectual. I ask, would it be fair, would it be equal, would it be consistent with the spirit of our institutions, to confer such advantages on any individual? And if not on one, would it be if conferred on any number? And if not, why should it be conferred on any corporate body of individuals? How can they possibly be entitled to benefits so vast, which all must acknowledge could not be justly conferred on any number of unincorporated individuals?

I state not these views with any intention of bringing down odium on banking institutions. I have no unkind feeling towards them whatever. I do not hold them responsible for the present state of things. It has grown up gradually, without either the banks or the community perceiving the consequences which have followed the connexion between them. My object is to state facts as they exist, that the truth may be seen in time by all. This is an age of investigation. The public mind is broadly awake upon this all important subject. It affects the interests and condition of the whole community, and will be investigated to the bottom. Nothing will be left unexplored, and it is for the interest of both the banks and of the community, that the evils incident to the connexion should be fully understood in time, and the connexion be gradually terminated, before such convulsions shall follow as to sweep away the whole system, with its advantages as well as its disadvantages.

But it is not only between citizen and citizen that the connexion is unfair and unequal. It is as much so between one portion of the country and another. The connexion of the Government with the banks, whether it be with a combination of State banks or with a national institution, will necessarily centralize the action of the system at the principal point of collection and disbursement, and at which the mother bank, or the head of the league of State banks, must be located. From that point the whole system, through the connexion with the Government, will be enabled to control the exchanges both at home and abroad; and with it, the commerce, foreign and domestic, including exports and imports.

After what has been said, these points will require but little illustration. A single one will be sufficient; and I will take, as in the former instance, that of an individual.

Suppose, then, the Government, at the commencement of its operation, had selected an individual merchant, at any one point in the Union, say New York, and had connected itself with him, as it has with the banks, by giving him the use of the public funds from the time of their collection until their disbursement, and of receiving and paying away, in all its transactions, nothing but his promissory notes, except gold and silver. Is it not manifest that a decisive control would be given to the port where he resided, over all the others; that his promissory notes would circulate every where, through all the ramifications of commerce; that they would regulate exchanges; that they would be the medium of paying duty bonds; and that they would attract the imports and exports of the country to the port where such extraordinary facilities were afforded? If such would clearly be the effects in the case supposed, it is equally clear that the concentration of the currency at the same point, through the connexion of the Government with the banks, would have equal if not greater effects; and that, whether one general bank should be used as an agent, or a league of banks, which should have their centre there. To other parts of the country, the trifling advantages which a branch or deposit bank would give, in the safe keeping of the public revenue, would be as nothing, compared to the losses caused to their commerce by centralizing the moneyed action of the country at a remote point. Other gentlemen can speak for their own sections; I can speak with confidence of that which I have the honor in part to represent. The entire staple States, I feel a deep conviction, banks and all, would, in the end, be great gainers by the disaversion, whatever might be the temporary inconvenience. If there be any other section in which



the effects will be different, it would be but to confirm the views which I have presented.

As connected with this, there is a point well deserving consideration. The union between bank and Government is not only a main source of that dangerous expansion and contraction in the banking system, which I have already illustrated, but is also one of the principal causes of that powerful and almost irresistible tendency to the increase of banks, which even its friends see and deplore. I dwell on this point on a former occasion, (on Mr. Webster's motion to renew the bank charter in 1833,) and will not repeat what I then said. But, in addition to the causes then enumerated, there are many others very powerful, and among others the one under consideration. They all may be summed up in one general cause. We have made banking too profitable; far, very far, too profitable; and, I may add, influential. One of the most ample sources of this profit and influence may be traced, as I have shown, to the connexion with the Government; and is, of course, among the prominent causes of the strong and incessant tendency of the system to increase, which even its friends see must finally overwhelm either the banks or the institutions of the country. With a view to check its growth, they have proposed to limit the number of banks and the amount of banking capital by an amendment of the constitution; but it is obvious, that the effects of such an amendment, if it were practicable, would but increase the profits and influence of bank capital; and that, finally, it would justly produce such indignation on the part of the rest of the community against such unequal advantages, that in the end, after a long and violent struggle, the overthrow of the entire system would follow. To obviate this difficulty, it has been proposed to add a limitation upon the amount of their business; the effects of which would be the accommodation of favorites to the exclusion of the rest of the community, which would be no less fatal to the system. There can be, in fact, but one safe and consistent remedy; the rendering banking, as a business, less profitable and influential; and the first and decisive step towards this, is a severance between the banks and the Government. To this may be added, some effectual limitation on the denomination of the notes to be issued, which would operate in a similar manner.

I pass over other important objections to the connexion; the corrupting influence and the spirit of speculation which it spreads far and wide over the land. Who has not seen and deplored the vast and corrupting influence brought to bear upon the legislatures to obtain charters, and the means necessary to participate in the profits of the institutions. This gives a control to the Government, which grants such favors, of a most extensive and pernicious character; all of which must continue to spread and increase, if the connexion should continue, until the whole community must become one contaminated and corrupted mass.

There is another, and a final reason, which I shall assign against the reunion with the banks. We have reached a new era with regard to these institutions. He who would judge of the future by the past, in reference to them, will be wholly mistaken. The year 1833 marks the commencement of this era. That extraordinary man, who had the power of imprinting his own feelings on the community, then commenced his hostile attacks, which have left such effects behind, that the war then commenced against the banks, I clearly see, will not terminate, unless there be a separation between them and the Government—until one or the other triumphs—till the Government becomes the bank, or the bank the Government. In resisting their union I act as the friend of both. I have, as I have said, no unkind feeling toward the banks. I am neither a bank man, nor an anti-bank man. I have had little connexion with them. Many of my best friends, for whom I have the highest esteem, have a deep interest in their prosperity, and as far as friendship or personal attachment extends, my inclination would be strongly in their favor. But I stand up here as the representative of no particular interest. I look to the whole, and to the future as well as the present; and I shall steadily pursue that course which, under the most enlarged view, I believe to be my duty. In 1834, I saw the present crisis. I in vain raised a warning voice, and endeavored to avert it. I now see, with equal certainty, one far more portentous. If this struggle is to go on—if the banks will insist upon a reunion with the Government, against the sense of a large

and influential portion of the community—and, above all, if they should succeed in effecting it, a reflux flood will inevitably sweep away the whole system. A deep popular excitement is never without some reason, and ought ever to be treated with respect; and it is the part of wisdom to look timely into the cause, and correct it before the excitement shall become so great as to demolish the object, with all its good and evil, against which it is directed.

The only safe course for both Government and banks, is to remain as they are, separated—each in the use of their own credit and in the management of their own affairs. The less the control and influence of the one over the other the better. Confined to their legitimate sphere, that of affording temporary credit to commercial and business men, bank notes would furnish a safe and convenient circulation in the range of commerce and business, within which the banks may be respectively situated, exempt almost entirely from those fluctuations and convulsions to which they are now so exposed; or if they should occasionally be subject to them, the evil would be local and temporary, leaving undisturbed the action of the Government, and the general currency of the country, on the stability of which the prosperity and safety of the community so much depend.

I have now stated my objections to the reunion of the Government and the banks. If they are well founded; if the State banks are of themselves incompetent agents; if a bank of the United States be impracticable, or if practicable, would, at this time, be the destruction of a large portion of the existing banks, and of renewed and severe pecuniary distress; if it would be against the settled conviction of an old and powerful party, whose opposition time cannot abate; if the Union of Government and banks adds to the unfitness of their notes for circulation, and be unjust and unequal between citizen and citizen, and one portion of the Union and another; and, finally, if it would excite an implacable and obstinate war, which could only terminate in the overthrow of the banking system, or the institutions of the country, it then remains that the only alternative would be permanently to separate the two, and to reorganize the Treasury so as to enable it to perform those duties which have heretofore been performed by the banks as its fiscal agents. This proposed reorganization has been called a sub-treasury—an unfortunate word, calculated to mislead and conjure up difficulties and dangers that do not in reality exist. So far from an experiment, or some new device, it is only returning to the old mode of collecting and disbursing public money, which for thousands of years, has not the practice of all enlightened people till within the last century.

In what manner it is intended to reorganize the Treasury by the bill reported, I do not know. I have been too much engaged to read it; and I can only say, that for one, I shall assent to no arrangement which provides for a Treasury bank, or that can be perverted into one. If there can be any scheme more fatal than a reunion with the banks at this time, it would be such a project. Nor will I give my assent to any arrangement which shall add the least unnecessary patronage. I am the sworn foe to patronage, and have done as much and suffered as much in resisting it as any one. Too many years have passed over me to change, at this late day, my course or principles. But I will say, that it is impossible so to organize the Treasury for the performance of its own functions, as to give to the Executive a tenth part of the patronage it will lose by the proposed separation, which, when the bill for the reorganization comes up, I may have an opportunity to show. I have ventured this assertion after much reflection, and with entire confidence in its correctness.

But something more must be done besides the reorganization of the Treasury. Under the resolution of 1816, bank notes would again be received in the dues of the Government, if the banks should resume specie payments. The legal, as well as the actual connexion, must be severed. But I am opposed to all harsh or precipitate measures. No great process can be effected without a shock, but through the agency of time. I accordingly propose to allow time for the final separation; and with this view, I have drawn up an amendment to this bill, which I shall offer at the proper time, to modify the resolution of 1816, by providing that after the first of January next, three fourths of all sums due to the

Government may be received in the notes of specie-paying banks; and that after the 1st of January next following, one half; and after the first of January next subsequent, one fourth; and after the 1st of January thereafter, nothing but the legal currency of the United States, or bills, notes, or paper issued under their authority, and which may by law be authorized to be received in their dues. If the time is not thought to be ample, I am perfectly disposed to extend it. The period is of little importance in my eyes, so that the object be effected.

In addition to this, it seems to me that some measure, of a remedial character, connected with the currency, ought to be adopted, to ease off the pressure while the process is going through. It is desirable that the Government should make as few and small demands on the specie market as possible during the time, so as to throw no impediment in the way of the resumption of specie payments. With this view, I am of the impression that the sum necessary for the present wants of the Treasury should be raised by a paper, which should at the same time have the requisite qualities to enable it to perform the functions of a paper circulation. Under this impression, I object to the interest to be allowed on the Treasury notes, which this bill authorizes to be issued, on the very opposite ground that the Senator from Massachusetts bestows his approbation. He approves of interest, because it would throw them out of circulation into the hands of capitalists, as a convenient and safe investment; and I disapprove, because it will have that effect. I am disposed to ease off the process; he, I would suppose, is very little solicitous on that point.

But I go farther. I am of the impression, to make this great measure successful and secure it against reaction, some stable and safe medium of circulation, to take the place of bank notes in the fiscal operations of the Government, ought to be issued. I intend to propose nothing. It would be impossible, with so great a weight of opposition, to pass any measure without the entire support of the administration; and, if it were, it ought not to be attempted where so much must depend on the mode of execution. The best measure that could be devised might fail, and impose a heavy responsibility on its author, unless it met with the hearty approbation of those who are to execute it. I then intend merely to throw out suggestions, in order to excite the reflection of others on a subject so delicate, and of so much importance, acting on the principle that it is the duty of all in so great a juncture to present their views without reserve.

It is, then, my impression, that, in the present condition of the world, a paper currency, in some form, if not necessary, is almost indispensable in financial and commercial operations of civilized and extensive communities. In many respects, it has a vast superiority over a metallic currency, especially in great and extended transactions, by its greater cheapness, lightness, and the facility of determining the amount. The great desideratum is, to ascertain what description of paper has the requisite qualities of being free from fluctuation in value, and liability to abuse, in the greatest perfection. I have shown, I trust, that the bank notes do not possess these requisites in a degree sufficiently high for this purpose. I go farther. It appears to me, after bestowing the best reflection I can give the subject, that no convertible paper, that is, no paper whose credit rests upon a promise to pay, is suitable for currency. It is the form of credit proper in private transactions between man and man, but not for a standard of value, to perform exchanges generally, which constitute the appropriate functions of money or currency. The measure of safety in the two cases are wholly different. A promissory note, or convertible paper, is considered safe so long as the drawer has ample means to meet his engagements; and in passing from hand to hand, regard is had only to his ability and willingness to pay. Very different is the case in currency. The aggregate value of the currency of a country necessarily bears a small proportion to the aggregate value of its property. This proportion is not well ascertained, and is probably subject to considerable variation in different countries, and at different periods in the same country. It may be assumed conjecturally, in order to illustrate what I say, at one to thirty. Assuming this proportion to be correct, which probably is not very far from the truth, it follows that, in a sound condition of the country where the currency is metallic, the aggregate value of the coin is not more than one in thirty of the aggregate value of the property. It also

follows that an increase in the amount of the currency, by the addition of a paper circulation of no intrinsic value, but increases the nominal value of the aggregate property of the country in the same proportion that the increase bears to the whole amount of currency; so that, if the currency be doubled, the nominal value of the property will also be doubled. Hence it is, that when the paper currency of a country is in the shape of promissory notes, there is a constant tendency to excess. We look for their safety to the ability of the drawer, and so long as his means are ample to meet his engagements there is no distrust, without reflecting that, considered as currency, it cannot safely exceed one in thirty in value compared to property; and the delusion is further increased by the constant increase in value of property, with the increase of the notes in circulation, so as to maintain the same relative proportion. It follows that a Government may safely contract a debt, many times the amount of its aggregate circulation; but, if it were to attempt to put its promissory notes in circulation in amount equal to its debts, an ex-losion in the currency would be inevitable. And hence, with other causes, the constant tendency to an excessive issue of bank notes in prosperous times, when so large a portion of the community are anxious to obtain accommodation, and who are disappointed when negotiable paper is refused by the banks, not reflecting that it would not be safe to discount beyond the limits I have assigned for a safe circulation, however good the paper offered.

On what, then, ought a paper currency to rest? I would say on demand and supply simply which regulates the value of every thing else—the constant demand which the Government has on the community for its necessary supplies. A medium, resting on this demand, which simply obligates the Government to receive it in all of its dues, to the exclusion of every thing else, except gold and silver, and which shall be optional with those who have demands on Government to receive or not, would, it seems to me, be as stable in its value as those metals themselves, and be as little liable to abuse as the power of coining. It would contain within itself a self-regulating power. It could only be issued to those who had claims on the Government, and to those only with their consent, and, of course, only at or above par with gold and silver, which would be its habitual state; for, as far as the Government was concerned, it would be equal, in every respect, to gold and silver, and superior in many, particularly in regulating the distant exchanges of the country. Should, however, a demand for gold and silver from abroad, or other accidental causes, depress it, temporarily, as compared with the precious metals, it would then return to the Treasury, and as it could not be paid out during such depression, its gradual diminution in the market would soon restore it to an equality, when it would again flow out into the general circulation. Thus there would be a constant alternate flux and reflux into and from the Treasury, between it and the precious metals; but if at any time a permanent depression in its value be possible from any cause, the only effect would be to operate as a reduction of taxes on the community, and the only sufferer would be the Government itself. Against this, its own interest would be a sufficient guarantee.

Nothing but experience can determine what amount and of what denominations might be safely issued; but it may be safely assumed that the country would absorb an amount greatly exceeding its annual income. Much of its exchanges, which amount to a vast sum, as well as its banking business, would revolve about it, and many millions would thus be kept in circulation beyond the demands of the Government. It may throw some light on this subject to state that North Carolina, just after the revolution, issued a large amount of paper, which was made receivable in dues to her. It was also made a legal tender, but which, of course, was not obligatory after the adoption of the federal constitution. A large amount, say between four and five hundred thousand dollars, remained in circulation after that period, and continued to circulate for more than twenty years at par with gold and silver during the whole time, with no other advantage than being received in the revenue of the State, which was much less than \$100,000 per annum. I speak on the information of citizens of that State, on whom I can rely.

But, whatever may be the amount that can be circulated, I hold it clear that, to that amount, it would be as stable in value as gold and silver itself,

provided the Government be bound to receive it exclusively with those metals in all its dues, and that it be left perfectly optional with those who have claims on the Government to receive it or not. It will also be a necessary condition that notes of too small a denomination should not be issued, so that the Treasury shall have ample means to meet all demands, either in gold or silver, or the bills of the Government, at the option of those who have claims on it. With these conditions no farther variation could take place between it and gold and silver, than that which would be caused by the action of commerce. An unusual demand from abroad for the metals, would, of course, raise them a little in their relative value, and depress, relatively, the Government bills in the same proportion, which would cause them to flow into the Treasury, and gold and silver to flow out; while, on the contrary, an increased demand for the bills in the domestic exchange would have the reverse effect, causing, as I have stated, an alternate flux and reflux into the Treasury, between the two, which would at all times keep their relative values either at or near par.

No one can doubt that the fact of the Government receiving and paying away bank notes in all its fiscal transactions, is one of the principal sources of their great circulation; and it was mainly on that account that the notes of the late Bank of the United States so freely circulated all over the Union. I would ask, then, why should the Government mingle its credit with that of private corporations? No one can doubt but that the Government credit is better than that of any bank—more stable and more safe. Why then should it mix it up with the less perfect credit of those institutions? Why not use its own credit to the amount of its own transactions? Why should it not be safe in its own hands, while it shall be considered safe in the hands of eight hundred private institutions scattered all over the country, and which have no other object but their own private profits, to increase which, they almost constantly extend their business to the most dangerous extremes? And why should the community be compelled to give six per cent. discount for the Government credit blended with that of the banks, when the superior credit of the Government could be furnished separately, without discount, to the mutual advantage of the Government and the community? Why, let me ask, should the Government be exposed to such difficulties as the present, by mingling its credit with the banks, when it could be exempt from all such by using by itself its own safer credit? It is time the community, which has so deep an interest in a sound and cheap currency, and the equality of the laws between one portion of the citizens and the country and another, should reflect seriously on these things; not for the purpose of oppressing any interest, but to correct gradually disorders of a dangerous character, which have insensibly in the long course of years, without being perceived by any one, crept into the state.

The question is not between credit and no credit, as some would have us believe, but in what form credit can best perform the functions of a sound and safe currency. On this important point, I have freely thrown out my ideas, leaving it to this body and the public to determine what they are worth. Believing that there might be a sound and safe paper currency founded on the credit of Government exclusively, I was desirous that those who are responsible and have the power, should have availed themselves of the opportunity of the temporary deficit of the Treasury, and the postponement of the fourth instalment intended to be deposited with the States, to use them as the means of affording a circulation for the present relief of the country and the banks, during the process of separating them from Government; and, if experience should justify it, of furnishing a permanent and safe circulation, which would greatly facilitate the operations of the Treasury, and afford incidentally much facility to the commercial operations of the country. But a different direction was given, and when the alternative was presented of a loan or the withholding the fourth instalment from the States, I did not hesitate to give a decided vote for withholding it. My aversion to a public debt is deep and durable. It is, in my opinion, pernicious, and is little short of a fraud on the public. I saw too much of it during the late war not to understand something of the nature and character of public loans. Never was a country more egregiously imposed on.

Having now presented my views of the course and the measures which the permanent policy of the country, looking to its liberty and lasting prosperity, requires, I come finally to the question of relief. I have placed this last, not that I am devoid of sympathy for the country in the pecuniary distress which now pervades it. No one struggled earlier or longer to prevent it, than myself; nor can any one more sensibly feel the wide spread blight, which has suddenly blasted the hopes of so many, and precipitated thousands from affluence to poverty. The desolation has fallen mainly on the mercantile class—a class which I have ever held in the highest estimation. No country ever had a superior body of merchants; of higher honor, of more daring enterprise, or of greater skill and energy. The ruin of such a class is a heavy calamity; and I am solicitous, among other things, to give such stability to our currency as to prevent the recurrence of a similar calamity hereafter. But it was first necessary, in the order of things, that we should determine what sound policy, looking to the future, demands to be done at the present juncture, before we consider the question of relief; which, as urgent as it may be, is subordinate and must yield to the former. The patient lies under a dangerous disease, with a burning thirst and other symptoms, which distresses him more than the vital organs which are attacked. The skilful physician first makes himself master of the nature of the disease, and then determines on the treatment necessary for the restoration of health. This done, he next alleviates the distressing symptoms, as far as is consistent with the restoration of health, and no farther. Such shall be my course. As far as I possibly can, consistently with the views I entertain, and what I believe necessary to restore the body politic to health, I will do every thing in my power to mitigate the present distress. Farther I cannot go.

After the best reflection, I am of the opinion that the Government can do but little in the way of relief, and that it is a case which must be mainly left to the constitution of the patient, who, thank God, is young, vigorous, and robust, with a constitution sufficient to sustain and overcome the severest attack. I dread the doctor and his drugs much more than the disease itself. The distress of the country consists in its indebtedness, and can only be relieved by payment of its debts. To effect this, industry, frugality, economy, and time, are necessary. I rely more on the growing crop—on the cotton, rice, and tobacco of the South—than on all the projects or devices of politicians. I am utterly opposed to all coercion by this Government. But Government may do something to relieve the distress. It is out of debt, and is one of the principal creditors both of the banks and of the merchants, and should set an example of liberal indulgence. This I am willing to give freely. I am also prepared to vote freely the use of Government credit, in some safe form, to supply any deficit in the circulation during the process of recovery, as far as its financial wants will permit. I see not what more can be safely done. But my vision may be obtuse upon this subject. Those who differ from me, and who profess so much sympathy for the public, seem to think that much relief may be afforded. I hope they will present their views. I am anxious to hear their prescriptions, and I assure them, that whatever they may propose, if it shall promise relief, and be not inconsistent with the course which I deem absolutely necessary for the restoration of the country to perfect health, shall cheerfully receive my support. They may be more keen-sighted than I am, as to the best means of relief, but cannot have a stronger disposition to afford it.

We have, Mr President, arrived at a remarkable era in our political history. The days of legislative and executive encroachments, of tariffs and surpluses, of bank and public debt, and extravagant expenditure, are past for the present. The Government stands in a position disentangled from the past, and freer to choose its future course than it ever has been since its commencement. We are about to take a fresh start. I move off under the State rights banner, and go in the direction which I have been so long moving. I seize the opportunity thoroughly to reform the Government; to bring it back to its original principles; to retrench and economize, and rigidly to enforce accountability. I shall oppose, strenuously, all attempts to originate a new debt; to create a national bank; to reunite the political and money powers (more dangerous than Church and State) in any form or

shape; to prevent the disturbances of the compromise, which is gradually removing the last vestige of the tariff system; and mainly, I shall use my best efforts to give an ascendancy to the great conservative principle of State sovereignty, over the dangerous and despotic doctrine of consolidation. I rejoice to think that the Executive Department of the Government is now so reduced in power and means, that it can no longer rely on its influence and patronage to secure a majority. Henceforward it can have no hope of supporting itself but on wisdom, moderation, patriotism, and devoted attachment to the Constitution, which I trust will make it, in its own defence, an ally in effecting the reform which I deem indispensable to the salvation of the country and its institutions.

I look, sir, with pride to the wise and noble bearing of the little State rights party, of which it is my pride to be a member, throughout the eventful period through which the country has passed since 1824. Experience already bears testimony to their patriotism, firmness, and sagacity, and history will do it justice. In that year, as I have stated, the tariff system triumphed in the councils of the nation. We saw its disastrous political bearings—foresaw its surpluses and the extravagances to which it would lead. We rallied on the election of the late President to arrest it through the influence of the Executive Department of the Government. In this we failed. We then fell back upon the rights and sovereignty of the States, and by the action of a small but gallant State, and through the potency of its interposition, we brought the system to the ground, sustained, as it was, by the opposition and the administration, and by the whole power and patronage of the Government. The pernicious overflow of the Treasury, of which it was the parent, could not be arrested at once. The surplus was seized on by the Executive, and, by its control over the banks, became the fruitful source of Executive influence and encroachment. Without hesitation, we joined our old opponents on the tariff question, but under our own flag and without merging in their ranks, and made a gallant and successful war against the encroachments of the Executive.

That terminated, we part with our late allies in peace, and move forward, lag or onward who may, to secure the fruits of our long but successful struggle, under the old republican flag of '98, which, though tattered and torn, has never yet been lowered, and, with the blessing of God, never shall be with my consent.

### SPEECH OF MR. JONES, OF VIRGINIA.

*In the House of Representatives, Wednesday, September 20, 1837.*—On the bill to postpone the fourth instalment of deposit with the States.

MR. CHAIRMAN: In submitting for the consideration of the Committee the views which I propose to present, it is not my intention to enter upon the wide field of discussion to which the remarks of other gentlemen would seem to invite me; but to confine myself to the subject intended to be embraced by the bill now under consideration. This I propose to do, because the very wide range of debate which has been indulged in by honorable members who have preceded me, seems to have for its object the investigation of subjects which appear to me to have no connection whatever with the one now under consideration, and is not, therefore, likely to aid in the accomplishment of the great object which I have in view, which is, to ascertain the real condition of the finances of the Government, and thus to put it in the power of the representatives of the people understandingly to act upon the very important and delicate subject which has for several days called forth the most anxious deliberation of Congress. This bill has for its object, at present, to withhold from the States the fourth instalment of the surplus revenue, which was directed by the deposit act of the 23d of June, 1836, to be passed over to the States, to be held by them on deposit, upon the terms and conditions specified in that act; and the question arises whether the existing state of things in reference to the financial condition of the Treasury, renders such a measure necessary on the part of the Government, and if necessary, whether Congress can rightfully exercise the power to control that instalment in the

way proposed by the bill; and with a view to a correct understanding of the subject in all its bearings, it may not be amiss now very briefly to advert to the condition of the Treasury at the time of the passage of the deposit act, and to what was likely to be its condition at the close of the present year.

In the month of June, 1836, it had been distinctly ascertained, that at the close of that year there would be in the Treasury near forty millions of dollars of surplus revenue, over and above what would be required for the legitimate wants of the Government, and the accruing revenue for the present year was regarded by all as abundantly sufficient to meet every demand upon the Treasury down to the close of the year.

This surplus, it would be recollected, had not been produced by legislation which had for its object the accumulation of so large an amount, but by causes which have had their due influence in bringing about that general state of embarrassment which it has been alleged now extended itself over the whole country. Into an examination of these causes, it is not my intention now to enter; but it is notorious that, in the face of predictions again and again sent forth to the world from this Capitol, that we should have an empty Treasury and a bankrupt Government, at the time referred to nearly forty millions of dollars of surplus had accumulated in the Treasury in the form of revenue! There it was; and the question was, what was to be done with it? To permit it to remain in the deposit banks was not only to hazard the loss of a very large portion of it, but the banks using it as so much banking capital, on which to extend their issues, loans and discounts, were, by means of these issues, loans, and discounts, receiving from it the most inordinate profits, to be divided among the stockholders; and, at the same time, swelling the flood of depreciated paper money with which the country has been deluged, and thus contributing, as much, perhaps, as any other single cause, to produce that wide-spread embarrassment which has swept over the whole land. It was not, therefore, either safe or prudent to permit it to remain on deposit with the banks.

To loan it to the States was to place it beyond the reach and control of the General Government, to which it rightfully belonged, since the Constitution has, in my opinion, wisely omitted to provide any tribunal, at whose bar one of the sovereign States of this Union can be arraigned to answer for an alleged violation of its contract with the General Government; and to give it to the States was at once to establish a precedent, fraught alike with mischief and with danger.

These are some of the difficulties, on every hand presenting themselves, when it became the duty of Congress to act upon the subject of the surplus revenue. It was in view of these difficulties that the deposit act of June, 1836 had received the sanction of Congress. That act merely provided for the deposit of the surplus revenue with the States, without interest, thus giving to the States the use of the money, without charge, until the necessities of the General Government should render necessary its return, either in part or in whole; and for its punctual return, whenever the necessity should arise, the faith of the States should be solemnly pledged.

We have, then, Mr. Chairman, the question presented, whether the existing state of things in reference to the financial condition of the Treasury, renders it necessary to withhold the fourth instalment in the way proposed by the bill now under consideration.

I am aware, sir, that the examination of this branch of the subject renders necessary a resort to details which will probably be uninteresting to the committee; but the subject is complex in its nature—so much so, that we have heard it again and again repeated by gentlemen in debate, that such was the confusion and obscurity thrown over it by the report of the Secretary of the Treasury, that they could find no data leading to conclusions which enabled them to determine, in their own minds, what would be the actual condition of the Treasury at the close of the present year. As a member of the committee from which this bill has been reported, it became my duty to

give to the report of the Secretary an attentive and patient examination, which has resulted in a conviction upon my own mind that many, if not all, of the difficulties which seem to lie in the way of gentlemen, may very readily be removed by a like attentive and patient investigation on their part. It has also satisfied me that the means at the control of the Secretary are not only insufficient to meet the existing demands upon the Treasury, but that there will be at the close of the present year a deficiency of several millions of dollars. This I think I shall be able to make manifest to the committee from the report of the Secretary, for it is upon that document, confused and obscure as some gentlemen represent it to be, that I shall base the whole of my reasoning.

The Secretary is an officer of the Government, selected to fill that high station, not only on account of his moral virtues, but because of a reputation which he has earned in the service of his country, and which has justly secured to him a large share of public confidence. I, sir, am content to take the official statement of such a man, at least until proof, clear and convincing, shall be adduced that he has erred; then, but not till then, will I consent to throw discredit upon his official conduct. I beg leave then, sir, for a moment, to call the attention of the committee to a short statement I have prepared, and which presents fairly, and, I think, clearly, the liabilities of the Government, with its means of meeting them, and which can scarcely fail to satisfy every candid and unbiassed mind, that its means of payment are not equal to its liabilities by more than six millions of dollars, after excluding from the estimate fifteen millions of dollars of unexpended appropriations, postponed to the next year, but which still remains a charge upon the Treasury.

In the Treasury 1st January, 1838,	\$42,468,859 97
Increased this sum by subsequent returns	1,670,137 52
Receipts for first half year as per Secretary's report	13,187,182 00
Estimated receipts for last half year, including merchants' bonds	9,500,000 00

66,826,179 49

#### Expenditures made, and chargeable on the Treasury.

Three first instalments of deposits	\$27,063,430 80
Balance of third instalment outstanding	1,165,575 18
Expended in first half year	16,733,884 33
Estimated expenditures for last half year	16,000,000 00
For Florida war	1,600,000 00
Expenses of present session of Congress, say	500,000 00
Outstanding balance of appropriations chargeable on the Treasury	16,000,000 00
Fourth instalment of surplus revenue	9,367,214 00

88,430,104 31  
66,826,179 49

Deficit on 1st January, 1838 - 21,603,924 82

Unexpended appropriations postponed to next year, but still a charge on Treasury - 15,000,000 00

6,603,924 82

Error in addition in Secretary's report - 512,263 00

Deficit in Treasury on the 1st day of January, 1838, after postponing \$15,000,000 of unexpended appropriations, as above 6,091,661 82

Mr. Chairman, it is with great deference that I have submitted for the consideration of the committee the foregoing statement; differing as widely as I do, with gentlemen whose opinions are entitled to great respect. With the same document for our guide, the honorable member from Tennessee (Mr. Bell) and myself are almost as wide asunder as the



poles. That gentleman, upon his basis of calculation, makes the surplus in the Treasury on the 1st day of January, 1838, more than twenty millions of dollars; and I show a deficit of almost as large an amount.

[Here Mr. BELL said, the gentleman from Virginia did him injustice in supposing that they had arrived at such opposite conclusions from the same documents; that the surplus shown by him was documented not alone from what appeared in the report of the Secretary, but by going out of that report; and that so far as the gentleman from Virginia had gone, their results were very nearly the same.]

Mr. Chairman, I will never, intentionally, do injustice to the member from Tennessee, either here or elsewhere; and if he had exercised a little patience, I should very soon have relieved him from all apprehensions on that subject, as it was my intention to present the principal points of difference between us, that the committee might have afforded to them an opportunity of deciding for themselves who it was that had fallen into error.

The first position taken by the gentleman from Tennessee (Mr. Bell) was, that the sum of five millions of dollars, which appeared to be in the hands of disbursing officers of the Government, was subject to the control of the Secretary, and should be regarded as so much money in the Treasury. That this amount cannot be regarded as money in the Treasury is obvious, because it had been drawn out by those officers of the Government, on whom the authority was conferred, to meet appropriations made by law, and was not, in point of fact, in the Treasury at the time the report was made. This I regard as a very sufficient answer to the ground which has been relied on. Again: the five millions of dollars in the hands of these disbursing officers must be included, either in the expenditures for the first half of the present year, or else in the estimated expenditures of the last half; and consequently cannot change the result, shown by the report of the Secretary, at the close of the year. But, sir, I have looked back into the past history of the Government, and I believe that no period can be pointed to when there was not a very large amount in the hands of disbursing officers. How could it be otherwise? The officers and soldiers of the army have to be paid through their paymasters; those of the navy through their purser; pensions to be satisfied, treaties carried into execution, and contracts to be complied with. How are these things to be done, without passing over into the hands of disbursing officers money for the purpose? It is true that the amount in the hands of these officers is large, but not so large as it was during the early part of the year, as appeared by a more recent report of the Secretary, lying on the tables of members, and which had been called for by the gentleman from Tennessee; and certainly not more than would seem to be necessary, when it was recollected that the amount appropriated by Congress, at the last session, exceeded thirty-two millions of dollars, and that to be disbursed in almost every section of the Union.

The honorable member from Tennessee (Mr. Bell) has also contended, that the estimates of receipts into the Treasury, for the last half year, was not as large as it should have been, by three millions. By referring to the report of the Secretary, it will appear that the receipts in the first half year, deposited in banks, and paid on drafts by collectors and receivers, amounts to \$13,699,445; and the Secretary adds, if no further postponement be granted on duty bonds, it was estimated that the whole receipts for the last half year, from all sources, would be about \$9,500,000; but if the brief extension of the present postponement, brought into view thereafter, and favorably regarded, be directed by Congress, the receipts would probably be about \$7,000,000; while by a postponement of the whole to another year, they would not be likely to exceed \$4,500,000. Here then we have the authority of the Secretary for saying, that in no event will the receipts for the last half year exceed \$9,000,000, while the strong probability is, that they will be reduced to \$4,500,000. And if any thing is to be inferred from what is passing around us, it will certainly warrant the conclusion,

after extending the payments on duty bonds, beyond the present year, as proposed by a bill which has passed the Senate, that the receipts into the Treasury for the last half year, will not exceed \$4,500,000. But the gentleman from Tennessee, to produce his surplus, estimates them at \$10,000,000, making a difference between his estimates, and those of the Secretary, of \$5,500,000 which I consider a fair deduction from the amount of surplus which he supposes will be in the Treasury at the close of the present year.

The gentleman from Tennessee (Mr. Bell) has presented to the committee a statement of items of appropriation, for the present year, amounting to more than six millions of dollars: five millions of which, he contends, may be retrenched, without injury to the public interest. They are appropriations for the building of light-houses, beacons, buoys, the improvement of rivers, harbors, &c.

I concur, sir, entirely with the member from Tennessee, in his opposition to this whole class of appropriations; and, with him, have uniformly voted against them. I am opposed to most of them upon constitutional grounds; but, if I entertained no doubt upon the constitutional question, still I should have been opposed to them; because they lead to wasteful and extravagant expenditures of the public money; and if the member from Tennessee will devise some plan, submit some practicable scheme, by which they can be reached, I will most willingly co-operate with him in the accomplishment of the object he has in view. But is that to be expected? have we not had the aid of the talent and ability of that gentleman in resisting the very laws which provide for these appropriations? have they not been resisted by us both, at every stage? and can he have forgotten the small minority in which we found ourselves on every question? How, then, can he now expect to succeed in cutting down these expenditures, when he has so signally failed in resisting the laws which provide for them. Should he make the attempt, he would, in all probability, be told that some of these works were commenced, some completed, and that others were under contract. Sir, the golden harvest is maturing, and carefully watched over, by those into whose granaries it is destined to go.

I shall notice but one other item in the statement, which has been submitted by the honorable gentleman from Tennessee, (Mr. Bell,) and that is the item of \$12,000,000, based upon the supposed issue of Treasury notes to that amount. He maintains that if the bill authorizing the issue of Treasury notes to the amount of \$12,000,000 shall pass, it will swell the surplus in the Treasury to more than \$20,000,000; so that in order to make up this very large amount of surplus, the gentleman from Tennessee is driven to the necessity of taking into his estimate \$12,000,000, which are not only not in the Treasury, or under the control of the Secretary, but which cannot be placed there without creating a debt, for the payment of which the people are to be ultimately responsible; and here allow me to inquire whether it was ever intended by those who supported the deposit act to incur a debt, in order to make the deposit with the States? To that inquiry I am well assured that all will answer no.

If then, Mr. Chairman, I have succeeded in showing that the sources relied upon by the gentleman from Tennessee are deceptive and fallacious, I must, I think, have succeeded in establishing the truth of my own position, that instead of there being a surplus in the Treasury on the 1st day of January, 1838, there will be the deficit shown in the statement to which I have already had occasion to advert.

An honorable member from Kentucky (Judge Underwood) appears to have satisfied himself that there are other means at the control of the Government, with which to make the fourth instalment with the States. There are, he informs us, held by the Government, three bonds due from the Bank of the States, for the payment of about \$6,000,000 in three equal annual instalments, which will fall due on the 1st of October in the years 1828, 1839, 1840; and he proposes that these three bonds shall be brought into the market, and sold, I presume, under the hammer, to the highest

bidder; and the proceeds of sale passed over to the States, under the deposit act of June, 1836.

I am opposed, Mr. Chairman, to the proposition of the gentleman from Kentucky, for reasons which I will proceed very briefly to assign; in the first place I am opposed to it, because I am unwilling to see the Treasury of the United States converted into a shaving shop; and also because of a conviction upon my own mind, that if they shall be disposed of in the way proposed, it is scarcely to be hoped that they will command their full value. For at no former period of our history, has there been a time when the derangement in the moneyed concerns of the country had been so universal; at no time have the people been borne down by so heavy a weight of debt; at no time has it been more difficult to command money. The cry every where to be heard is, relief, relief. Let these bonds then be brought into the market at such a time, and under such circumstances, and who are to be your bidders? where is the man or set of men to be found, who can advance two millions of dollars to make the purchase? They may be called for, but it will be like calling spirits from the vasty deep: they will not come. One bidder there will be—the Bank of the United States; and unless the agent authorized to make the sale shall be laid under conditions, the bank will dictate the terms, and become the purchaser at its own price.

Again: the Secretary of the Treasury, in reply to the inquiry, "What objects of public expenditure can, with the least injury to the public service, be either wholly dispensed with during the present year, or bear any material reduction?" has informed us that enough of it could and would be postponed till the next year to amount to about fifteen millions of dollars; but that sum will still remain a charge upon the Treasury, to be paid out of the accruing revenue for the next year, or provided for in some other mode; and if the bonds due by the bank be now sold, and the proceeds deposited with the States, the strong probability is, that the Government will be driven to the necessity of resorting to an additional loan to meet the demands upon it.

If, then, it were in the power of the Secretary to control the whole amount now on deposit with the banks, and which is known to be there locked up and wholly unavailable, such has turned out to be the reduction of the revenue, from various sources, during the present year; and such the crippled condition of the finances, growing out of the embarrassed situation of the mercantile community, which has rendered necessary an extension of the time of payment upon their bonds, that it is not possible to make the transfer of the fourth instalment of the surplus revenue to the States without incurring a national debt. The surplus expected to have been in the Treasury on the 1st of October, in point of fact, is not there; nor are there any means at the control of the Government with which to meet the demand. It would seem to me, therefore, that the necessity has arisen when it would become the duty of the Secretary, (if the whole amount had been paid over to the States,) to require its repayment upon the terms prescribed in the act of June, 1836.

Having now shown, as I think I have done, that the necessity exists, I shall proceed to examine the question, whether Congress can rightfully exercise the power to control the fourth instalment, as the bill under consideration proposes. This leads me to examine for a moment the deposit act of June, 1836. What was that act but a temporary expedient, to meet a most unexpected and extraordinary state of things? A measure adopted not to give away, or to loan out, the surplus then in the Treasury; but to place that surplus on deposit with the States, without interest, until the necessities of this Government should render necessary its return.

I know, Mr. Chairman, that there are gentlemen who now choose to regard it as a distribution act; but do they not know, that in that form it could never have received the sanction of Congress, or the approval of the President? And I now invite all who entertain that opinion, carefully to examine the law, and say whether plainer language to exclude such a conclusion could have been employed.

But it is contended by others, that as the law provided that all the money which should be in the Treasury on the 1st day of January, 1837, reserving the sum of five millions of dollars, should be deposited with the States, that the faith of the Government was thereby pledged to execute the deposit act to the letter; and that, whatever may be the necessities of the Government, it can exercise no control whatever over the subject, until the deposit shall have been actually made with the States.

I, Mr. Chairman, would be one of the last, I could hope, sir, the very last, who would be willing to do any act, the tendency of which was, to violate the pledged faith of this Government: if all besides shall be lost, let us maintain untarnished our honor. And if gentleman can satisfy me, that there is any thing in the act of June, 1836, which imposes an obligation, either legal or moral, to make the deposit of the fourth instalment with the States, I will willingly abandon all the opinions I now entertain upon the subject, and in good faith execute every provision of that law to the letter; but if this can not be shown, as I think it can not, what good and sufficient reason can be assigned for incurring a debt, which must be paid by taxation on the people, under a system which is unequal in its operation, unjust in its principles, and absolutely ruinous to the great agricultural interests of the country.

A more rigid rule of interpretation than that contended for, could not be applied to the most highly penal statute; an interpretation which would defeat entirely the plain and obvious spirit and intent of the law, if it did not lead to a violation of the Constitution; and I call upon gentlemen to show what constitutional authority Congress has to pass a law to raise money, not in execution of any of its conceded powers, but for the avowed purpose of making a deposit with the States.

I do not desire to be understood as maintaining that an inconvenience merely, attending any given construction of a law, is sufficient to show such construction to be false, or that to be the true construction which would avoid inconvenience. Where the language of a law is explicit, and the intention evident, whatever may be the inconvenience, such inconvenience must be borne. But in the interpretation of a statute not penal in its character, the plain object of its framers should never be lost sight of; and in order to ascertain what was really intended by those who framed the deposit act, I know of no safer guide than to refer to contemporaneous expositions of it, given at the time of its passage: and I ask, sir, if there was one man at that time who advocated it upon the ground that it was a distribution act? Not one. Does any one now deny that the surplus is the money of this Government? or did it ever enter into the mind of any man that it was to be placed where the Government could not control it?—that it was to be paid over to the States at every hazard, regardless of what might be the wants of the General Government? Such an opinion could not have been seriously entertained by any one; and Congress, with a view to make the operation as easy a one as possible with the deposit banks, provided for its transfer, by instalments, on the first of January, the first of April, the first of July, and the first of October, upon the supposition that at these several periods there would be in the Treasury the respective sums proposed to be transferred. And must not that have been the expectation of the States? In other words, did the General Government intend to do more than merely to transfer the surplus revenue? and could the States have expected more? To suppose that more than this was designed, would be to suppose that Congress intended to incur a debt, for no other purpose under heaven except to deposit it with the States for safe keeping alone.

If, then, Mr. Chairman, I am right in the interpretation which I have placed upon the deposit law, that law has now fully answered its end; it has rid us of the surplus; and there no longer exists an obligation upon the Government, either legal or moral, to transfer the fourth instalment to the States. But again: suppose the transfer shall now be made, would not the Secretary of the Treasury

have the right immediately to require of the States to pay it back? This, I presume, will be admitted by all; and if the power exists to call it back, what good and sufficient reason can be assigned against withholding it?

It has been contended, however, that an expectation has been raised on the part of the States, that the transfer would be made; that upon the faith of that expectation, the States had actually gone on to appropriate the amount; and that such expectation should not now be disappointed. This, sir, may be true, and I doubt not is true, as to many of the States. It may be that the course of legislation on the part of the States may subject them to very serious inconvenience, and possibly to loss; but the inquiry immediately recurs, whose act was it that produced the difficulties with the States? It was the action of the States themselves, through their legislatures; action, too, taken by them, with full knowledge that the money so applied was neither given or loaned, but merely deposited; liable to be called for at any moment, when the wants of the Government should render necessary its return. And the argument from inconvenience, if it be worth any thing, is just as conclusive to prove that the amount, when deposited, could at no future day be called for; for I presume it will never be entirely convenient to pay back the amount. It proves that what was intended, and declared to be a mere deposit for safe keeping, was in truth and in fact a gift, absolute and unconditional. That such was never the intention of Congress, is rendered too plain by the terms of the law itself, to admit even of doubt.

But suppose it shall now be determined to pay over the fourth instalment to the States, how is the amount to be raised? It is not in the Treasury; for, to all practical purposes, we have very nearly an empty Treasury: by this I mean that the available means at the disposal of the Secretary, are not sufficient to meet the demands upon it. How then is the money to be raised? I presume by a loan of some kind, with the faith of the Government pledged for its redemption, but ultimately to be discharged and paid off through the ordinary channels of taxation upon the people. It follows, then, that the people are to be taxed to raise money to distribute among the people. You most graciously give them with one hand, and take back with the other, a like amount; increased, however, by the costs and charges of collection, and also by the amount of interest that may have accrued on the loan. The conclusion seems to me inevitable, that the passage of the bill now under consideration will give to the fourth instalment its proper direction, by placing it in a condition to be applied to the legitimate purposes of the Government for which it was originally intended.

Sir, I have never belonged to that old school of politicians (the federalists) who believed that a national debt was a national blessing. I consider a national debt a national curse, never to be saddled upon my country except under circumstances of the most overruling necessity.

Mr. Chairman, I have heard from every rank of the opposition, the most unqualified condemnations of all the measures proposed by the administration for the relief of people; their condemnations have been poured out in one unbroken torrent upon them; from every quarter we have heard the charge, wrung upon every key, that the measures proposed would afford no relief. I, sir, am not one of those who believe that the halls of legislation are the places to repair the ruined fortunes of men; I hold the doctrine taught by those who are the most revered on the list of our statesmen, that Government shall extend its powers no further than may be necessary to protect individuals in the enjoyment of their constitutional rights and privileges; always guarding them against fraud and violence, but leaving each and every one to the enjoyment of his own industry, and to pursue his own happiness in his own way. Such a Government is not only free, but the most precious of human blessings; to leave man to reap, under its benign protection, the rewards of virtue, industry and prudence, is the precious inheritance of the free-men of this land, purchased at the price of treasure and of blood.

I, sir, admit that it is the duty of the administration to propose measures of relief. Those measures have been offered, and are now before the country, and will be passed upon by the people. But, sir, is it true that they propose no relief? What is the object of the bill now before you, but to apply the money which the people have already paid to the legitimate purposes for which it had been raised, and thus to relieve the country from a national debt, which must, at some future time, be paid through the ordinary channels of taxation? What is the bill by which it is proposed to issue twelve millions of Treasury notes, but additional relief to that large and respectable class of our citizens, the merchants, upon whom has fallen so heavily the present wide-spread and calamitous embarrassments, supplying a substitute for gold and silver with which to meet their engagements with the Government, to aid them in the payment of their foreign debt—while it holds out to all classes important advantages? What is the bill upon your table, which proposed to extend the time of payment on duty bonds—postponing beyond the year the payment of millions of dollars—but relief, substantial relief, to the merchants; relief which places it in their power to extend like relief to their debtors? What is the bill for adjusting the remaining claims on the late deposit banks, but a measure affording similar relief to those banks, and thus putting it in their power still further to accommodate their dealers? Yes, sir, relief to those very banks selected as the depositories of the public money, which, in a time of profound peace, with eighty millions of dollars of specie in the country, had closed their doors against the Government and against the people. In short, sir, what debtor of the Government is it whose case has been regarded with indifference, or to whose petition a deaf ear has been turned? And yet gentlemen can discover no relief in all this.

We know that, in times of sudden embarrassment and distress, all communities are but too apt to look to the Government for too much; and whenever the Government undertakes to interfere in the private pursuits of men, it must, of necessity, in endeavoring to relieve one class, violate the rights of another, holding equal claims upon it. This, sir, has been felt in all its overwhelming force, under your system of tariff laws, which, for years past, has borne down, and oppressed, the people of the South, drawing from their pockets the hard earnings of their honest industry, to sustain (without any adequate return) in another quarter of the Union, the great manufacturing interests which have grown up under it. It has been felt, too, in the exclusive privileges conferred upon the Bank of the United States, now again struggling for existence, and openly advocated here, upon the ground that it is a panacea for every political disaster, and for every national calamity; but I forbear to go into these topics. Let us adopt the measures which have been proposed, and rely, for further relief, upon the enterprise, industry, and frugality of the people. Sir, it is not so much to legislation, as to the growing crop of cotton, tobacco, wheat, and rice that I look for substantial relief. It is the productive labor of the country that is to dispel the gloom that hangs over it, and relieve the embarrassments which press so heavily upon us.

But still, say gentlemen, there is no relief proposed. It is an easy task to find fault with every thing that is the work of man, but somewhat more difficult to remedy the defects complained of. Let those who make the charge devise a better scheme; let them present it, compare it with the one which has been offered, and, if it shall afford more solid and substantial advantages, come from what quarter it may, I, for one, will give to it my humble support.

An honorable member from Pennsylvania (Mr. Biddle) has characterized this bill as another experiment, informing us at the same time that he was heartily sick of experiments. What, I would ask of that gentleman, is the bill under which he now claims for his State one million of dollars, but one of these much abused and untried experiments? an experiment, however, when viewed through the captivating and dazzling medium of a million, is

disarmed of all its terrors. What was our Government itself, as received from the pure hands of our fathers; without a parallel in the annals of the world, but an experiment? What has been the history of the most important measures of the Government, from its foundation down to the present day, but a history of experiments? And, Mr. Chairman, experiments for what? To establish the great truth that man is capable of self-government—a truth that is carrying conviction to the minds of men throughout the civilized world, destined at no distant day to make tyrants tremble on their thrones, while it holds out to the enslaved nations of the earth a plan of political salvation, by which to break the chains that bind them, and elevate them to the condition of freemen.

Mr. Chairman, I am not yet tired of such experiments, but shall give to the bill my cordial support.

### REMARKS OF MR. POTTER, OF PENNSYLVANIA.

*In the House of Representatives, Wednesday, Sept. 27, 1837—On the "bill to postpone the fourth instalment of deposit with the States."*

A desire to give my reasons for my vote on this question, so that it may appear in a correct point of view before the tribunal of the people of my district, has overcome the reluctance I feel at this period in trespassing on the time of the House.

Until recently I could not have imagined that, on the floor of an American Congress, we would hear the clarion notes of triumph, and the shout of joy, at the embarrassments of the National Treasury, produced by the pecuniary distress of the people, and the derangement of the monetary affairs of the country. The question has been discussed as one of an entire withdrawal from the States of a part of the boon proffered them by the deposit act. Not so in my views. Bills are on our files giving time to the merchants and the deposit banks to pay the debts due the Government; and all that is contemplated by that under consideration, is to delay the time of deposit with the States until the situation of the Treasury will warrant it being made, without conflicting with other and pressing interests. The action proposed by the various bills reported, is a plan, taken in unison, to relieve the pressure on the people, by interposing the credit of the nation, and giving time for the panic to allay itself, and confidence be restored in the community. The States are required to bear a portion of the inconvenience for the relief of the people. My sensibilities are enlisted in favor of the States, and none regret more deeply the temporary embarrassments which they may labor under by the postponement of the deposit of the fourth instalment. As they have received three instalments of the surplus, which remain with them untouched, and in future will, in all human probability, receive the fourth, as a measure of relief to the people I go for the bill. As one of the representatives from Pennsylvania, I am constrained to declare my dissent from the opinion expressed, that if it had not been for the wisdom and foresight of the Executive of our State, Pennsylvania would now be looking with "anxiety and trepidation" to the discussions in this House. With her resources, her high credit, her untarnished honor, and unblemished faith in the fulfilment of every engagement, the postponement of the deposit of about nine hundred thousand dollars in her treasury, never could have caused the enterprising and intelligent people of this great State either "anxiety or trepidation!" The ability of Pennsylvania to command any money necessary to carry out her magnificent plans of public improvements, stands upon a proud and lofty eminence, not to be shaken for any such reason, or by any such cause; nor can my concurrence be given to the encomium bestowed upon the foresight of our Chief Magistrate for his veto of the improvement bill, although, if consistent with my ideas of right, nothing would be more gratifying than to place that officer, or any other citizen of my State, on such vantage ground. That measure was political, and intended to procure a different distribution of the funds, appropriated to different ob-

jects at the close of the session, so as to further the interests, and gratify the wishes, of certain leading partisans of the State administration. The result was, that the banks in Philadelphia reaped the benefit, and the people sustained the injury, by this boasted policy and forecast of our "sagacious Chief Magistrate!"

The accumulation of unavailable funds in the National Treasury has induced a syncope, which requires an immediate remedy. This disease has been attributed to an unwise change in the depositary of the public money, and the veto of the bill rechartering the Bank of the United States by the late President. In my mind, the causes of the evil, can be traced to other sources. If the depositary had not been changed, and the bank rechartered, the only difference in our situation would have been that the unavailable funds would have accumulated in one, instead of various banks. The Bank of the United States, under the direction of the same master spirit, with increased powers, is yet in full existence. Was it able to withstand the storm; and has it been exempt from the destiny that overturned, and laid prostrate the other banking institutions of the country? Ah, no! It has shared the fate of its compeers, has also dishonored its bills, and suspended specie payment, with an exhibit of a specie basis to meet its engagements, judging from the last return made to our Executive, which rendered that measure, as necessary for that, as any other bank in our State. It is asserted, this would not have occurred, if it had been a national institution. Authority is at hand, which pronounced, on a memorable occasion, "*that the new charter had the advantage over the old one.*" This was the deliberate judgment of the distinguished and able president of the late and present Bank of the United States. The reasons he assigned for this preference were, "in its longer duration; in the enlargement of its powers; in confining the rate of discount at half per cent. for thirty days to loans in the State of Pennsylvania, leaving the bank elsewhere to the rate of interest fixed by the local laws; in its exemption from the expenses of doing the business of the Government; in its total separation from all the officers of the Government; an *unnatural connection*, beneficial neither to the bank nor to the Government; in its not being obliged to incur the expense of establishing branches." If this experienced and unrivalled financier was right in his appreciation of the State charter, the new bank was stronger, more efficient, and better able under it to sustain itself at a dangerous crisis, and on an imminent emergency, caused by the convulsions and storms in the commercial world, than under the charter offered by Congress. The current of events has proved that with all the advantages enumerated, the bank was unable to maintain its credit and redeem its obligations. What prospect was there, that, as a national bank, with powers diminished, onerous duties to perform, and heavy expenses to be incurred, it could have saved itself from the violation of moral duty, and legal restraint, committed by the suspension. Reasoning by analogy, the only true test applicable to the case, it must be conceded that the same causes which prostrated a stronger institution, would inevitably, under similar circumstances, have produced like results on a weaker bank. Doubtless the President of the United States will be gratified, and his friends encouraged, by the coincidence of views entertained by the great banker in common with the Chief Magistrate, on the important question of a divorce of that "*unnatural connection*" between the Government and the banks, and felicitate themselves with the hope, that this high authority will convert myriads of the devoted followers and faithful admirers of the president of the Bank of the United States to the doctrines of the Message. It is due to candor to admit, that the president of the bank, on the remarkable epoch of the suspension, announced, "*that had it (the bank) consulted merely its own strength, it would have continued its payments without reserve.*" The same reliance cannot be accorded to this declaration. In my judgment, it was but an apology for the suspension, and a part of the process used to bolster up the credit of the institution, and detract from the shock feared on the suspension of this great moneyed leviathan. If its strength would, in fact,

have warranted a fulfilment of its obligations, every inducement of interest and reputation was in favor of the effort. A successful attempt would have avoided the danger of a forfeiture of its franchises, under the provisions of its charter; again have secured, by the act of 1836, the deposit of the public money in its vaults, and escaped the other penalties inflicted by its charter for a violation of its privileges. The peculiar situation in which it stood with a majority of the people of Pennsylvania, was persuasive cause for its straining every nerve to pay its obligations in gold and silver. By the act of suspension, if the bank, at the period of its occurrence, had abundant means to fulfil its engagements, the restrictions of law and moral duty were unblushingly violated without the existence of an overruling necessity, the only excuse that can be tolerated for such conduct. The high minded and honorable citizens of my native State, who compose the directory and officers of that institution, were driven to a suspension, by dire, dire necessity. It was a misfortune which all lament, "but its continuance will be a reproach which all true men must rally to save" our country from. When the hour of rally came, when a measure was recently proposed, calculated to relieve our country from this foul stigma, did this powerful institution unite in the attempt? No! Under her leading, the Philadelphia banks declined a participation in the effort. Improvident as has been the course of the banks, injurious as their over issues to our common country, ruinous as the wild spirit of speculation fostered and cherished by them, has been to the community, evil as the example set by a violation of legal and moral principle, in the refusal to pay their debts, yet, if all this was done, by any one or all of them, with abundant means, and "*strength without reserve*" to redeem their obligations, what was such a suspension, but a fraudulent conspiracy to withhold the payment of just claims? In that aspect of the case, the strong and indignant language used by a venerable gentleman, then and now a member of this House, (Mr. Adams) and which I always deemed harsh and unmerited, when he asks, "What difference is there between the president and directors of such a bank, and the skillful artist who engraves a bank bill, a fac simile of the one signed by the president and cashier, and saves them the trouble of signing, by doing it for them," would have been just and appropriate.

If I comprehend the fiscal situation of the Treasury, from the report of the Secretary, there would not, on the 1st of October, be sufficient available funds in the department to pay the amount transferable to the States, by the deposit act, by one third. Congress must, in that event, provide the funds, to enable the Treasury to make the deposit with the States; and when that sum is provided, at the close of the year, unless further provision is made, the Treasury would be empty, and the operations of Government suspended. Not a dollar would be left to supply the mint, to meet contingencies, or the current expenses. Under this state of the Treasury, the question is presented, Is the nation bound by contract, express or implied, to deposit these nine millions with the States? If she is, a high sense of duty imperatively commands a fulfilment of the bargain. Nay, if the faith of the nation is pledged, so that it would be dishonorable to make a temporary postponement of the deposit, the pledge must be redeemed. That the deposit act created no obligatory compact with the States, seems clear. The act of 1836 had two objects in view: 1st, to secure a safe depositary for keeping the public money, under specific regulations by law. 2d. A large surplus had accumulated in the Treasury, not immediately wanted for the exigencies of the nation. It was to be so deposited, as, in the interim, to be used for the benefit of the people. The 13th section, after a reservation of five millions from the surplus, directed the remainder to be deposited with the States. What were the States to receive? The surplus remaining in the Treasury. If none remained, the proposed deposit never could be made. The measure would, in that result, have had no operation. This act did not, nor could it prevent Congress, after its passage, and before the 1st of January, from appropriating part, or the whole amount in the Treas-



sure for the support of the Government, the defence of the country, or its security and prosperity. A new era existed in the financial situation of the country. The national debt was extinguished—the Treasury overflowing. A rapid reduction of the revenue would have prostrated great and important interests, built up on the faith of previous legislation. What was to be done with the money? Objections of a serious nature arose to almost every plan proposed for its disposition: At last, the mode of making the States the depository was agreed upon. They were “to keep it safely, and repay it whenever required for the purpose of defraying the wants of the Treasury.” Do these terms partake of the character of a contract? Are they not the mere expression of a deposit for safe-keeping? No mutual equivalent exists; no *quid pro quo*, which constitutes the essence of a contract; no consideration on which an obligation can be founded. At what time was the contract consummated? At the passage of the act, at the period of legislative action by the several States, or on the report of the Secretary ascertaining the amount for distribution? The act was passed on the supposition that a surplus would, on a given day, be found in the Treasury. If the Secretary had ascertained that no surplus was there at the period fixed, what claim would the States have had on the nation to raise a surplus, and what amount of surplus would have been necessary, to satisfy that claim? Their expectations would have been excited, and their hopes raised, by the passage of the law. Suppose the Secretary, in ascertaining the surplus, had committed an error, and instead of *thirty-seven millions*, there had actually been but *twenty-eight*—would the act, and the proceedings under it, created an obligatory contract, binding the nation to raise, by loan or taxation, the additional nine millions to deposit with the States? If not, where is the distinction between it and the reduction of the surplus in the Treasury by the convulsion of the times? The wants of the Government, to relieve the people in a period of great pecuniary embarrassments, render it necessary, for a time, to divert a portion of the surplus which the act contemplated depositing with the States. Is Congress bound to go through the farce of handing it over to-day, for the sole purpose of demanding it back to-morrow? The requiring a certificate, with the usual and legal obligations, pledging the faith of the States “for the safe-keeping and repayment of the money,” negatives the idea of its being either a gratuity or an appropriation. When an appropriation is made, the money drawn from the Treasury, and expended, it is gone for ever, never to be refunded or repaid. The obligation created by the act of 1836, may be legitimately classed with that order termed imperfect obligations, requiring their fulfilment, if an unforeseen difficulty had not occurred before the period of performance arises, which would have prevented the proffer from being made, if known at the time. Civilians term these “a promise made with fairness and a real design of accomplishing it, but without any intention of giving the person to whom it is made a right of demanding its performance.” What an extraordinary and dangerous state of affairs is presented, if the time of deposit is not postponed—the United States laying and collecting taxes, or borrowing money, to deposit, when collected, with the States. In my judgment, no power is granted by the Constitution to Congress to draw money from the people for any such purpose. To deposit money for safe keeping, is not to pay a debt, nor is it necessary for “the common defence.” If constitutional, its fatal and blighting operation upon our institutions might well be feared. To teach the State sovereignties to look up to the National Government as the great reservoir to supply them means of support, instead of a reliance upon the people, would inevitably destroy their independence, and introduce a system of extravagance and corruption which would speedily produce the ruin of the Republic. The deposit act was a temporary expedient to meet an extraordinary crisis in the fiscal concerns of the country. The causes which gave it birth no longer exist. Postpone its operation until a similar occasion arises; then, according to the provisions of the act, let the surplus be deposited with the States. This will be

doing justice to them, and redeeming honorably and fairly the hopes excited by the passage of the law. The people are the true and legitimate objects of the care of the National Government, within the sphere of its action. Their interests, their welfare, should be the primary object of our legislation. To lay taxes and collect them, with the deduction of forty per cent. from the amount assessed, expended in the process of collection, would be adding a fearful addition to the burden they already bear; and to entail upon them a debt at a period of profound peace would be equally unjust, unless the money is wanted to pay a debt contracted, or for the general defence and common welfare.

### SPEECH OF MR. STRANGE,

OF NORTH CAROLINA,

In Senate, September 21, 1837.—On the bill imposing additional duties on certain officers, as depositories in certain cases. Mr. CALHOUN'S amendment being under consideration.

Mr. STRANGE said:

Mr. PRESIDENT: That our country is now in a most extraordinary and interesting crisis, seems to be conceded on all hands; and the public mind is greatly distracted as to the causes of this crisis, its nature, and the course it behoves Congress to pursue under it. In this state of things, every man to whom a high trust is committed in relation to these subjects, and especially each member of this body, ought openly and frankly to offer his views and opinions concerning them. By public opinion all the measures adopted by Congress must ultimately be tested, and that public opinion may have fair play, and our constituents an opportunity of judging of the fidelity of their representatives, on every measure so important as the one under consideration, the reasons which have determined them should accompany their votes. It is this consideration that impels me to ask the attention of the Senate on the present occasion, for I know full well that I might as well address the marble pillars which surround us, as this honorable body with any reasonable hope of bringing conviction to a single mind. But I am solicitous that public opinion should be sound in the State which I have the honor in part to represent, and while I bring my own opinions in review before my constituents, I shall make an effort, feeble though it may be, to furnish them with the reasons on which they are founded.

I have said, sir, that three questions naturally arise out of this crisis. First: Its causes, about which there is much contrariety of opinion. Many resorting to the method so common with those who are determined to find fault, of using some general terms of censure, calculated to catch the public ear, and carry away the judgment, without presenting it with any distinct object upon which it may exercise itself, charge it to *tampering with the currency* by the Executive of the Union. This form of expression, like most others, upon political subjects, in use among us, is borrowed from England. It was freely used in that country during Mr. Vansittart's administration, when (as now with us) the paper currency being greatly inflated, an effort was made by those who saw the vortex of ruin towards which the nation was tending, to rescue it, with Mr. Canning at their head, and these were branded by the minister himself as *tamperers with the currency*. Experience, however, triumphantly vindicated the former and convicted the latter of the rankest empiricism in matters of currency. Our modern politicians, not content with the use of the term as it originally came from the lips of the British minister, have degraded it to a more fit expression of their own bitterness, and called it *tinkering with the currency*, as if they sought to lower the Executive of their country to equality with the mean and contemptible employment of a *tinker*. Others come forward and boldly specify the measures of Government which, as they say, have produced all this mischief. Of this latter course no one can complain. It is a fair and manly mode of treating the subject. It appeals to the high and intellectual faculties of our nature, and not to our low passions and ignoble prejudices. I hope never to see the day when the

measures of any administration are not to be arraigned at the bar of public opinion, and fairly tried by the people of this country and approved and applauded, or condemned and abandoned; and, if either the past or present administration has made any false step, I care not how soon it is pointed out and every man in the country made to see it.

The immediate cause of our difficulties, every one, I believe, admits to be an undue spirit of speculation and overtrading. But it is said that the Government itself has stimulated that spirit, and given to it its undue action. That such, to some extent, may have been the accidental effect of the removal of the deposits, and the consequent destruction of the United States Bank, in suffering numerous local banks to come into existence, which could not else have lived, and thus swell the paper currency, is not improbable. But then it is to be remarked that this would have been very inefficient, without the co-operation of other causes much more powerful, which I shall notice presently, and with which there can be no pretence for charging the administration; and besides, it was not the direct action of this measure adopted by the administration, but the conduct of the States themselves, in the exercise of their free, sovereign power, in chartering banks over which the administration could exercise no control, which armed the measure with all its supposed power of mischief.

The next measure which can properly be called an administration measure, to which mischief is imputed, is the Specie circular; and I, for one, am altogether willing that the present and past administration should be made fully responsible for it. If it be true, (and no one, I fancy, can deny it,) that the evils of the times are the offspring of speculation and overissues of banks, it would seem to follow that any thing which had a tendency to check these causes in the full tide of their action, must have mitigated the evils they were producing, and partially averted the catastrophe they were preparing. Surely the land speculations have contributed largely to the evils of the times; surely extravagant bank issues have stimulated, if they have not been the very food, of the land speculations, besides having been the parent of other great and numerous evils. Did not the Specie circular check the land speculations? Did not the Specie circular check the banks in their career of expansion? If it did not this, it did nothing, and is an idle subject, either for praise or censure. But it did this, to some extent, and in so doing effected good; and my only regret is, it was capable of doing so little. Its effects have, I believe, been overrated, both by its friends and its enemies.

I know of no other measure which can justly be imputed to the administration, and to which any effect can be ascribed in the production of the present crisis. But there are two measures, which I shall notice in their order, having vast efficiency in bringing it about. The first is the act of Congress, passed in 1834, for altering the relative value of gold and silver. This measure met, I believe, with favor from all parties. In the pre-existing state of things, we seemed to be yielding to other nations a portion of the gold, which, of right, belonged to ourselves, and all parties patriotically united in reclaiming our banished treasure, and cordially adopted the gold bill as it is called. Nothing could be more specious than the advantages this measure seemed to promise us; and I will not say yet that its ultimate effect will not be beneficial. But its primary effect was to disturb that equilibrium which the currency had found under the existing state of things, and like elevating or expanding any portion of a fluid body, the effect was that it came pouring over to find its level, and flowed freely into this country. Other causes were in action to promote this tendency. American stocks and American bonds were freely discounted upon in England, and as the paper currency of England could not be used here, the proceeds came over in gold. This influx of gold, in place of occupying the channels of trade, which it must have done, had they not been pre-occupied by paper money, flowed into the banks, who, as well from the natural struggle between their paper and the gold to occupy the aforesaid channels, as from the confidence with which the presence of the

gold inspired them, continually expanded their paper issues, what the more gold came, the more paper soas thrown out to force it out of circulation and into the banks. Meantime the Bank of England found her specie leaving her, so that from October 1, 1833, when it was £10,900,000, it was reduced by December 27, 1836, to £4,300,000, making a reduction in a little upwards of three years of £6,600,000, or within a little more than £300,000 of two-thirds of its whole specie. Well might the Bank of England become alarmed; and she did become alarmed, and refused further discounts for American purposes. What could be more productive of dismay to all connected with that kind of business, than this determination of the Bank of England? Not only were expected future supplies cut off, but, as the natural consequence of the cessation of supply, return was demanded of what had been already furnished, at the first moment it could lawfully be done. Can any man fail to see in this abundant cause for the mercantile distress which followed? If there is any cause for wonder, it is that the distress has not been greater, especially when we look to another measure in this country, which must have accelerated the catastrophe, and greatly added to its violence? This is the second of the two measures before alluded to, and is commonly called the deposit or distribution law.

This was no measure of the administration; on the contrary, the administration is known to have been hostile to it; but it was passed almost by acclamation by all parties in Congress, and received the unwilling assent of the Executive. Here is a cause adequate to have deranged the currency of the country in the most prosperous and tranquil times. It will be remembered that the opposition insist that the mere potential removal of the deposits of Government from one side of a street to the other, in the same city, which deposits did not, at the utmost, exceed three millions of dollars, was competent to the production of the utmost derangement and distress in the money market. What, then, must have been the effect of the removal of near forty millions from place to place; scattering it from one end to the other of this wide continent; subtracting it from those channels of trade, where, by the laws of commerce, it had found its way, and forcing it where no channels were open for its reception, and where, consequently, they must be created by law, through schemes hurried into existence merely to find employment for the unexpected treasure? You find the States in different parts of the Union, beset with devising plans for disposing of the money so unexpectedly poured into their lap, while those from whom it was subtracted are parting, as it were, with their very life-blood to supply it to those who have no use for it. Meantime the money lies idle until the States have devised some plan for its absorption into the local circulation.

And do gentlemen rack their imaginations in search of causes, when one so adequate for the production of all the phenomena before us is so ready at their hand? And when complicated as it is with the operation of the gold bill, as I have already presented it, is not the wonder rather that matters are no worse? But when we bring these causes into union with the general causes which seem to have agitated the whole commercial world, beginning I believe in China, and affecting all Europe, both continental and insular, nothing it seems to me, but an anxious desire to find fault, would seek for the causes of the crisis in the measures of the Government only.

But I believe, sir, that the foreign causes which have affected us, and those measures at home to which I have adverted, would have passed by us altogether innocuous, or nearly so, but for another cause. Gentlemen have only adverted to what the physicians call the exciting causes of the disease; they have overlooked the far more important and radical cause—an injury which has been suffered by the constitution of the patient, and such an one as has been far more instrumental in the production of the present crisis than all the exciting causes before noticed. The history of our country has presented in its brief course more numerous and interesting crises than other nations have done who could boast cen-

turies of duration. This is probably the joint result of the rapidity of our course and the novelty of the political problem we have been engaged in working. Launched by the result of our revolutionary struggle upon the wide waters of an untried political sea, we were without charts, and the voice of experience was heard in no distinct accents to direct our movements. Nothing, therefore, was left to us but to exercise the faculties we possessed in drawing upon analogy for guides in our trackless way. But I pause to correct myself; we had a chart, the most clear and explicit that the timid or skeptical could desire. But, alas! not one of those to whom has been committed the helm of State, has scrupulously steered according to its indications, but, trusting to his own sagacity, has given to the vessel a wide berth, regardless of consequences; and the result has been, that amid clear skies and smooth waters, some hidden rock or shoal, against which the slightest attention to his chart would have secured him, has brought up the astonished steersman in his confident career. But the vessel has proved staunch; and with nothing more than a change of hands for the control of her movements, she has stemmed every difficulty, and pursued her gallant course, the pride of her crew, and the admiration of the world. The improvident steerage of its predecessors had thickened dangers around her, more numerous than those which beset the fugitives from the destruction of Troy, when the late administration came to the helm; it is not to be wondered at, therefore, that it could pursue no direct and onward course, but was compelled to adopt expedients to shun this rock, and escape that shoal, according to the circumstances in which it found itself. Yes, Mr. President, it is to departures from the strict requirements of our Constitution, that the chief, if not all, of our difficulties as a nation may be attributed. It is true that disappointment and calamity are the lot of man, whether we view him nationally or individually; but generally, if not invariably, the inquisitive mind may trace calamities to the sufferer's own neglect, or wilful transgression of the laws of prudence. Happily, in both cases, timely repentance is competent to defeat the worst consequences of transgression; and if the troubles in which we are now involved shall bring us to a conviction of our errors, and to sober resolution to sin no more, they will have answered a most invaluable purpose, and arrested us in a mad career, before we have involved ourselves in irretrievable ruin. Suppose no tariff for protection had filled our coffers with useless and dangerous treasure—no United States Bank had triumphed over the Constitution, and the currency it had provided—no systems of internal improvement by the General Government, with all its attendant extravagancies, had been adopted—how invulnerable should we have been to the evils of which we now complain! But all these things were done, and our Constitution, for the formation of which the blood and toil of our forefathers had been so liberally poured out and expended, was fast becoming an unmeaning thing—a dead letter; but the present crisis awakens us to a sense of our present condition, and brings us to reflection. A literal construction of that sacred instrument which we have all sworn to support, is, in my humble judgment, the only rational ground of hope for our happiness as a nation, the only guaranty against the evils of anarchy, violence and fraud, with which we are threatened.

Having thus glanced at the causes of this crisis in which we find ourselves, I come next to consider briefly its nature. But yesterday we boasted of an overflowing Treasury; and were at our wit's end for a place into which it might pour its superfluous riches. Real property was in demand at most extravagant prices; labor was high, and the products of the soil repaid to their hearts' content its industrious cultivators; our merchants were daily becoming millionaires, rivaling in splendor and luxury the princes of lands where that title may be borne. Suddenly, as though smitten by the hand of some offended deity, or as if all that we beheld was a fairy fabrication dependent upon some dissolving spell, the whole scene is reversed. Our bloated Treasury has collapsed; the millions we were beseeching somebody to keep for us, have

disappeared, and the public creditor applies in vain for payment in the constitutional medium. The possession of real estate but marks the poverty of him who owns it; the laborer is without employment, or toils for half his accustomed compensation; our products linger upon our hands, a prey to corruption and the moth; and our merchants send forth one universal wail from Maine to Florida. These are the gloomy features in the crisis, and by many they only are seen in their unmitigated darkness; but to me there are gleams of the most cheering brightness gilding the gloom, and, like the struggling rays of the sun upon the dark cloud of evening, come to the heart reflecting promises of hope and joy for the approaching morrow. The crisis is full of assurance that the wounds of the bruised and battered Constitution will be healed, and that, stripped of all the extraneous appendages which have obscured its beauty and simplicity, it will be restored to its legitimate control over the affairs of this nation. So far as the Executive is concerned, he makes to us the declaration that the Constitution will, in its literal simplicity, be the standard of his actions; and it remains for the two houses of Congress to decide whether they will stand by him in the noble resolution. I trust they will, and, in that trust, I feel that this crisis is one for any thing but despair to the heart of the patriot.

I have now adverted to the causes and nature of the present crisis, matters in themselves of little consequence, and altogether inadequate to the time they have consumed, except so far as they may assist us in the determination of the third question, namely: what it behooves us to do in the present exigency. The evils we have seen are twofold: first, to the United States Government as a body politic—affecting its vital principle, the very current of its existence, its fiscal soundness; secondly, to the individuals, or some of them, composing the nation—in blasting their present pecuniary prosperity and their hopes for the future. These it behooves us to consider with a due sense of our responsibilities, and, if in our power, to provide for them a remedy; and here permit me to remark that the President has been most unjustly accused of having recommended nothing adequate to the occasion; of having indicated no relief for the sufferings of the people. Will no relief be found, I ask, in the emission of \$10,000,000 in Treasury notes to be thrown into circulation? If the want of a sound circulating medium be part of the distress, will it not be thus supplied to the amount I have mentioned? And will it not be farther, beneficial in infusing more vigor into the whole mass of the circulating medium in increasing the proportion of undepreciated currency to that which is already depreciated? Is there no relief in extending for four, six, and nine months, the credits upon the duty bonds? Is there no relief in giving to the deposit banks additional time for settling the balances they owe? Let not gentlemen say, because the relief does not tally with their own unreasonable expectation, that therefore no relief at all has been extended. Great relief has, in my humble judgment, been afforded, and all that I think could in reason have been asked. But our first inquiry is, what it behooves us to do in reference to the revenue. And it is evident that the first thing is to make immediate provision for the supply of the exhausted Treasury, and put aside such claims as in the present state of things ought not to be made upon it. This, so far as the action of this House is concerned, has already been done in the passage of the bills for the suspension of the fourth instalment to the States under the deposit law, and the emission of the ten millions of dollars in Treasury notes, as before mentioned; and it is next to be decided what course shall be taken to avert, if possible, a recurrence of the present catastrophe to the revenue. For this three plans are presented to our consideration: First, a national bank; secondly, a continuance of the present deposit bank system, with some modifications; and lastly, the plan recommended by the President and Secretary of the Treasury, and proposed by the Committee on Finance, of an INDEPENDENT TREASURY. The first of these has probably but few advocates, and has

not been distinctly brought forward by any one, but we well know that the anxious eyes of some of this body are turned to it as the panacea, the great catholicon, for all political disorders—as the only instrument through which the country can be saved; and we have heard as much from the gentleman who has just taken his seat. But to this measure many objections present themselves: First, public opinion is, as I believe, decidedly against it, and that, as I have already said, is at last the test to which every act of this body must be brought. Secondly, the present Chief Magistrate of the nation stands solemnly pledged against it, and must, of necessity, veto a bill for its establishment, even if a majority of both Houses of Congress could be induced to unite in its passage; and no one has the rashness to assert that it is to be spoken of as a possibility that two-thirds of these bodies would concur in overruling the President's veto. Thirdly, such a law would, in my humble judgment, be in conflict with the Constitution of the United States. Tell me not that the contrary has been settled by authority. The simplicity of that instrument was never designed to be marred by the comments of the learned upon it. It was intended for the perusal of the plainest man in the country, and that he should understand it without any farther help than a knowledge of his vernacular tongue. Tell me not that in process of time the readings upon it are to be so multiplied, that, instead of a pamphlet of a few pages, volumes must be read to find out its meaning. No authority for a United States Bank is to be found in the language of the Constitution; and I, for one, will listen to no sophistical refinements which may seek to place it there by inference. Fourthly, such an institution is altogether inexpedient, and totally inconsistent with the healthful action of our political system. As well might we expect the globe we inhabit to pursue the orbit marked out for it by the hand of its Creator, should some mighty comet come within the sphere of its attraction, as that our political system should quietly perform its proper functions with such a *magnum imperium* within its *impero*. There is another reason urged with great force by the Senator from South Carolina, who sits near me, and that is the triumph which would thus be achieved by the bank over the Government. The attitude assumed by that Senator in relation to this whole subject, is one of high moral sublimity, in which he has nobly sustained himself, both by his matter and his manner; and the argument coming from him, that he would not yield to such a triumph over the Government of his country, is an argument which does credit to the heart which conceived, and the lips which uttered it.

The second plan is the one proposed by the Senator from Virginia, to which he will not find many supporters from any real regard to the plan itself; and if he succeeds in procuring its adoption, it must be through the instrumentality of those into whose motives it does not become me to inquire. But as that Senator has addressed his old friends, he will allow me in their name to address him in return, and to warn him that when with foreign aid he shall have succeeded in beating down his old allies, it will not be long ere he will hear the shout of triumph from the marble palace at Philadelphia. We would gladly, if we could, make common cause with him upon the ground he has assumed; but believing it untenable, we have retreated within the ramparts of the Constitution, and should they be battered into fragments about our ears, and we ourselves prostrated and vanquished, we will still cry out "Live the Constitution! live the Republic!" I have said to the Senator from Virginia, that we think his ground untenable, and now proceed to offer some of the reasons for our so believing. "Thou hast been weighed in the balance, and found wanting," was a portion of the sentence written by the fingers of an unseen hand upon the wall, against the King of Babylon, which caused that monarch's knees to smite together, and the sounds of guilty revelry to cease; and with great emphasis may we address the same language to the deposite banks. This the Senator from Virginia denies, and insists that the experiment has not failed. What would that Senator call a fail-

ure? Does he require that their buildings should be razed from their foundations, and made an heap, and that their piles of paper money should be committed to the flames, before he will acknowledge that they have failed? When a merchant in any mercantile community neglects to meet his engagements with punctuality, who pretends to question his failure? But these banks have not only failed to meet their engagements, but have flatly declared their determination not to meet them until it suits their own perfect convenience. What has brought us to our present condition, but leaning upon these broken reeds? but imprudent confidence in these faithless agents? Should we have experienced any difficulty in meeting our fiscal engagements if they had, in fulfillment of theirs, promptly paid up the drafts of the Treasury upon them? Would the merchants have found any difficulty in paying up their duty bonds, had the banks, by redemption of their notes, preserved to them a found currency in which to comply with their obligations? The application of the merchants for indulgence is based upon the ground that their inability to make payment is entirely owing, not to the want of funds, but of such funds as the Government would be willing to receive. Where is the individual who, having trusted a private banker with his funds, would trust him further, after his suffering draft after draft to come back dishonored, declaring publicly that he had the money to pay with, and justly owed the debt, but that he did not think it his interest to do so, nor would he do it, unless his depositor would make arrangements with all persons in whose favor he should draw, to take the banker's own notes, and consider them as payment? Motives of friendship or of policy, or facility of disposition in a private individual, might induce a continuance of the trust, after it had been thus abused, upon proper concessions, and a reasonable assurance that faith would thereafter be kept. But are the depositories of a nation's faith—the trustees of a nation's wealth—to be moved by such considerations to lend a credulous ear to such promises? We have had such promises already, and have we any security that they will in future be more faithfully kept? Have not the banks pleaded the tyrant law of necessity to excuse their fault, and will necessity be less imperious in future than we find it now? It is folly to expect it. But while the Senator from Virginia is in one breath denying the failure of the banks, in the next he is offering apologies for that, upon the existence of which he is vainly striving to close his eyes. He attributes it in the first place to some great mysterious convulsion, which he does not attempt to define, and which he assures us is never likely to occur again. Next, he refers to the deposite law and the specie order, as furnishing sufficient apologies for most eccentric movements in the pecuniary affairs of the country. But chiefly he imputes the failure of the banks to the withdrawal of the confidence of the Government, and insists that its restoration is all that is wanting to set all things right. But how, I would ask, is confidence to be created where it does not exist? Like love, and hope, and fear, it must be the spontaneous offspring of the bosom it inhabits. As well might the assassin, in a paroxysm of penitence, seek to rekindle the spark of life in the body of his victim, as this or any other legislative body to restore confidence to existence, after it has been murdered, either through accident or design. But grant that we could by the fiat of this Legislature wake up confidence to renewed existence in the bosoms of the people, ought we to do so, when we ourselves have not confidence? Would it not be a legislative fraud? Could we say to them, You ought to have the most implicit confidence in these banks as perfectly safe depositories of your wealth; as sound regulators of the commercial affairs of the country; as prudent circulators of paper which they have at all times the power to redeem; unless we ourselves felt this confidence? And do we feel it? I for one must confess that I do not, and would be putting my signature to a solemn falsehood were I to say that I did. The Senator declares that the only reason why specie payments were maintained in England and suspended in this country, is, that in the one confidence was sustained by the Government,

and in the other prostrated. I have no hesitation in admitting that, but for the failure of confidence, the banks in this country could have maintained specie payments longer, and that the failure of confidence must necessarily precede the stoppage of specie payments. But the true question is not whether confidence existed or not, but the causes of its failure or continuance. Now it is manifest, as I conceive, why it continued in England, and perished in this country; not, as the gentleman supposes, by reason of the different action of the two Governments, but on account of causes which had passed beyond the reach of control from either Government.

Nature, by mysterious and immutable laws, has connected causes with their effects; and one is followed by the other with all the certainty of the revolving year; and he who finds a cause adequate to the production of a given effect followed by that effect, may fearlessly conclude that the latter is the offspring of the former.

It is equally a rule of sound philosophy, that nothing which does not in its nature appear adequate to the production of a given effect, is to be taken as its cause however immediately it may precede it. Now what act of the Government was adequate to the destruction of confidence? The most that can be said is, that some of its acts may have been calculated to enfeeble, but not one can be pointed out adequate to its destruction. But there are two causes immediately before us, sufficient, as I think, to account for the different effects upon confidence in the two countries when alarm was excited. The first is, that England was a creditor country, and this a debtor country. The debtor could never draw from the creditor against his will, while the creditor had a right to draw upon the debtor to the uttermost farthing of his indebtedness. When, therefore, alarm was excited, the Bank of England had nothing to fear but from her own citizens; while in this country, the banks were threatened with a drain from England as well as from their own countrymen. Standing as a creditor, the Bank of England was receiving more than she was paying out, and every day her situation was continually growing better, and if she was able to meet the engagements of to-day, she would be still better able to meet those of to-morrow. Not so with the American banks; theirs would be drain without replenishment; and looking before them to a vast chasm yawning for the reception of their specie as fast as they could tell it out, despair seized upon them, confidence expired, and they refused to engage in a work in the accomplishment of which they must perish. Grant, say they, I am enabled to meet the engagements of to-day; those of to-morrow will be still more numerous and importunate. The balance of trade will give to our riches wings by which they must fly across the Atlantic, and be no more seen. We will take our stand at once, then, and not voluntarily pour out our own life-blood; but if it is taken from us, let it be by some slow and lingering process which will prolong our existence until some providential or fortuitous circumstance may interpose to save us from destruction. What more could be desired to account for the different course of the banks on the two sides of the Atlantic? But yet there is another circumstance, which, as a co-operating cause with the other, doubtless precipitated the stoppage of specie payments in this country, which had no existence, and consequently, could have no action, on the other side of the water. The Bank of England is alone—an unit, an autocrat. She had but one will to consult, and that will could act at the critical moment when its action might be necessary. She could continue to pay out her four millions of specie until the last million was invaded, and then, if she thought it expedient, could cry "hold! enough!" But the banks in this country were legion; with them it was a Bladensburg race, each afraid that the other, in the struggle for specie, might exhaust its store, and crush it for ever; mutual fears prompted mutual forbearance, which could only be granted by a general stoppage; and the impatience of each to escape from the danger that threatened it, hastened a catastrophe which might otherwise have been longer deferred, if not altogether avoided. But whatever apologies



may be offered for the failure of the banks, they have failed, signally failed; and if, as has been strongly remarked by the Senator from South Carolina, it be folly to try untried experiments, it is madness to repeat those which have already failed.

But if we shut our eyes to experience, we must be deaf also to the lessons of sound theory, if we adopt the system proposed by the Senator from Virginia. Not only have the banks failed, but the principle of failure is incorporated in their very natures. The system of banking, as practised in this country, never can be safe until it is radically altered. The best of them issue from two and a half to three paper dollars for one of specie, and some have even gone as high as seven; and as long as the physical laws of nature continue to act, it is manifest that the banks must depend upon the whim, the caprice, the hopes, the fears, the clemency, if you will, of their bill holders, for their existence. And can that depository be deemed safe which carries within it such elements of self-destruction? But let us look a little farther. The banks will not take your deposits upon any other condition than that of predicated upon them a circulation of their notes. How then does the case stand? They take your deposits, and promise you to return them whensoever demanded; but at the very same moment they issue notes to twice or thrice the amount of their promise to you, by which they engage to pay to A, B and C the identical sum they have promised to repay to you. And does not every one see the utter impossibility of their meeting three or four different engagements to pay the same identical money? What then are they doing but running the gambling risk that they will be called upon for but one of these sums at a time? But we are told, when they issued their notes to A, B and C, they took in exchange A, B and C's notes, well secured, for a like sum. Grant it to be so, and that A, B and C's notes are certainly ultimately good, is it not manifest that A, B and C's notes are on time, and are not immediately convertible, and in fact that they would not be given but on time, while the notes of the bank are payable the moment they are issued, and all three sets might be immediately demanded. And why should they not be? The gambling hazard is taken that they will not. But furthermore, is it not perceptible that this increase of the circulating medium must greatly increase the nominal value of property, and that property holders will thereby acquire a false reputation for wealth, which, acting upon themselves and others, must lead them into speculations which, upon any sudden *dénouement* of affairs, bringing property to the specie standard of value, (and even below it, from the sudden panic produced,) will leave the banks not only unable to meet promptly the demands of the depositor, but even, after a great lapse of time, able only but partially to return the principal sum?

The banks have not only failed, then, but from their very nature are prone to failure, and a still further objection to the plan proposed, is drawn out of the natural liability of all the banks in the country to be operated upon by any cause injuriously affecting one. So that however scattered your treasure may be, the same fell swoop which robs you of it in New York, does the same for you in New Orleans—the same reversed alchemy which converts your gold and silver to inconvertible and worthless paper in the one city, does so at nearly the same moment in the other. Your loss is not partial, but comes upon you in one sweeping desolation.

Again: if the misfortunes before referred to were most likely to happen at those times when the Government could best bear disappointment, it might be less imprudent to encounter the hazard. But the reverse precisely is the case. It is in times of difficulty and public distress, when the means of replenishing from other sources the failing supply of the revenue are cut off, that the banks will be most likely to disappoint you in their engagements. A war, for instance, is foreseen, and the Government has been hoarding its revenue to meet the exigency. It has laid up its millions in the deposite banks, and is only waiting until they have accumulated sufficiently to proclaim defiance, and chastise the insult-

ers of the national flag: it is done. The cost has been counted, and it has been found that we have money enough and to spare for the projected enterprise. The star-spangled banner is given to the breeze, and the heart of every American is bounding with the pride of country. But, alas! the treasure upon which we had counted is deposited in the banks, and they have discounted freely upon it. War and commerce cannot go together, and commerce is the sole stay of inflated credit. Bill-holders become alarmed; and each one rushes in with breathless haste, fearful of being the last to present his claim. The banks, in their best condition, can do no more than pay about forty per cent. upon their circulation; and their specie, of course, must be immediately swept, or they must take a determined stand, and refuse payment. In this state of things, the Government draws upon the banks for some large sum to pay for the outfit of her army and her navy. The banks offers it in paper; but this will not answer, and they have nothing else that they are both able and willing to give you. I leave imagination to finish the picture.

The banking system, as practised in this country, is, in my judgment, one vast bubble; and it is not improbable that those now living will witness its bursting; and when the explosion has taken place, as without reform at no very distant day it must, the men who succeed us will look back upon our present infatuation with as much amazement as we do upon that of the adventurers in the South Sea scheme.

But I object farther to the plan proposed, on account of its tendency to place the Government in the power of a party. You have seen the natural effect of a foreign war upon commerce and the banks. Is it to be expected then that a commercial community could be calculated on as friendly to a war even when necessary and just? I am the son of a merchant, and it cannot therefore be supposed that I would willingly cast reproach on the tomb of my father. I should be recreant to all the best feelings of the human heart were I to deny to the merchants, that intelligent and worthy class of citizens, all the commendation they may so justly claim. Among them still live some of the best and dearest of my friends; but still they are frail humanity; and who is there that can wish his interest and his duty to be brought in collision? It is in mercantile communities chiefly, if not altogether, that banks are to be found, and in these, under the deposite bank system, your treasure must be placed. A war is thought necessary, but the interests of a mercantile community are opposed to it; and how easily therefore would they persuade themselves, as many of them did in the glorious strife of 1812-15, that it was unnecessary, unnatural, and unjust, and how naturally would they unite themselves with that opposition which is never inconsiderable in any free country? Money is the sinews of war, and with how little trouble might an opposition cut those sinews at the very moment you were about to make use of them by causing the deposite banks to suspend their payments? And, ere a sense of their country's honor, and the danger of their fellow citizens could triumph over their calculations of interest, and awaken that patriotism which was overlaid but not extinguished, the nation's flag might be dishonored, and her enfeebled army cut to pieces.

But a yet stronger objection than all that have preceded it, and that, indeed, upon which they mainly depend, is the difficulty of compelling these corporations to perform their engagements, should they choose to neglect, or find it inconvenient to meet them. He who expects them punctually to meet their engagements, might as soon look for the rain to descend upon his thirsty fields at his bidding. The absolute control of wealth is essential to its enjoyment, either for a Government or an individual. That man is poor, and poor as winter, who calls countless millions his, which are yet beyond his reach, while hunger and thirst pinch him, and the inclement seasons beat upon his defenceless body. No man in his senses would willingly place himself in this situation; but yet it is precisely the predicament in which the Government is asked to place itself. What means have you to compel an unwilling corporation to surrender up

its hoard? Do not reason and experience unite in teaching us that, as corporations are constituted and treated in this country, sums deposited with them, are placed measurably, if not absolutely, beyond the control of the proprietor? Look to the United States Bank, the creature of your own hands, and therefore, as was once vainly imagined, subject to your own control. But you found yourself in your attempt to control it in the situation of the hero of one of Godwin's novels, (Faulkenstien, if I mistake not in the name,) who, having acquired some magic power, created a monster, and infused into him the Promethean spark. He doubted not that the same hand which had created, could control. But that position is true in reference to one Power only. The monster of Faulkenstien turned upon its creator, and compelled him to fly for his life. In like manner did the creature of your hands defy your power, and continues to defy it, holding on with the grasp of death to the treasure you have vainly striven to wring from it. With how much better reason then can you calculate on effectual control over lesser monsters which you did not create, and have no right to destroy? The truth is, they have already defied you, and you find yourself powerless before them. They have defied the true majesty of the country, its whole people. And have you still the vanity to suppose that, with powers so properly restrained and circumscribed as yours, with strength, gigantic as it may be, bound and shackled in the massy fetters of the Constitution, you can bend to submission that which has defied the untrammelled might of the body from whom you derive the whole of your strength? But grant to yourself, if you please, power as extensive as you can well imagine, the laws of nature must be yet stronger than you, and these the banks, as constituted, will always be enabled to bring in conflict with you; nay, even to induce your own masters—those in whose breath you live, and move, and have your being, to array themselves against you for that brief and critical moment which embraces the main issue of such a struggle. For example: by extensive discounts and emissions of its paper, a bank may create such a demand upon its specie funds as to sweep them in a moment beyond your reach, and thus anticipate any process of seizure you could possibly devise, and leave nothing for you to reach but irredeemable paper. Nay, even with issues at the most prudent rate, it might find its interest in the expenditure of its whole specie in the purchase of stocks, or other paper, not immediately convertible, and with the innumerable agents it could command, in the most secret manner convey it away while you were demanding payment, and thus foil you by that inflexible law that impossibilities can be wrought by no man; that payment cannot be forced from him who has parted with the means of payment. But grant that the specie remains in the banks now, and its managers should deem it inexpedient, as now, to use it in the fulfilment of its engagements; by the use of no other art than that already so successfully practised, by interweaving with its own pecuniary interests of the vicinity in which it might happen to be placed, it could cause every member of that community to spring forward as one man in its defence, and manly bosoms and warm hearts excited and misled for the occasion, would present a living wall, over which you would not pass, if you could, to get at the insolent corporation defying your just claims. Did you not hear the Senator from South Carolina over the way, telling us a few days ago of the ramifications, not of the branches only, but of the roots also, of these institutions, penetrating as those of a tree do the natural soil, the whole ground of individual interest; tearing and subverting it whosoever they are touched? What then must you expect when you shake them for fruit, whether full or empty? What agitation, what commotion, what confusion, will not make, when time shall have given to these roots a yet wider spread and a firmer hold? When you have fixed chains upon the viewless winds, and dragged them in triumph at the wheels of your chariot, then may you find the power of controlling corporations, after you have trusted them, without violating and trampling under foot principles held sacred in the hearts of the American people.

You stand in an attitude with these corporations, like that of a man who is engaged in strife with a woman; he may have the physical power to subdue her in a moment, but there are moral barriers stronger than any brute force, which surround and protect both the one and the other, and secure to them the victory in every contest. A wise man carefully avoids placing himself in the dishonorable and unprofitable belligerency before mentioned, and there is a similar chapter for us in the book of prudence. Neither will your boasted machine of a bankrupt law, such as has been proposed, avail you in the strife. It is not often that I differ from the Senator from Missouri, or the present Chief Magistrate of the nation, but I am compelled to say that, according to my present belief, no such bankrupt law as the one proposed, can be constitutionally passed. Congress has power, under the Constitution, to establish uniform laws on the subject of bankruptcies throughout the United States; but its power is limited to the passage of uniform laws. It admits of very grave question whether any law can be considered uniform which is limited to particular classes of such persons as may be the subject of it. I know that it is insisted that bankrupt means *ex vi termini*, a broken bank; and perhaps that may have been originally the sole use of the term; but I am induced to believe that in the construction of language we must take the one we now speak, as understood by those from whom we have derived it, our Anglo-Saxon ancestors. At any rate, we must look to the signification of language at the time it was used in the instrument to be construed, and we well know that at that time, all persons who dealt on credit were held to be liable to bankruptcy; and, unless all such persons were made subject to the law, it might well be questioned whether it is uniform. But even if we allow that a law would properly be called uniform which contained the same provisions for every State in the Union, still, being a debatable question, it would excite the public mind, and in favor of the banks the law would be rendered powerless by public opinion. This, then, is a mechanical power upon which you cannot rely, and none other is left to aid you in coercing the will of those corporations to the performance of duty.

I have thus suggested some of the objections which present themselves to my mind, to two of the plans; and the question may be asked, and it is proper it should be answered, whether any of them apply to the third and only remaining alternative measure? and my response is, no. It is not, like the United States Bank, at war with any declaration of public opinion. To that ordeal it is yet to be submitted, and I am well content that it shall be brought to so just a standard, and that it shall be pressed no longer than it is found in accordance with it. It has no hostility from the Executive to encounter, for it is his own offspring, and he stands pledged to give it a fair chance for existence. It implies the assumption of no powers not clearly granted by the Constitution; and whether expedient or not, is the only question for which, I trust, before I have finished, I shall have succeeded in making at least a show of probability. It has never failed; for, so far as this Government is concerned, it is yet a matter of trial, and we are doomed to hear, in relation to it, the cry of *experiment! experiment!!!* until the ear aches with the sound. Like every thing human, it is liable to mal-administration, and of course to failure; but it carries within itself no principle of inevitable fallibility like the banking system. Scattered as your treasure will be, under it, from one end of the continent to the other, it will not be likely to meet with any coextensive agent of destruction; and, although some inconsiderable rill may be dried up here and there, the great river of your revenue will be supplied from others, and flow on copiously and freely. Times of difficulty will not disappoint you in the use of your fund in hand, for it will be in the solid metals—the most unchangeable and indestructible of sublimity things—and therefore so fitly chosen as standards of value. Being in the hands of the immediate agents of the Government, no party combination can be strong enough, without an actual revolution, to divert it from the use to which the people, through

their constituted representatives, shall think proper to direct its application, and thereby subject those representatives to other domination than that of the will of their constituents, constitutionally expressed. Neither can any great difficulty be interposed by those who may be your depositories, in the way of delivering it up. There will be no middle man to stand between the actual custodian of the money and responsibility; there will be no community to back him in contumacious refusal to comply with his duty; no real or fancied inability to meet your demands can be offered in extenuation of neglect; no honest men unconsciously enlisted by interest, by gratitude, by innumerable insidious appeals to ardent natures, be induced to step forward, and oppose their loyalties to the execution of the laws. No party spirit can be rallied in behalf of the delinquent. No shout of party triumph will be heard to animate his soul to bold defiance; but he will stand alone, a conspicuous mark for that approbation which fidelity is sure to win, or the sober condemnation which is as certainly visited by enlightened public opinion upon a faithless or factious public servant.

The plan is recommended to us by its simplicity, according, in this, with the whole genius of our institutions. One main object of our political forefathers was to deprive Government of all that mysticism with which kingcraft had invested it. It was intended that our system of government should be so simple that every citizen (as all take part in its action) should be capable of comprehending it; that whosoever could read, or hear read, our excellent Constitution, should understand its meaning, and be able to judge of the fidelity of those to whom its administration was committed. The simplicity of this plan, then, is in beautiful conformity with the rest of the system of which it is intended to constitute a part.

But it has the decision of time in its behalf. For aught we know to the contrary, it has been substantially the practice of all Governments, except our own, up to the present day. To various modifications it has doubtless been subjected; but even in England, a wide space is kept between the Exchequer and the bank.

The perfect accessibility of the Government to its proper funds is a circumstance against which it would take much to weigh with any prospect of overbalancing it. Yet objections have been urged to the plan, and it is proper we should consider them. And first, it is said the revenue will be exposed to speculation much more than it is at present. Why so? It is pertinently asked by the President in his Message, do vaults become less secure in a Treasury Department than when located in a banking house? And it might have been also asked, do men change their natures less from becoming officers in a bank than in the employment of the Government? Surely, the same securities can be provided in the one case as in the other. Nay, is not the advantage on the side of the Government? There is no limit to the penalties you may impose upon an unfaithful public agent. You may bind him hand and foot, and cast him into the most loathsome dungeon; and if that be not enough, you can doom him to a felon's death, fasten upon him a stigma which will not leave him even in his festering shroud, but cling with relentless hold to his children after him. It is true, you can not make men honest by legislation, but you can make it so obviously their interest to be so, as to enable them to overcome the temptations which beset them. It is the hope of escaping detection, for a length of time, and thereby increasing the probability of escaping altogether that most commonly sustains men in the perpetration of deeds of fraud; but in the present admirable system of accounting with the Treasury of the United States, detection would be likely to follow so soon upon the commission of the offence, that little inducement would be found to engage in it. If it is to be received as a settled truth, that men cannot be trusted with money under any of the sanctions which the law is able to impose for its safe keeping, we may as well make up our minds to abandon civil society at once as an impracticable absurdity. But the Senator from Virginia insists that experience is against us, and cites an instance from his own State, where high character and reputed integrity in the officer, had

not been sufficient to protect the public treasure; but instances might likewise be cited, were I disposed to do so, where defalcation had taken place where it was the custom to make deposits in a bank, which custom was enforced by law. There is less danger it is said to the public under the banking system, although the stockholders may be exposed to the losses which would have otherwise fallen upon the Government. In answer to this, I say, in the first place, there never has yet been a winding up of the transactions of the Government with the banks, so that it is impossible to say what have been its losses; but granting the position to be correct, I answer farther, that in a national point of view, one evil is nearly as great as the other. But after all, the same officers whom you are now required to trust with the collection of the money, and whose honesty must, of necessity, be subjected to that test, are those who under the plan proposed would be its depositories, and but little additional demand would therefore be made upon their integrity. Yet, for the sake of the argument, let it be conceded that each particular portion of the public Treasury would be subjected to some additional hazard; it seems to me, altogether indisputable that the aggregate would be infinitely less exposed to be lost, or rendered useless; and who is there who would not be willing to put a portion of his estate in greater hazard, to render the balance more secure, or even to make an absolute loss by paying an insurance? This consideration alone is, I think, altogether sufficient to dispose of the argument.

I am glad to find that no gentleman has in debate seriously relied upon the additional expense to which the sub-treasury system, as it has been called, would subject the nation; but it has been adverted to in the newspapers, and we may perhaps yet hear it on this floor. It is shown to be very inconsiderable; and, even if it were much greater, the advantages proposed are nothing if that expense, in being weighed against them, would not be as a feather to a pound weight.

The Senator from Virginia objects to the plan proposed on account of its tendency to produce another charter for a United States Bank. In the depreciation of such a result, I will most cordially unite with that gentleman, but I differ with him altogether in his anticipations of the *modus operandi* of the two plans upon the public mind. I can see in the plan to which he clings with so much tenacity, the most direct tendency to the re-establishment of that institution so odious to us both. Let the maxim once be settled that the fiscal concerns of this Government cannot be managed without bank agency, and the blade of wheat does not more certainly spring from the grain deposited in the earth, than a United States Bank will spring into being from that maxim. Every one must see, every one will come to see, that if this bank agency be necessary, a bank deriving its existence and form, and the law of its action, from the Government which uses it, must possess advantages over every other, and the Constitution will be moulded to meet this conviction. But the direct tendency of resorting to an independent treasury, will be to impress the public with the belief that the Government can manage its affairs without a bank. If the plan operates successfully, this belief will gather strength from day to day, and anti-bank habits become established, while these institutions, deprived of the stimulus which the Government deposits have ministered, will gradually diminish in number until they become apportioned to the real commercial demands of the country. At the worst, should our scheme fail, it will merely bring us back to the position that bank agency is necessary for conducting the fiscal concerns of the Government, and we shall only have reached that degree of approximation to a United States Bank at which the Senator from Virginia sets out.

It is objected to the plan proposed, that it will increase Executive patronage. With a certain class of politicians, this has been a matter of vast alarm, and they have become so much accustomed to associate with this expression certain most deplorable incidents, that they can never hear it without having this horrible array presented to their imaginations. Now men are exceedingly prone to mistake names for things; and although there is

something very imposing in the name of patronage, yet I am vastly mistaken if the Executive patronage of this Government is not to him who wields it, a principle of weakness rather than of strength. For every one on whom it is in his power to confer an office, ten greedy expectants are disappointed, and feel that some great personal merit has been overlooked in them, or some important service ungratefully forgotten. How can one admire and support the man who has so little discernment as to be blind to one's merits, or so little heart as to be insensible to the zeal and devotion with which one has advocated his cause? And what is still worse, it is by no means certain that the prizeholder will be true to his allegiance. So far as my experience goes, in a large majority of cases, a man no sooner receives an appointment than he becomes adverse to the administration from which he received it. This, at the first blush, may seem a little remarkable; but our wonder diminishes when we advert to the deceitfulness of the human heart, and find how large a portion of it is in the quiet possession of personal vanity and pride. Generally speaking, the incumbent has reached the acme of any reasonable expectations he could form, and hope, therefore, no longer keeps him steadfast with promises for the future; there is nothing then but the fear of removal, and this power of the Executive is watched by the public with so much jealousy, that few are willing to exercise it without some apparent and satisfactory reason. The mere change of political opinion will seldom do for a reason, and is therefore seldom relied upon. The danger, therefore, is just enough to enable a man to take credit to himself for great independence, who can say, "You see I am an office holder, but that does not hinder me from differing from the Government, and finding fault when I see occasion." And what is there human with which one cannot find fault who has fame or any thing else to gain by so doing? But, granting that the patronage of the Executive was an available means of increasing his partisans, how much more efficient could that means be rendered through the instrumentality of the banks, than when brought directly to bear upon the individuals who might be applicants for office, as is urged, with great force and propriety, in the President's Message. But this brings me to a view of the subject, startling in the highest degree, in the contemplated continuance of the league of banks in connection with the revenue of the country. At present, the President and the money power of the country are in opposition, and happy will it be if they always remain so. But do you not see that the system proposed will have the tendency, in the end, to bring them to co-operation and alliance? Parties in this country may be subdivided as you please, but the grand distinction at last is that between those who are in favor of a strong and splendid central Government, absorbing all the sovereign powers once possessed by the States, by the most liberal and enlarged construction of the Constitution of the Union, and those who are in favor of a limited and economical Federal Government, exercising no more powers than those expressly conferred by the Constitution, and leaving all beyond to be exerted by the States. To the former of these, the mercantile classes, comprehending nearly all the moneyed power of the country, will generally be found to belong, and if you want a proof of this, you will find it in their habit of looking up to this Government, as the great *parens patrie* in all emergencies, as on the present occasion. Accustomed to handle large sums of money, which they accumulate without much bodily toil, living in ease, and splendor not enjoyed by any other large class of community, the common principles of human nature incline them to aristocratic feelings. From whence, I pray you, is the failing aristocracy of England replenished, but from the mercantile classes; acquiring by their wealth, consequence, and purchasing therewith baronial estates, the title in some way or other frequently follows. From the beginning of history to the present day, merchants have become princes, and constituted the aristocracy of their respective countries. Now one of the dangers to which our institutions are exposed, and that of which many politicians feel or affect to feel the greatest dread is, from Executive usurpation, ending in the assumption of regal, imperial

or dictatorial power. To this, while the moneyed power of the country is adverse to him personally, it will present a most formidable barrier, and in its bold struggle in defence of its own liberty, will secure that of the whole nation. Who contributed so much to curbing the regal power in England, and placing the liberties of the people upon a firm basis, as the merchants of London? Mankind must ever be their debtor for their noble efforts in favor of free principles. But a President who would desire to make himself a monarch would seek to surround himself with an aristocracy devoted to his will; and where would he so naturally seek for one as in the moneyed power of the country? while, at the same time, by using it, he would be disarming the very opposition to his plans from whom he would have most reason to fear a defeat. But, stopping far short of that, in the nature of things, we might suppose the Executive of the country well disposed to give vigor to the central Government, and an union between him and the moneyed power of the land would, in the pursuit of such common design, go very far in its accomplishment. I believe the strife between the two great parties in this country one of the best securities for the liberties of the nation, and I do not desire that it should ever cease. Nature and art, in all their operations, proceed upon opposing to each other antagonist principles; the ship makes her way towards her destined port by means of the antagonistic action of her rudder and the wind; and the wise politician in this country will not desire to see an union of interest between the Government and its great moneyed power. Rather let them be kept in direct opposition, and never let them be brought into united action.

Another objection which has been urged against the plan under consideration is, that it would be a virtual surrender to the Executive of the purse; and the old cry is raised of the union in the same person of the purse and the sword. Upon this point I have only to say, if it be so, it is the fault of the Constitution itself. By it, only three classes of public agents are recognised—the executive, the legislative, and the judicial. The latter is out of the question so far as the present matter is concerned, and, as respects the legislative, it is sufficient to say that it was never intended its sessions should be perpetual; and when those sessions are dissolved for any purpose of immediate action, the Legislature has no existence. Mean time, the treasures which it has raised must be in the custody of some branch of the Government; and, from what has been already said, this can be the Executive only. No fourth estate, no bank power, is created or recognised by the Constitution for this purpose, and its provisions are only fulfilled when the revenue goes into the hands of the Executive; But, under the name of the Executive, it is the President only who is pointed at in the expression of fears for the possession of the purse. And why should such fears be entertained? The President would be as far removed as now from any personal contact with the public treasure. The machinery is now in operation, (and, if it requires improvement, so let it be done,) by which the public treasure is to be received and paid out; and the hand of the President could not control a dollar, except for purposes prescribed by law, without committing a burglary or a great public fraud. There would be at least two persons between him and the public money—the Secretary of the Treasury and the Treasurer—and it would be, I should think, a violent presumption, and one little creditable to us as a people, if one to whom we have confided so high and dignified a trust as the Presidency of these States could be guilty of a burglary or a great public fraud.

The Senator from Virginia has appealed to the wisdom of past ages, and meekly offers to subdue the dictates of his own judgment to their decisions; and, amongst others, he refers to the great apostle of liberty, Thomas Jefferson. The opinions of that distinguished man upon political subjects have always, with me, the greatest weight, and I think it will be found, that whenever in a situation to express his own deliberate convictions upon this important subject, they have uniformly been in our favor.

As a member of the first cabinet formed under our Constitution, he recommended a plan similar

to ours to President Washington, and in a comparatively recent letter written upon this subject, his sentiments are all with us. I will take the liberty of reading a portion of this letter to the Senate, and I will read the more of it because some few sentences have a bearing upon a subject discussed a few days ago, relative to the issue of treasury notes. (Here Mr. S. read from the fourth volume of Mr. Jefferson's works, letter the 90th, to John W. Eppes, which is published as an appendix to this speech. When Mr. S. had finished reading, he proceeded.) I have thus, Mr. President, read from this letter, for the double purpose of showing Mr. Jefferson's views upon the matters in question, and of fortifying myself with his authority in an opinion expressed by me some time ago, that the banking system, as now practised in this country, is a manifest absurdity. I have now closed all that I have to say upon the matter under consideration, as touching merely the fiscal concerns of the Government, and will proceed to bestow a few reflections upon them as affecting the currency of the country, and its commercial prosperity.

I am next, as briefly as possible to consider the subject as relates to the currency; and upon this point, I agree fully with the President that there is no constitutional power in Congress to regulate the paper currency of the States. The Constitution truly has given the power to Congress to coin money, and regulate the value thereof, and of foreign coin. The power conferred then is over coin only; and whatever verbal disagreements may have arisen among us, no one, I presume, will contend that any species of paper money is included under the term coin. So much for the letter of the Constitution; and the spirit of it, I think (if gentlemen will insist that it has a spirit) is equally against it. Any one who will examine its various provisions, cannot fail to perceive that its wise and sagacious framers looked with the most jealous eye upon a paper currency, and fixed their hearts upon the precious metals, the as only proper circulating medium for this great Union, as sanctioned by public authority. To the General Government no power was given (and as the history of the time shows us, was purposely withheld) to create corporations without the District, where its legislative power is absolute. The same power never having been taken from the States, (as has been expressly decided,) was left to them within their respective limits, and all of them have exercised it. To them, therefore, it belongs to regulate, if they can, these creatures of their own hands; certain it is no power is conferred upon us by the Constitution to do so. It is contended, however, that although we have no direct power to regulate the paper currency of the States, we may do so indirectly. I admit that if in the pursuit of our legitimate objects we should incidentally adopt measures affecting the currency, we shall not be subject to blame, and if they affect it beneficially, so much the better. But we have no right, under the mere pretence of furthering an object placed by the Constitution within our control, to be aiming in fact at the regulation of another not so placed. It is a fraud upon the nation, upon our constituents, and ourselves. Such was the process by which the odious, unjust, and unconstitutional measure of a tariff for protection was fastened upon us, in the resistance of which a portion of this Union was placed in hostile attitude against the remainder. Akin to this is the proposal of imposing a stamp duty on all bank notes below a certain denomination, and all other measures for the potential exercise of powers that we cannot openly claim.

But if you had the constitutional power, you have not the physical power, to control a currency furnished by corporations. I have already made myself intelligible, I trust, upon that point, and shown that a bankruptcy law, the most probable means of control, is not within your reach. The plan proposed by the Senator from Virginia is altogether inadequate; it wants both vigor and quickness of action, and in my judgment he might as well attempt to sweeten the bitter waters of the Dead Sea, by dropping in lumps of sugar, as to infuse health and soundness into the diseased paper circulation by his feeble process. It can only operate upon those banks who agree to receive your deposits, and whose paper you agree to receive in



the payment of public dues. The notes of banks issuing small notes will either be taken by them, or they will not; if they do take them, they become as current as their own, and have within them as many principles of currency. If they do not receive them, they will still be current, and the more so, as the banks in league with the Government will be removed from competition in the small note circulation. The argument of the Senator from South Carolina who sits near me, was misunderstood by me, or it has been misunderstood by others, with regard to the currency of bank notes. He has been supposed to have said, that bank notes owe their whole currency to their being receivable in debts to this Government. I did not so understand him, and I do not admit the truth of the position. They unquestionably owe the larger portion of their credit to this cause, but then they derive a good portion of their credit from their being receivable in debts to the State Governments—to the confidence which many will always have in the institutions which issue them—to the established custom of the country which has rendered them current—and to the eagerness with which every thing at all akin to money is laid hold of when offered, lest nothing better may be presented, and the chance of getting even that pass away. These considerations will continue long to sustain the circulation of small notes, and many banks will find it too profitable to issue them to be tempted by any prospect of gain which you hold out to them in the plan of the Senator from Virginia to abandon it. Add to this, that while you continue your connection with banks, you will never accomplish one of the great purposes of legislation—public repose, and quiet. What we now do, ought, if possible, to be well done; and it is far more important than that it should be done hastily. In your partnership with the banks they will always find subjects of complaint against you, make one concession the ground of right to demand another, and whenever refused raise a clamor which will excite the elements of political strife from one end of the continent to the other.

I have said that it does not belong to this Government to regulate credit and paper currency, and I insist further that if this were an absolute, unlimited Government, it would be expedient for it to interfere as little with such matters as possible. In the first place it is a subject to which nature herself has furnished laws, a few of which are simple and well understood; but many of them are very occult, and scarcely perceptible, and the most sagacious mind is incapable of foreseeing the result even of a few of their combinations, and must therefore act with great rashness in meddling unnecessarily with matters in which great evils may be produced in the end, without any well-founded confidence of advantages in anticipation. The most enlightened writers on political economy, in modern times, denounce the ignorant quackery which formerly shackled trade with multifarious laws and regulations, and have discovered that freedom is her element. Every attempt to control her, diminishes her freedom; and those who are now beseeching Congress to take her under its special charge, would, if their prayer were granted, ere long discover, that when trade lays herself at the footstool of power for protection, she has deserted her native element, has voluntarily torn away the plumage which sustains her in her prosperous flight, and having become faint and languishing, will sigh vainly for the return of her health and buoyancy. We are told too of the value of credit and its connection with freedom; and if I may be allowed to refer to a letter made public some weeks ago, coming from a high quarter, I will take the liberty of saying that a clink of words, and apparent beauty of sentiment which it contains, is calculated to bear away the public mind to wrong conclusions. It is there said "that credit distinguishes the free Government from the despotic," and the connection in which the expression is used, would lead one to suppose that the truth of the sentiment implied that to keep a nation free, you must maintain credit; whereas the real beauty of the remark is found in the truth being precisely the other way. You can not make a nation free, by giving her credit,

but you can give her credit, by making her free. Let us not mistake the relationship of freedom and credit; it is not collateral, but lineal; and it is likewise important that we should not mistake the child for the parent. Credit is the offspring of freedom, and not freedom the offspring of credit. God forbid that I should be an enemy to credit; but I am desirous to see a natural, spontaneous credit, resting upon a sound basis; not a spurious, factitious credit, swelling like a balloon, with nothing but wind—as buoyant and as frail. You cannot legislate credit into healthy existence; but in the attempt to do so you may give it temporary plethora, destined to end in apoplexy and death. Credit is most delicate in its nature, and few hands are gentle enough to touch it. The slightest causes elevate or depress it. Its extreme sensibility is strikingly illustrated by a passage in Roman history, which now occurs to my mind. It was during what is called the piratical war, or the war against the pirates. Provisions at Rome and in the surrounding country had become extremely scarce, and could only be had at enormous prices. The supplies for the army and navy were nearly exhausted, and there was but a cheerless prospect of having them renewed. At this crisis, the Senate resolved to appoint Pompey the Great generalissimo of the expedition against the pirates, merely in reference to his military talents and successes; but strange to tell, prices immediately came down, and provisions were abundant. Here, then, was a cause instantly and powerfully affecting prices and credit, which no one could have foreseen; and yet the writers of the day assure us it is so. And is it possible, while this Government remains so intimately connected with the paper currency and credits of the country, that it can fail greatly to affect them by every movement? Like a great giant, it has only to move one of its mighty legs or arms, and all the elements around it are immediately thrown into convulsions. This dangerous juxta-position, therefore, ought to cease—so embarrassing to the Government and threatening to the paper currency and credit. No matter how urgent the necessity may be in other respects, Government must move with caution, or not move at all, lest she may derange the currency; or, if looking solely, or even mainly, to the constitutional ends of its creation, it does act, the air is immediately rent with cries of distress, and the Government is told it has done the mischief and must repair it; that it must bind up the wounds of a bleeding country; nay, and pour into them oil and wine, too, from the Treasury. Such was the outcry on the removal of the deposits; such upon the refusal to recharter the United States Bank; such upon the issue of the Treasury circular; all of them measures strictly political, and adopted with reference to the action of the Government as such; but complicated as it had become with the paper currency and credits of the country, nothing should have been done, every thing should have been left undone, it is said, which, in the end, happened to affect them. What remedy is there for this evil but the disconnection proposed?

But although the Government, whether united or not to the banks in her fiscal operations, can do but little legitimately towards regulating their paper currency, she can, by that union, do much to inflame the evils, and by so doing, work much injustice. She can by that union greatly increase the credit of those institutions, and give a wider circulation to their paper issues, and in this way increase what are called mercantile facilities. The Senator from South Carolina has illustrated this matter by a figure so strong and forcible, that it could not fail, I think, to have brought conviction to all who heard him. Yes, sir, take the beggar from the street, and stipulate with him that nothing but gold and silver and his notes will be received in payment of debts to this Government, and Cræsus himself was never richer than he would instantly become.

But what right have the merchants or the banks to make a profit upon the Government funds, to the exclusion, or nearly to the exclusion, of all other classes? It is vain to set up the plea that the benefit of one class is the benefit of all; for the same plea is equally applicable to any act of inequality

and injustice, however monstrous. Every one knows that bank stockholders are mainly confined to a very few classes, and it is those who make the profits upon the public funds while in the custody of banks. Tell me not that by expansion of the currency, the farmer and the laborer obtain better prices for their produce and their labor. Nominally it is so; but they must, in at least an equal proportion, pay for what they consume; and of those who are fortunate enough to lay aside any thing above their actual expenses, the ordinary subjects of their investments increase in nominal value with the expansion of the currency, and they hold them liable to all the fluctuations of that uncertain element, rendered so entirely for the profit of others. But leaving, as time compels me to do, the inequality of its operations upon individuals, how much more unequal is it in its local operations? Where are the banks? In mercantile communities. Where are our mercantile communities? With a very few exceptions, in our northeastern country. There, not only the bank stockholders and merchants, but all who are near them and around them, partake of the benefit in some degree, as the plat of ground which lies near a stream, although the prolific shower may not fall immediately upon it, is yet refreshed and fertilized by the moisture diffused through the atmosphere. Why is it that plenty and prosperity rest on the bleak and barren hills of the north, while the sunny and alluvial valleys of the South are daily becoming more and more impoverished? What is it but the result of the partial and unconstitutional system under which we have been living? In vain does the Constitution declare that taxation shall be equal, if, when collected, some favored regions are to be fostered and enriched by it, while others are left to struggle on, worse than neglected, with no other benediction but that of nature.

As a sort of balance to this argument, the Senator from Indiana, who has just addressed you, insists that the effect of collecting the Government dues in gold and silver will be to drain all the specie from the West, as little or none of the public expenditures will be in that quarter. Now, I am at issue with that Senator, both as to the fact and the inference he draws from it. I do not agree that the public expenditures have not been in greater proportions on the Mississippi than on the seaboard. If I am correctly informed, more money has been paid to the Indians for extinguishing their title to the lands in that Senator's own State, than the whole are worth; and I remember that no longer ago than last winter, I myself rose in my place, and protested against the whole of the public funds being swallowed up in the great valley of the Mississippi, so large were the appropriations in that direction. Doubtless ample expenditures will be made in the West. But whether or not, if they have demand for specie in the West, thither it will go; and if it does not, it will owe its exclusion to the bank paper which the western people will themselves think proper to substitute for it.

The Government, I have already said, can not continue her connection with the banks without stimulating them into fictitious credit, and increasing the tendency to commercial and speculative enterprise, which is already great enough, Heaven knows, and subtracting from the laboring and productive classes, the real bone and sinew, the true human *matériel* of the country. This is too obvious, and the mischief too great, to require elaboration. But besides this, extravagance will be the natural offspring of the system. We have already seen the tendency of this evil to increase; and increase it will under the continuance of the system, until republican simplicity will be annihilated among us. Extravagance, and its companion, idleness, were the overthrow of all the ancient republics; ay, and of the modern ones too; and little San Marino shines forth a phenomenon for admiration, saved from the wreck which has overtaken others, by her poverty and parsimonious economy.

The union of the Government with the banks is calculated, I have said, greatly to influence the natural evils of the banking system. Some of them I have already mentioned; but one remains for me to advert to, not among the least, if not the very

greatest. This is, the mischief of sudden expansions and contractions. To this mischief no one can be insensible, for all have in one way or other felt its force. It has a tendency to make us a nation of gamblers, by the constant stimulus to that spirit which finds a place in almost every bosom, from the savage to the sage, and which it is one of the great objects of a wholesome education to subdue. But the frequent and sudden reverses to which every man is exposed, of being rendered a nabob to-day by an expansion, and a beggar to-morrow by a contraction, must in process of time engender all that loose morality which characterizes the professed worshippers at the shrine of fortune. Such is the effect upon holders of property; and upon the laboring man it is, if possible, still more baneful; for him there is no hour of prosperity, but he suffers greatly, if not equally, both in the ebb and flow of the tide. In a contraction, money of course becomes scarce, and the laborer, whose only commodity is his labor, is compelled to bring it daily into the market, and take whatever price it may command; while the holders of provisions, less limited in point of time for the conversion of their commodities into money, hold them back, not willing to submit to the diminished prices, and in the meantime the laborer must starve, or buy at the price demanded. On the other hand, when an expansion takes place, and money becomes plenty, labor is the last thing to find the level. The continual necessity which the laborer is under to bring his commodity into the market, prevents any competition in demand, and it is not until the general spring which is given to enterprise has opened for it new resources, that an increased demand for labor makes an increase in price. In the meantime the laborer must purchase those commodities upon which speculation is most apt to seize—the necessities of life. It is impossible for the Government to remain connected with the banks without contributing to this mischief, for when the supplies exceed much the necessities of the Government, they must lie in the banks, whose directors must resist the strongest, or, at least, most general passion of the human heart—cupidity, if they suffer them to remain unused, and in using them, an artificial expansion of the currency is, of course, created. On the other hand, when the Government shall find it necessary to make heavy drafts upon the deposit banks, a great contraction is the inevitable consequence. These are evils which the Government cannot prevent, but she should abstain, as far as possible, from exciting them; and this she can do only by disconnection.

These evils, if they go on to increase, as they must and will do, if the exciting causes are continued in action, and no exciting cause is equal to the union of the banks with the Treasury, will, in the end, bring upon this country a pecuniary catastrophe which it is frightful to anticipate; and so strong, in that event, will be the revulsion of public opinion against them, that their real capacity for utility will be overlooked, and the whole of them cast away among the lumber of past ages. In this view, no sincere and enlightened friend of those institutions should desire a continuance of the imprudent connection. But the separation will not be merely negative in its effects. It will create a demand for specie in this country, and water does not more certainly follow the ditch you excavate below the level of a pond with which you connect it, than specie finds its way wherever a particular demand is created. This specie will naturally flow at first into the banks, and, widening their specie basis, give them additional strength: their notes will still supply as much as ever the ordinary channels of trade, whilst their specie, having no tendency to emigration, will only be drawn out as the Government demands shall accrue. But when thus drawn by the Government into the Treasury, it will not remain there in large quantities, but, being required only for the payment of the Government creditors, will thus, or the greater portion of it at least, be thrown again into circulation by those creditors, (who are seldom hoarders of money,) and gradually find its way back to the banks, to be again drawn out in redemption of their notes; repeat the process of going to the Treasury, to be paid out again to the Government creditor, and be

by him thrown into circulation, to return once more to the banks. This rotation must have a healthful operation upon the currency, and upon those who supply it; and, in addition to this, it will have a tendency to prevent that great aggravator of other evils—banking upon bank paper; for the demands then made not being confined to bank upon bank, cannot be met by the mere presentation of other bank paper; but every bank being liable to be called upon with a considerable portion of its notes for specie, must keep itself prepared to meet them, and must regulate its issues accordingly. Another advantage to the banks, by no means inconsiderable I think, resulting from disconnection, is, that their own operations would be greatly simplified and their perils diminished. No unlooked for treasure would flow in upon them in deposits, demanding some provision for its use, and thus disturbing the even tenor of their course. No sudden demand for what had been deposited would put them at their wit's end for the means of returning it; but, pursuing a regular system, not subject to such unforeseen fluctuations, they would accomplish legitimate, just, and praiseworthy objects—the realization of reasonable profits, with safety to themselves, and convenience to the community.

To these advantages some objections are opposed; and here I must be allowed to say, that from the high-minded, honorable and talented Senator from Virginia, an argument has proceeded, which I am surprised to hear upon this floor, and especially from him. I have seen it among the newspaper slang of the day, to which I had thought it adapted. The Senator from Virginia disclaims it as an *argumentum ad captandam*. I believe him sincere. I am persuaded he did not so intend to use it. But after all it can claim no higher rank. It has a specious acceptability to the popular ear, but embodies no element of sound argumentation. It is, that, by the adoption of the system proposed by the committee, with the amendment offered by the Senator from South Carolina, one currency would be provided for the Government, and another for the people—the better for the former—the inferior for the latter. I am sickened and amazed at a practice recently but too fashionable, and upon which my colleague has already so properly and forcibly remarked, of treating the Government as something alien from the people. What is the Government, and who compose it? Is not the Government a mere agency created by the people, for certain specified purposes—a perfect nonentity beyond those purposes? Is it a thing which can have interests separate from the mass of the people? Are not the individuals in whose persons this ideal existence is temporarily incorporated themselves portions of the people? and are not the interests which they have in their national existence, as a portion of the people, infinitely beyond any separate one they can possibly claim for the brief hour in which they strut and act their parts upon this elevated stage? This is the people's Government; it exists but by their will, and when they have done with it, or it acts in opposition to that will, they can dissolve it as by a breath. Resistance on its part would be as vain as that of a school boy with a reed to a Roman soldier in full armor. Government can have no interests but those of the people; but the people themselves have interests as a body politic, and they have interests as individuals; the former mainly are committed to us, and the latter to the respective States. But how, I pray you, upon this imaginary division of interests, is there proposed by the measure a sounder currency for one than for the other? Does the gentleman admit that the paper money is inferior in value to the gold and silver? If he does so, is not the admission *felo de se* to his proposal—which is defended, if I have understood him, upon the ground that paper is not depreciated, and can be saved from depreciation, and is therefore equal to gold and silver? And, between equal things, how can the terms better and worse, inferior and superior, be applied? But I do not admit that they are equal; and it is mainly upon the ground that they are not equal, and—although men may so imagine—that they can never be really so, that I am opposed to this scheme. For the people, as individuals, I have

no right to legislate, and I therefore leave them in the enjoyment of their birthright, to take what they please, and call it money. But for this Government, Congress has a right to legislate; and I esteem it, for one, a part of my duty, as a portion of that body, to demand for the people, in their political character, the currency which the Constitution acknowledges; the currency which admits of least fluctuation; the currency which the public creditor has a right to demand, and that which can be collected and disbursed with least injury to the public. But, in pressing the argument, it is said the public creditors, while thus nominally receiving their stipulated dues, are in fact receiving more. Which, I pray you, is the standard of value—gold and silver, or paper? If the latter, it is idle to argue; and if the former, I would further ask if it is not in that you have promised to pay them? And if so, is it a ground of complaint that you have fulfilled your engagements? If you paid the public creditor by force in paper, he might well complain that you had paid him so much per centum less than you had promised; but it never could justly be said, when you paid him in gold, that you had paid him more. But a fancy picture has been drawn of the officers of Government filling their coffers with golden deposits, which they receive in compensation for their services. Is it not a picture merely imaginary, contradicting all truth and experience? It is notorious that public men, both in England and this country, (exclusive of the pension system, which is there in extensive use,) who are dependent upon their compensation, seldom know affluence; on the contrary, that they live from hand to mouth. Every dollar they receive is spent as soon as they receive it, and, such as it is, enters into the general circulation, through their tailors, their shoemakers, their butchers, their bakers, &c.; and, so far from hoarding, they are lucky if they do not of necessity anticipate their means, and plunge themselves in debt; and if the public does not bury them when they die, it is because it will not, and leaves it to private charity to perform that office.

But the time is deemed unsuitable for any change in the measures of the Government. It is said the country is now in great agitation and distress, and we ought to postpone any important change to a season of more quiet and prosperity. Now, sir, it strikes me that the very time for a change of measures is when the country does not seem to be happy under those which are in operation, and that nothing could be more unwise than to make changes when the country was quiet and reasonably prosperous. What would be thought of the physician who, being called to the bed-side of a sick man, should say to him, "My friend, you are quite sick, it is true, but I do not think this the time to give you medicine. Were I to do so, it would irritate your stomach, and throw your system into commotion, and you would probably feel even worse than you do now. For the present, therefore, I will leave you to your chance, and you may possibly die; but should you be so fortunate as to get better, why then I will physic you." Such seems to me to be in substance the argument against present action upon the important alternatives before us.

The wisdom of the past, the practice of our own and other nations, is cited against the plan of an independent Treasury. Our own nation, I believe, stands alone in the intimate connection which exists between the banks and the Treasury; and I have already shown, by the letter which I have read to the Senate, how much our practice is at war with the considerate opinion of one of the most enlightened of our statesmen. In England, too, where the connection is much less intimate than here, many of her wise men do not hesitate to pronounce it, such as it is, injurious both to the bank and the State. In other nations, I believe the connection is unknown.

The measure, finally, is spoken of as being considered a war between the Government and the banks; and this, it is said, is a false issue. I agree, Mr. President, that it is a false issue—a very false issue; so false that I, for one, would never be a party to it. I would never consent to join the Government in making war upon any class of citizens, or any class of citizens in making war upon the Government. In advocating this measure, I

look to the banks as only incidentally concerned. It is a measure of great public interest, and, as I believe, of great public utility. If the banks should happen to suffer by it, I shall regret it; and if they are benefitted by it, it will add to the satisfaction I expect to derive from its otherwise benign operation.

In conclusion, I must object, with my colleague, to the gloomy colors in which the condition of the country has been drawn. Some difficulties, some distresses, there may be; but the great elements of prosperity are yet rife in our land; we have yet the genial skies and fertile soil with which nature blessed us; the flag of our country yet waves proudly in the face of the world, and she may turn, as did the Roman matron, to her industrious, talented, and gallant sons, and as Cornelia did not to her beautiful and virtuous daughters, exclaiming, "These are my jewels." While these remain to her she can never be ruined; never justly complain that she is unhappy.

#### APPENDIX.

I am sorry to see our loans begin at so exorbitant an interest. And yet, even at that, you will soon be at the bottom of the loan-bag. We are an agricultural nation. Such an one employs its sparings in the purchase or improvement of lands or stocks. The lendable money among them is chiefly that of orphans and wards in the hands of executors and guardians, and that which the farmer lays by till he has enough for the purchase in view. In such a nation there is one, and one only, resource for loans sufficient to carry them through the expense of a war; and that will always be sufficient, and in the power of an honest Government, punctual in the preservation of its faith. The fund I mean is the mass of circulating coin. Every one knows that, although not literally, it is nearly true, that every paper dollar emitted banishes a silver one from the circulation. A nation, therefore, making its purchases and payments with bills fitted for circulation, thrusts an equal sum of coin out of circulation. This is equivalent to borrowing that sum, and yet the vender, receiving payment in a medium as effectual as coin for his purchases or payments, has no claim to interest. And so the nation may continue to issue its bills as far as its wants require, and the limits of the circulation will admit. Those limits are understood to extend with us, at present, to two hundred millions of dollars—a greater sum than would be necessary for any war. But this, the only resource which the Government could command with certainty, the States have unfortunately fooled away, nay corruptly alienated, to swindlers and shavers, under the cover of private banks. Say, too, as an additional evil, that the disposable funds of individuals, to this great amount, have thus been withdrawn from improvement and useful enterprise, and employed in the useless, usurious and demoralizing practices of bank directors and their accomplices. In the war of 1755, our State availed itself of this fund by issuing a paper money, bottomed on a specific tax for its redemption, and, to insure its credit, bearing an interest of five per cent. Within a very short time, not a bill of this emission was to be found in circulation. It was locked up in the chests of executors, guardians, widows, farmers, &c. We then issued bills, bottomed on a redeeming tax, but bearing no interest. These were readily received, and never depreciated a single farthing. In the revolutionary war, the old Congress and the States issued bills without interest, and without tax. They occupied the channels of circulation very freely, till those channels were overflowed by an excess beyond all the calls of circulation. But, although we have so improvidently suffered the field of circulating medium to be filched from us by private individuals, yet I think we may recover it in part, and even in the whole, if the States will co-operate with us. If Treasury bills are emitted, on a tax appropriated for their redemption in fifteen years, and (to insure preference in the first moments of competition) bearing an interest of six per cent., there is no one who would not take them in preference to the bank paper now afloat, on a principle of patriotism as well as interest; and they would be withdrawn from circulation into private hoards

to a considerable amount. Their credit once established, others might be emitted, bottomed also on a tax, but not bearing interest; and, if ever their credit faltered, open public loans, on which these bills alone should be received as specie. These, operating as a sinking fund, would reduce the quantity in circulation, so as to maintain that in an equilibrium with specie. It is not easy to estimate the obstacles which, in the beginning, we should encounter in ousting the banks from their possession of the circulation; but a steady and judicious alternation of emissions and loans would reduce them in time. But, while this is going on, another measure should be pressed, to recover ultimately our right to the circulation. The States should be applied to, to transfer the right of issuing circulating paper to Congress exclusively, *in perpetuum*, if possible, but during the war at least, with a saving of charter rights. I believe that every State west and south of Connecticut river, except Delaware, would immediately do it; and the others would follow in time. Congress would, of course, begin by obliging unchartered banks to wind up their affairs within a short time, and the others as their charters expired, forbidding the subsequent circulation of their paper. This they would supply with their own, bottomed, every emission, on an adequate tax, and bearing, or not bearing, interest, as the state of the public pulse should indicate. Even in the non-complying States, these bills would make their way, and supplant the unfunded paper of their banks, by their solidity, by the universality of their currency, and by their receivability for customs and taxes. It would be in their power, too, to curtail those banks to the amount of their actual specie, by gathering up their paper, and running it constantly on them. The national paper might thus take place even in the non-complying States. In this way, I am not without a hope that this great, this sole resource for loans in an agricultural country, might yet be recovered for the use of the nation during war; and, if obtained *in perpetuum*, it would always be sufficient to carry us through any war: provided that, in the interval between war and war, all the outstanding paper should be called in, coin be permitted to flow in again, and to hold the field of circulation until another war should require its yielding place again to the national medium.

But, it will be asked, are we to have no banks? Are merchants and others to be deprived of the resource of short accommodations, found so convenient? I answer, let us have banks; but let them be such as are alone to be found in any country on earth, except Great Britain. There is not a bank of discount on the continent of Europe (at least there was not one when I was there) which offers any thing but cash in exchange for discounted bills. No one has a natural right to the trade of a money-lender, but he who has the money to lend. Let those, then, among us who have a moneyed capital, and who prefer employing it in loans rather than otherwise, set up banks, and give cash or national bills for the notes they discount. Perhaps, to encourage them, a larger interest than is legal in the other cases might be allowed them, on the condition of their lending for short periods only. It is from Great Britain we copy the idea of giving paper in exchange for discounted bills; and, while we have derived from that country some good principles of government and legislation, we unfortunately run into the most servile imitation of all her practices, ruinous as they prove to her, and with the gulf yawning before us into which those very practices are precipitating her. The unlimited emission of bank paper has banished all her specie, and is now, by depreciation, acknowledged by her own statesmen, carrying her rapidly to bankruptcy, as it did France, as it did us, and will do us again, and every country permitting paper to be circulated, other than that by public authority, rigorously limited to the just measure for circulation. Private fortunes, in the present state of our circulation, are at the mercy of those self-created money-lenders, and are prostrated by the floods of nominal money with which their avarice deluges us. He who lent his money to the public or to an individual, before the institution of the United States Bank, twenty years ago, when wheat was well sold at a dollar

the bushel, and receives now his nominal sum when it sells at two dollars, is cheated of half his fortune: and by whom? By the banks, which, since that, have thrown into circulation ten dollars of their nominal money where was one at that time. —[Jefferson's Correspondence, vol. iv, p. 189.]

#### SPEECH OF MR. BENTON, OF MISSOURI.

In Senate, Thursday, September 22, 1837.—On Mr. CALHOUN's amendment to the bill to provide for the collection, keeping, and disbursement of the public moneys, without the agency of banks. Mr. BENTON rose to offer the aid of his voice in favor of the amendment, and in favor of the bill to which it was proposed to be attached. He considered the amendment and the bill as one measure, indissolubly connected in their nature; and that the bill would be of little value, unless the amendment was made. There might have been some difference of opinion as to the time and mode of adopting the provisions contained in the amendment—whether it should be done at this session, or at the next; and whether it should be effected by an amendatory clause, or by a separate bill. There might have been room for difference of opinion on these points a few days ago; but, since the amendment is offered, and opposed, it must be carried, or the bill itself considered as lost. He held the vote upon the amendment to be a vote upon the life and death of the bill; for it will decide whether the principle of the amendment is to become law; and if it is not, the bill becomes nugatory; for what advantage can there be in having separate keepers of the public moneys if they are only to keep the paper promises of the banks? The banks themselves, who hold the thing promised, will still be the real keepers. They will still be the treasurers. They will hold the substance, and our officers will have the shadow. They will have the money, and our officers will have the promise. They can break the promise at any time, and our officers cannot help themselves. State Legislatures may interpose, and the Federal Government cannot help itself. To make this more clear, let it be supposed that this bill, without the amendment, had been the law of the land heretofore, and had been in force in May last, when the banks stopped payment. There were thirty-two millions of public money in deposit with banks at that time, and not a dollar of real money could be got for it. Now, suppose these thirty-two millions had been received by our own officers in the notes of the banks; the result would have been precisely the same; the banks would not have paid the notes; and the acts of State Legislatures would have sanctioned the refusal; for they were just as applicable to notes as to deposits. Not a dollar could have been got upon them. The banks stopped payment on their notes as well as on their deposits. The holder of their notes, and the depositor, were alike repulsed; and thus our treasurers, holding thirty-two millions of their notes, would have been penniless.

The bill is to divorce the Government from the banks, or rather is to declare the divorce, for the separation has already taken place by the operation of law and by the delinquency of the banks. The bill is to declare the divorce; the amendment is to exclude their notes from revenue payments, not all at once, but gradually, and to be accomplished by the first day of January, 1841. Until then the notes of specie-paying banks may be received, diminishing one-fourth annually; and after that day, all payments to and from the Federal Government are to be made in hard money. Until that day, payments from the United States will be governed by existing laws. The amendment does not affect the Post Office Department until January, 1841; until then, the fiscal operations of that Department remain under the present laws; after that day they fall under the principle of the bill, and all payments to and from that Department will be made in hard money. The effect of the whole amendment will be to restore the currency of the Constitution to the Federal Government—to re-establish the great acts of 1789 and of 1800—



declaring that the revenues should be collected in gold and silver coin only; those early statutes which were enacted by the hard money men who made the Constitution, who had seen and felt the evils of paper money, and intended to guard against those evils in future by creating, not a paper, but a hard money Government.

I am for this restoration. I am for restoring to the Federal Treasury the currency of the Constitution. I am for carrying back this Government to the solidity projected by its founders. This is a great object in itself—a reform of the first magnitude—a reformation, with healing on its wings, bringing safety to the Government, and blessings to the people. The currency is a thing which reaches every individual and every institution. From the Government to the washerwoman, all are reached by it, and all concerned in it, and what seems paradoxical, all are concerned to the same degree; for all are concerned to the whole extent of their property and dealings; and all is all, whether it be much or little. The Government with its many ten millions of revenue, suffers no more in proportion than the humble and meritorious laborer who works from sun to sun for the shillings which give food and raiment to his family. The Federal Government has deteriorated the currency, and carried mischief to the whole community; and lost its own revenues, and subjected itself to be trampled upon by corporations, by departing from the Constitution, and converting this Government from a hard money to a paper money Government. The object of the amendment and the bill is to reform these abuses, and it is a reform worthy to be called a reformation—worthy to engage the labor of patriots—worthy to unite the exertions of different parties—worthy to fix the attention of the age—worthy to excite the hopes of the people, and to invoke upon its success the blessings of heaven.

Great are the evils, political, pecuniary, and moral, which have flowed from this departure from our Constitution. Through the Federal Government alone—through it, not by it—two millions and a half of money have been lost in the last four months. Thirty-two millions of public money was the amount in the deposite banks when they stopped payment; of this sum twenty-five millions have been paid over to Government creditors, or transferred to the States. But how paid, and how transferred? In what? In real money, or its equivalent? Not at all! But in the notes of suspended banks—in notes depreciated, on an average, ten per cent. Here there were two and a half millions lost. Who bore the loss? The public creditors, and the States. Who gained it?—for where there is a loss to one, there must be a gain to another. Who gained the two and a half millions, thus sunk upon the hands of the creditors and the States? The banks were the gainers; they gained it; the public creditors, and the States lost it; and to the creditors, it was a forced loss. It is in vain to say that they consented to take it. They had no alternative. It was that, or nothing. The banks forced it upon the Government; the Government forced it upon the creditor. Consent was out of the question. Power ruled, and that power was in the banks; and they gained the two and a half millions which the States and the public creditors lost.

The Senator from New York, (Mr. Tallmadge,) who has just spoken with so much ability, and who is opposed both to this bill and this amendment, has predicated an argument in favor of the local banks on account of the small amount of the public money which has been lost in their hands; but here is two and a half millions in a single operation, and without going back to the period of bank stoppages in 1819 and 1814. He confines himself to direct losses, but that is a most imperfect view of the question. The full view embraces, besides direct losses, all that are incidental to the use of depreciated paper money; increased prices—disappointed operations by sea and land in time of war—and embarrassed operations in time of peace; percents shaved off at every step; the ignorant, the helpless, the necessitous, imposed upon; and one vast scene of pushing off had paper on each other exhibited all over the country.

I do not pretend to estimate the moneyed losses

direct and indirect, to the Government alone, from the use of local bank notes in the last twenty-five years, including the war, and covering three general suspensions. Leaving the people out of view, as a field of losses beyond calculation, I confine myself to the Federal Government, and say, its losses have been enormous, prodigious, and incalculable. We have had three general stoppages of the local banks in the short space of twenty-two years. It is at the average rate of one in seven years; and who is to guaranty us from another, and from the consequent losses, if we continue to receive their bills in payment of public dues. Another stoppage must come, and that, reasoning from all analogies, in less than seven years after the resumption. Many must perish in the attempt to resume, and would do better to wind up at once, without attempting to go on, without adequate means, and against appalling obstacles. Another revolution must come. Thus it was after the last resumption. The banks recommenced payments in 1817—in two years, the failures were more disastrous than ever. Thus it was in England after the long suspension of twenty-six years. Payments recommenced in 1823—in 1825 the most desolating crash of banks took place which had ever been known in the kingdom, although the Bank of England had imported, in less than four years, twenty millions sterling in gold, about one hundred millions of dollars, to recommence upon. Its effects reached this country, crushed the cotton houses in New Orleans, depressed the money market, and injured all business. Why was this? Why was it that, within two years after resumption, both in England and in our America, these disastrous revolutions ensued? Loss of confidence was the cause; and that loss resulting, not from the act of Government, but from the conduct of the banks themselves. The banks had failed, and, therefore, could fail. The people had seen them fail, and, therefore, they feared they might do so again. There was no confidence in them; no more than the coachman places in the balking horse when he comes to the hill. The gentleman from Virginia (Mr. Rives) wishes the Government to do something to reanimate confidence in these banks. Could a law of Congress inspire confidence into his coachman, and give him faith in the balking horse? No more can it be done in relation to these banks. They have stopped, universally and simultaneously, in a season of profound peace and general prosperity—no war, no pestilence, no famine—with four times as much specie in the country as ever was in it before; and this stoppage has killed confidence. It is dead by the act of the banks, and cannot be legislated into existence again by act of Congress. Confidence is a plant of voluntary, and not of forced existence. It is said by an eminent man to be a plant of slow growth. We all know it to be so; and we know, besides, that when this plant is once pulled up by the roots, it rarely takes root again in the same place.

The Senators from New York and Virginia (Messrs. Tallmadge and Rives) push this point of confidence a little further; they address a question to me, and ask if I would lose confidence in all steamboats, and have them all discarded, if one or two blew up in the Mississippi? I answer the question in all frankness, and say, that I should not. But if, instead of one or two in the Mississippi, all the steamboats in the Union should blow up at once—in every creek, river and bay—while all the passengers were sleeping in confidence, and the pilots crying out all is well; if the whole should blow up from one end of the Union to the other just as fast as they could hear each others explosions; then, indeed, I should lose confidence in them, and never again trust wife, or child, or my own foot, or any thing not intended for destruction, on board such sympathetic and contagious engines of death. I answer further, and tell the gentlemen, that if only one or two banks had stopped last May in New York, I should not have lost all confidence in the remaining nine hundred and ninety-nine; but when the whole thousand stopped at once; tumbled down together—fell in a lump—lie there—and when ONE of their number, by a sign with the little finger, can make the whole lie still, then, indeed, confidence is gone! And this is the case

with the banks. They have not only stopped altogether, but in a season of profound peace, with eighty millions of specie in the country, and just after the annual examinations by commissioners and legislative committees, and when all was reported well. With eighty millions in the country, they stop even for change! It did not take a national calamity—a war—to stop them! They fell in time of peace and prosperity! We read of people in the West Indies, and in South America, who rebuild their cities on the same spot where earthquakes had overthrown them; we are astonished at their fatuity; we wonder that they will build again on the same perilous foundations. But these people have a reason for their conduct; it is, that their cities are only destroyed by earthquakes; it takes an earthquake to destroy them; and when there is no earthquake, they are safe. But suppose their cities fell down without any commotion in the earth, or the air—fell in a season of perfect calm and serenity—and after that the survivors should go to building again in the same place; would not all the world say that they were demented, and were doomed to destruction? So of the Government of the United States by these banks. If it continues to use them, and to receive their notes for revenue, after what has happened, and in the face of what now exists, it argues fatuity, and a doom to destruction.

Resume when they will, or when they shall, and the longer it is delayed the worse for themselves, the epoch of resumption is to be a perilous crisis to many. This stopping and resuming by banks, is the realization of the poetical description of the descent into hell, and the return from it. *Facilis descensus Averni—sed revocare gradum—hic opus, hic labor est.* Easy is the descent into the regions below, but to return! this is work, this is labor indeed! Our banks have made the descent; they have gone down with ease; but to return—to ascend the rugged steps, and behold again the light above, how many will falter, and fall back into the gloomy regions below.

The day of resumption will be a day of peril, and of death to many. It is a penalty which their extraordinary stoppage has imposed. Many must fail in the trial; probably a new panic and pressure take place; and those who must attribute every calamity to the misrule, the ignorance, and the misgovernment of the republican party, had as well be preparing their accusations in advance, for the contingency will come, and a cause for it must be found in the misconduct of the Government. Let them prophesize in advance, and show their capacity for political divination by vaticinating beforehand, and exhibiting now a political cause for an event to arise hereafter out of the natural progress of banking.

Banks of circulation are banks of hazard and of failure. It is an incident of their nature. Those without circulation rarely fail. That of Venice has stood seven hundred years; those of Hamburg, Amsterdam, and others, have stood for centuries. The Bank of England, the great mother of banks of circulation, besides an actual stoppage of a quarter of a century, has had her crisis and convulsion in average periods of seven or eight years, for the last half century—in 1783, '93, '97, 1814, '19, '25, '36—and has only been saved from repeated failure by the powerful support of the British Government, and profuse supplies of exchequer bills. Her numerous progeny of private and joint stock banks of circulation have had the same convulsions; and not being supported by the Government, have sunk by hundreds at a time. All the banks of the United States are banks of circulation; they are all subject to the inherent dangers of that class of banks, and are, besides, subject to new dangers peculiar to themselves. From the quantity of their stock held by foreigners, the quantity of other stocks in their hands, and the current foreign balance against the United States, our paper system has become an appendage to that of England. As such, it suffers from sympathy when the English system suffers. In addition to this, a new doctrine is now broached—that our first duty is to foreigners! and, upon this principle, when the banks of the two countries are in peril, ours are to be sacrificed to save those of England!

The power of a few banks over the whole, presents a new feature of danger in our system. It consolidates the banks of the whole Union into one mass, and subjects them to one fate, and that fate to be decided by a few, without even the knowledge of the rest. An unknown divan of bankers sends forth an edict which sweeps over the empire, crosses the lines of States with the facility of a Turkish firman, prostrating all State institutions, breaking up all engagements, and levelling all law before it. This is consolidation of a kind which the genius of Patrick Henry had not even conceived. But while this firman is thus potent and irresistible for prostration, it is impotent and powerless for resurrection. It goes out in vain, bidding the prostrate banks to rise. A *veto* power intervenes. One voice is sufficient to keep all down; and thus we have seen one word from Philadelphia annihilate the New York proposition for resumption, and condemn the many solvent banks to the continuation of a condition as mortifying to their feelings as it is injurious to their future interests.

Again, from the mode of doing business among our banks—using each others paper to bank upon, instead of holding each other to weekly settlements, and the liquidation of balances in specie; and from the fatal practice of issuing notes at one place, payable at another—our banks have all become links of one chain, the strength of the whole being dependent on the strength of each. A few govern all. Whether it is to fail, or to resume, the few govern; and not only the few, but the weak. A few weak banks fail; a panic ensues, and the rest shut up; many strong ones are ready to resume; the weak are not ready, and the strong must wait. Thus the principles of safety, and the rules of Government, are reversed. The weak govern the strong; the bad govern the good; and the insolvent govern the solvent. This is our system, if system it can be called, which has no feature of consistency, no principle of safety, and which is nothing but the floating appendage of a foreign and overpowering system.

The Federal Government, and its creditors, have suffered great pecuniary losses from the use of these banks and their paper; they must continue to sustain such losses, if they continue to use such depositories, and to receive such paper. The pecuniary losses have been, now are, and must be, hereafter, great; but great as they have been, now are, and may be hereafter, all that loss is nothing compared to the political dangers which flow from the same source. These dangers affect the life of the Government. They go to its existence. They involve anarchy, confusion, violence, dissolution! They go to deprive the Government of support—of the means of living; they strip it in an instant of every shilling of revenue, and leave it penniless, helpless, lifeless. The late stoppage might have broken up the Government, had it not been for the fidelity and affection of the people to their institutions, and the eighty millions of specie which Gen. Jackson had accumulated in the country. That stoppage presented a peculiar feature of peril which has not been brought to the notice of the public; it was the stoppage of the sums standing in the names of disbursing officers, and wanted for daily payments in all the branches of the public service. These sums amounted to about five millions of dollars. They had been drawn from the Treasury, they were no longer standing to the credit of the United States; they had gone into the hands of innumerable officers, and agents, in all parts of the Union, and were temporarily, and for mere safe keeping from day to day, lodged with these deposite banks, to be incessantly paid out to those who were doing work and labor, performing contracts, or rendering service, civil or military, to the country. These five millions were stopped with the rest! In an instant, as if by enchantment, every disbursing officer, in every part of the Union, was stripped of the money which he was going to pay out! All officers of the Government, high and low, the whole army and navy, all the laborers and contractors, post offices and all, were suddenly, instantaneously, left without pay, and consequently without subsistence. It was tantamount to a disbandment of the entire Government. It was like a decree for the dissolution of the body politic. It was

celebrated as a victory—as a conquest—as a triumph, over the Government. The least that was expected was an immediate civil revolution—the overthrow of the democratic party, the change of administration, the re-ascension of the federal party to power, and the re-establishment of the condemned Bank of the United States. These consequences were counted upon; and that they did not happen was solely owing to the eighty millions of hard money which kept up a standard of value in the country, and prevented the dishonored bank notes from sinking too low to be used by the community. But it is not merely stoppage of the banks that we have to fear; collisions with the States may ensue. State Legislatures may sanction the stoppage, withhold the poor right of suing, and thus interpose their authority between the Federal Government and its revenues. This has already happened, not in hostility to the Government, but in protection of themselves; and the consequence was the same as if the intention had been hostile. It was interposition between the Federal Government and its depositories; it was deprivation of revenue; it was an act the recurrence of which should be carefully guarded against in future.

This is what we have seen; this is a danger which we have just escaped; and if these banks shall be continued as depositories of public money, or, which is just the same thing, if the Government shall continue to receive their "*paper promises to pay*," the same danger may be seen again, and under far more critical circumstances. A similar stoppage of the banks may take place again—will inevitably take place again—and it may be when there is little specie in the country, or when war prevails. All history is full of examples of armies and navies revolting for want of pay; all history is full of examples of military and naval operations miscarried for want of money; all history is full of instances of Governments overturned from deficits of revenue and derangements of finances. And are we to expose ourselves recklessly, and with our eyes open, to such dangers? Are we to stake the life and death of this Government upon the hazards and contingencies of banking—and of such banking as exists in these United States? Are we to subject the existence of this Government to the stoppages of the banks, whether those stoppages result from misfortune, improvidence, or bad faith? Are we to subject this great and glorious political fabric, the work of so many wise and patriotic heads, to be demolished in an instant, and by an unseen hand? Are we to suffer the machinery and the working of our boasted Constitution to be arrested by a spring-catch, applied in the dark? Are men, with pens sticking behind their ears, to be allowed to put an end to this Republic? No, sir! never. If we are to perish prematurely, let us at least have a death worthy of a great nation; let us at least have a field covered with the bodies of heroes and of patriots, and consecrated for ever to the memory of a subverted empire. Rome had her Pharsalia—Greece her Chersonesus—and many barbarian kingdoms have given immortality to the spot on which they expired; and shall this great Republic be subjected to extinction, on the contingencies of trade and banking?

But what excuse, what apology, what justification have we for surrendering, abandoning, and losing the precise advantage for which the present Constitution was formed? What was that advantage—what the leading and governing object, which led to the abandonment of the old confederation, and induced the adoption of the present form of Government? It was revenue! independent revenue! a revenue under the absolute control of this Government, and free from the action of the States. This was the motive, the leading and the governing motive, which led to the formation of this Government. The reason was, that the old confederation, being dependent upon the States, was often left without money. This state of being was incompatible with its existence; it deprived it of all power; its imbecility was a proverb. To extricate it from that condition was the design, and the cardinal design, of the new Constitution. An independent revenue was given to it—independent, even, of the States. Is it not suicidal to surrender that indepen-

dence, and to surrender it, not to States, but to money corporations. What does history record of the penury, and moneyed destitution, of the old Confederation, comparable to the annihilation of the revenues of this Government in May last? when the banks shut down, in one night, upon a revenue, in hand, of thirty-two millions; even upon that—which was in the names of disbursing officers, and refuse a nine-pence, or a picaillon in money from that day to this? What is there in the history of the old Confederation comparable to this? The old Confederation was often reduced low—often near empty handed—but never saw itself stripped, in an instant, as if by enchantment, of tens of millions, and heard the shout of triumph thundered over its head, and the notes of exultation sung over its supposed destruction! Yet, this is what we have seen—what we now see—from having surrendered to corporations our moneyed independence, and unwisely abandoned the precise advantage which led to the formation of this Federal Government.

I do not go into the moral view of this question. It is too obvious, too impressive, too grave, to escape the observation of any one. Demoralization follows in the train of an unconvertible paper money. The whole community becomes exposed to a moral pestilence. Every individual becomes the victim of some imposition, and, in self-defence, imposes upon some one else. The weak, the ignorant, the uninformed, the necessitous, are the sufferers; the crafty and the opulent are the gainers. The evil augments until the moral sense of the community, revolting at the frightful accumulation of fraud and misery, applies the radical remedy of total reform.

Thus, pecuniary, political, and moral considerations require the Government to retrace its steps, to return to first principles, and to restore its fiscal action to the safe and solid path of the Constitution. Reform is demanded. It is called for by every public and by every private consideration. Now is the time to make it. The connection between Bank and State is actually dissolved. It is dissolved by operation of law, and by the delinquency of these institutions. They have forfeited the right to the deposits, and lost the privilege of paying the revenue in their notes, by ceasing to pay specie. The Government is now going on without them, and all that is wanting is the appropriate legislation to perpetuate the divorce which, in point of fact, has already taken place. Now is the time to act; this the moment to restore the constitutional currency to the Federal Government; to restore the custody of the public moneys to national keepers; and to avoid, in time to come, the calamitous revulsions and peritous catastrophes of 1814, 1819, and 1837.

And what is the obstacle to the adoption of this course, so imperiously demanded by the safety of the Republic, and the welfare of the people, and so earnestly recommended to us by the chief magistrate? What is the obstacle—what the power that countervails the Executive recommendation, paralyzes the action of Congress, and stays the march of reform? The banks—the banks—the banks, are this obstacle, and this power. They set up the pretension to force their paper into the Federal Treasury, and to force themselves to be constituted that Treasury. Though now bankrupt, their paper dishonored, their doors closed against creditors, every public and every private obligation violated, still they arrogate a supremacy over this Federal Government; they demand the guardianship of the public moneys, and the privilege of furnishing a federal currency; and, though too weak to pay their debts, they are strong enough to throttle this Government, and to hold, in doubtful suspense, the issue of their vast pretensions.

And what new power is this, so formidable, and so daring, and the name of which is not seen in our Constitution? Whence its origin, its progress, and its present pretensions? Sir, its origin is humble; its first progress slow; its vast pretensions of recent date. In the year 1780, the first petition was presented to the Congress of the Confederation for the establishment of a bank; ten years afterwards there were but three in the country; in twenty years more there were only a few dozen; now nearly a thousand, and constantly multiplying. That first petition was bottomed solely upon patriotism, without the

least desirous of pecuniary advantage to the projectors, and intended wholly to aid in furnishing supplies to a detachment of the revolutionary army. I will read the report of the committee of Congress upon that petition, that the Senate may see the progress which banks have made since that day, and the change which has since taken place in their character and views.

CONGRESS OF THE CONFEDERATION, June 22, 1780.

*Report of a Committee.*

"Whereas, a number of the patriotic citizens of Pennsylvania have communicated to Congress a liberal offer, on their own credit, and by their own exertions, to supply and transport three millions of rations, and three hundred hogsheads of rum, for the use of the army, and have established a bank for the sole purpose of obtaining and transporting the said supplies with the greater facility and despatch; and whereas, on the one hand, the associators, animated to this laudable exertion by a desire to relieve the public necessities, mean not to derive from it the least pecuniary advantage, so, on the other, it is just and reasonable that they should be fully reimbursed and indemnified; *Therefore, Resolved*, That Congress entertain a high sense of the liberal offer of the said associators to raise and transport the before-mentioned supplies for the army, and do accept the same as a distinguished proof of their patriotism. *Resolved, further*, That the faith of the United States be, and the same hereby is, pledged, to the subscribers to the said bank, for their effectual reimbursement in the premises."

Such is the recent and humble origin of banking in this country. How gigantic has been its progress since that day! It is now the predominating power in our America. Great as it now is, what must it be in a few years more, if it continues growing and expanding at the same rate? What must it be in a few years, if it succeeds now in this contest with the Federal Government, and imposes its paper currency upon the Federal Treasury, and continues to be the keeper of the public moneys? The administration is accused of making war upon the local banks. Was it war to give them forty millions of money to keep? Was it war to receive their notes in payment of revenue? Is it war now to give them time for the payment of balances? Is it war upon them to ask to be separated from them? Is divorce war? Is it war to decline receiving their paper promises instead of the gold and silver of the Constitution, and to decline the further deposits of public money with them? Is this war? No, sir, it is peace, and the means of preserving peace. It is concord and amity that this Government wants, and is taking the safest way to secure, by declining to have any more causes of collision with them. It is the local banks, and especially the miscalled Bank of the United States, which are pursuing the Federal Government, refusing to let her alone, offering their notes for currency, and their vaults for depositories, and laboring to force these favors upon us. This is the state of the contest. The local banks are the actors, the pursuers, the assailants; the Federal Government is on the defence. All she asks is to be exempted from future causes of collision with them. They have incurred the penalties of separation. They have incurred the penalties. The very act which created them depositories, and made their notes receivable, denounced the loss of both in the event of failing to meet their liabilities in specie. That act is but little more than one year old; it was not a year old when the condition was violated, and which remains yet violated. Separation has resulted from their own conduct; separation now exists; cause for separation still continues; the Government says, let it be perpetual; the banks say, no! Receive us again; receive us before we reform, before we repent, before we make amends; and if you do not, it is war upon us. This is the state of the contest between the Government and the banks. It is attack, or, at all events, forcible embrace and conjunction on their part; it is defence and refusal on ours.

The President, in his Message, recommends four things; first, to discontinue the reception of local bank paper in payment of federal dues;

secondly, to discontinue the same banks as depositories of the public moneys; thirdly, to make the future collection and disbursement of the public moneys in gold and silver; fourthly, to take the keeping of the public moneys into the hands of our own officers.

What is there in this but a return to the words and meaning of the Constitution, and a conformity to the practice of the Government in the first years of President Washington's administration? When this Federal Government was first formed, there was no Bank of the United States, and no local banks, except three north of the Potomac. By the act of 1789, the revenues were directed to be collected in gold and silver coin only; and it was usually drawn out of the hands of collectors by drafts drawn upon them, payable at sight. It was a most effectual way of drawing money out of their hands; far more so than an order to deposit in banks; for the draft must be paid, or protested, at sight, while the order to deposit may be eluded under various pretexts.

The right, and the obligation of the Government to keep its own moneys in its own hands, results from first principles, and from the great law of self preservation. Every thing else that belongs to her, she keeps herself; and why not keep that also, without which, every thing else is nothing. Arms and ships—provisions, munitions, and supplies of every kind—are kept in the hands of Government officers; money is the sinew of war, and why leave this sinew exposed to be cut by any careless or faithless hand? Money is the support and existence of the Government, the breath of its nostrils, and why leave this support, this breath, to the custody of those over whom we have no control? How absurd to place our ships, our arms, our military and naval supplies in the hands of those who could refuse to deliver them when requested, and put the Government to a suit at law to recover their possession? Every body sees the absurdity of this; but to place our money in the same condition, and moreover to subject it to the vicissitudes of trade, and the perils of banking, is still more absurd; for it is the life blood, without which the Government cannot live—the oil, without which no part of its machinery can move.

England, with all her banks, trusts none of them with the collection, keeping, and disbursement of her public moneys. The Bank of England is paid a specific sum to manage the public debt; but the revenue is collected and disbursed through subordinate collectors and receivers general; and these receivers general are not subject to the bankrupt laws, because the Government will not suffer its revenue to be operated upon by any law except its own will. In France, subordinate collectors and receivers general collect, keep, and disburse the public moneys. If they deposit any thing in banks, it is at their own risk. It is the same thing in England. A bank deposit by an officer is at the risk of himself and his securities. Too much of the perils and vicissitudes of banking is known in these countries to permit the Government ever to jeopard its revenues in their keeping. All this is shown, fully and at large, in a public document now on our tables. And who does not recognise in these collectors and receivers general of France and England, the ancient Roman officers of quaestors and proquaestors? These fiscal officers of France and England are derivations from the Roman institutions; and the same are found in all the modern kingdoms of Europe which were formerly, like France and Britain, provinces of the Roman Empire. The measure before the Senate is to enable us to provide for our future safety, by complying with our own Constitution, and conforming to the practice of all nations, great or small, ancient or modern.

Coming nearer home, and looking into our own early history, what were the "Continental Treasurers" of the Confederation, and the "provincial Treasurers and Collectors," provided for as early as July, 1775, but an imitation of the French and English systems, and very near the plan which we propose now to re-establish. These Continental Treasurers, and there were two of them at first, though afterwards reduced to one, were the Receivers General; the provincial treasurers and collec-

tors were their subordinates. By these officers the public moneys were collected, kept and disbursed; for there were no banks then! and all Government drafts were drawn directly upon these officers. This simple plan worked well during the Revolution, and afterwards, until the new Government was formed; and continued to work, with a mere change of names and forms, during the first years of Washington's administration, and until Gen. Hamilton's bank machinery got into play. This bill only proposes to re-establish, in substance, the system of the Revolution, of the Congress of the confederation, and of the first years of Washington's administration.

The bill reported by the chairman of the Committee on Finance (Mr. Wright of New York) presents the details of the plan for accomplishing this great result. That bill has been printed and read. Its simplicity, economy, and efficiency strike the sense of all who hear it, and annihilate without argument, the most formidable arguments of expense and patronage, which had been conceived against it. The present officers, the present mints, and one or two more mints in the South, in the West, and in the North, complete the plan. There will be no necessity to carry masses of hard money from one quarter of the Union to another. Government drafts will make the transfer without moving a dollar. A Government draft upon a national mint, will be the highest order of bills of exchange. Money wanted by the Government in one place, will be exchanged, through merchants, for money in another place. Thus it has been for thousands of years, and will for ever be. We read in Cicero's letters that, when he was Governor of Cilicia, in Asia Minor, he directed his Quaestor to deposit the tribute of the province in Antioch, and exchange it for money in Rome with merchants engaged in the Oriental trade, of which Antioch was one of the emporiums. This is the natural course of things, and is too obvious to require explanation, or to admit of comment.

The Senator from Virginia, who sits over the way, (Mr. Rives) to whose very able speech I listened with great attention, and certainly with instruction on several points, has brought in a bill, antagonistical to the plan of the Government, and going to continue the receivability of local bank paper, and the deposit of the public moneys with the local banks. It is the same bill, with some modifications, which he brought in last winter, and which it was my fortune then to oppose. To speak against the bill of that Senator now, would be to repeat the numerous speeches which I then made, reinforced by the experience of the last four months; an experience compressing into a few months, the events of an age; an experience surpassing all that I then dreaded; an experience transcending all argument, and throwing the public mind a century ahead. I do not design to repeat what I then said on the Senator's plan, wherein it remains unaltered; but there is a feature in it to which I much objected then, and which I find more objectionable now, from the modification it has undergone. I allude to the conditions on which the notes of the local banks were to be received, and which, in my opinion, amounted to a compact with the banks, and a compact of the most disadvantageous kind to the Government. That feature is continued, and aggravated by taking the form which may enable a few strong banks to monopolize the business of furnishing paper currency to the Federal Government. This is what I then said:

"In the next place, he (Mr. Benton) objected to the committee's bill, because it proposed to make a bargain with each of the thousand banks now in the United States, and the hundreds more which will soon be born, and to give them a right—a right by law—to have their notes received at the Federal Treasury. He was against such a bargain. He had no idea of making a contract with these thousand banks for the reception of their notes. He had no idea of contracting with them, and giving them a right to plead the contract clause of the Constitution against us, if, at any time, after having agreed to receive their notes upon condition that they would give up their small circulation, they should choose to say we had impaired the contract by not continuing to receive them; and so, either relapse



into the issue of this small trash, or have recourse to judicial process to compel the United States to abide the contract, and to continue the reception of all their notes. Mr. B. had no idea of letting down this Federal Government to such petty and inconvenient bargains with a thousand moneyed corporations. The Government of the United States ought to act as a Government, and not as a contractor. It should prescribe conditions, and not make bargains. It should give the law."

What I objected to then was the contract, and the paper currency; what I object to now is the same contract, the same currency, and the monopoly which may be given of it to a few strong banks—to the mis-called Bank of the United States, for example, and a favorite selection of its affiliated institutions. This privilege of supplying paper money to the Federal Government, is to be limited to those banks which shall resume specie payments within a given day. The design is to encourage a resumption of payments; but what will be the effect? The effect will be, that the strong will resume, and take the prize! The English connections of the Bank of the United States would throw it tens of millions to enable it to clutch the prize, and to crush competitors. The Senator from South Carolina (Mr. Calhoun) has presented the view of this danger; the Senator from Virginia (Mr. Rives) has disclaimed all intention of aiding that institution, mis-called Bank of the United States. Certainly he needs no disclaimer, neither on this floor, or to the country; his inexorable opposition to that institution, or to any similar one, is universally known. Still his personal intentions cannot control the effect of his bill, if it becomes law; and that effect will go to give a monopoly of the right to supply the Federal Government with paper money to the strongest, or a few of the strongest, of the institutions. The mis-called Bank of the United States will be the monopolizer; for, though the most encumbered with debt of all the institutions, yet her English backers and stockholders, for such a prize as would be presented, would throw in the millions necessary to carry it. The Senator from Virginia (Mr. Rives) cannot see this effect of his bill; but let him look over his right shoulder, and he will see those who do. He will there see the phalanx which supports the Pennsylvania Bank of the United States, all anxiously watching the progress of his bill, and ready to give their votes for it, as the certain means of aiding their great and cardinal object.\*

Objections are taken to the capacity of the country to furnish the quantity of gold and silver necessary to pay the revenues of the Government in coin. It is supposed there is not hard money enough for that purpose. This objection induces two inquiries. *First*, How much specie will be required for that purpose? *Secondly*, what is the present amount in the country, and what the prospect of increase? In reply to the first of these inquiries, it is to be remembered that the President, in his Message, supposes ten millions will be enough; and the Secretary of the Treasury, in his report upon the finances, supposes that eight or ten millions will do. Having paid some attention to this point, I have come to the conclusion that the one-fourth part of the amount of the annual revenue will be sufficient to pay the whole; and this opinion is formed upon an observation of the fact, that in a regular state of the finances, when no more revenue is raised than the Government needs, about one-fourth of the whole is always on hand, of course that not more than one-fourth is taken out of circulation. Upon this data, a revenue of twenty millions would require but five millions to pay it; and a revenue of twenty-five millions would require but six and a quarter millions to meet it. A reduction of revenue to the wants of the Treasury is the policy of the administration; no more surpluses is the language of the republican

party. About twenty-five millions may, therefore, be the maximum; and the payment of this sum, it is shown, will not employ above six or seven millions. Now, what is the capacity of the country to furnish this amount? How much specie have we, and what is the prospect for more? It is well remembered that eighty millions was the computed supply at the end of the last fiscal year; to that amount we have to add the increase of the present fiscal year, being about five millions; namely, an excess of imports over exports of above four millions, and the coinage of near a million of gold. The future prospect is most encouraging. The export of specie is over; it is a drug in London; it can be borrowed there at 2½ per cent per annum, and three per cent. is a common interest. What has been forced out is ready to flow back. A large import must be expected; and if this bill passes to increase the demand for it at home, and if the suspending banks are made to resume payment, not less than fifteen or twenty millions of dollars may be expected within the ensuing year. This, then, is our condition; upwards of eighty millions now in the country, and the means in our power to increase it largely. Now, cannot a revenue of twenty-five millions, which will never require a greater amount than six or seven millions to be taken out of circulation at any one time—cannot such a revenue be met from these resources? I say it can; and I say this upon data, and will exhibit that data to the Senate, that they may judge of the correctness of my opinion. First, I take the evidence furnished by the history of our own country. The first revenue act of 1789 prescribed "gold and silver coin only" for the payment of the federal revenue; the revenue was then about four and a half millions of dollars; and the whole amount of specie in the Union was estimated at ten millions of dollars. Here then was a revenue, nearly half the amount of the specie in the country, ordered to be collected in specie. I speak of the law which ordered it to be so collected, and to which there was no objection, on account of the inadequacy of specie, either in Congress or out of Congress. The revenue was paid without complaint, and without difficulty, and in all probability, did not abstract, at one time, a million of dollars from circulation. But General Hamilton, the Secretary of the Treasury, permitted notes of banks to be received. Certainly he did, and just as certainly, for no reason founded on the inadequacy of the specie circulation to meet the demands of the Government. His reasons, as seen in his report to Congress, were altogether of a different class; they were to enable the banks to increase their paper circulation—to increase paper money—and to diffuse it generally over the Union. There were then but three banks in the United States, and those three to the north of the Potomac; they issued no small notes; their aggregate circulation was inconsiderable; and it was the plan of General Hamilton to increase their number, and diffuse their paper. This was his reason for admitting bank paper to be received; and to do so, he had to nullify, by construction, the clear enactment of positive law.

The next piece of evidence I furnish is drawn from the history of England, in the reign of William III, immediately preceding the establishment of the Bank of England, and the introduction of the paper system, and the funding system, into that kingdom. The taxes were then four millions, and the specie of the kingdom sixteen millions. These taxes were paid without difficulty; for they probably did not abstract one million sterling from circulation. The last data I shall produce is from the history of France, during the first administration of Neckar, which about covered the period of our Revolution. I speak of the first administration of Neckar, and when the finances of France were in a regular state, and not of his subsequent administration, when the extravagances of the day and the subservience of the ministers Calonne and Brienne had involved those finances in a ruin from which the talents of Neckar could not extricate them. What was the revenue and the specie circulation of France at that time? I say specie circulation; for the Mississippi scheme of John Law had cured the nation of paper money, until the assignats of the revolution came upon the stage, and lived their brief day.

What was the revenue, and the specie circulation out of which it was paid, in the prosperous period of the French finances to which I have alluded? Twenty-two millions sterling of revenue—about 110 millions of dollars—and ninety millions sterling of circulation—about 450 millions of dollars. This vast revenue, equal to one-fourth of the whole circulation, was regularly paid; and this establishes the only point for which I refer to it. Now to apply this historical experience to our own country, and to the present times. Our revenue may be about 25 millions; one-fourth of that sum will pay it; we have upwards of eighty millions of specie in the country, annually increasing, and certain to increase to the utmost extent of our wants, if we create a demand for it. One hundred millions of exportable productions will bring back just as much specie as the country wants. The objection, then, to the inadequacy of the specie in the country falls to the ground. We have more than enough for that purpose. We have but two branches of revenue—the lands and the customs, and both voluntary sources of income; for no person is under compulsion to purchase the public lands, and no one is under compulsion to import foreign goods. These are the sources of our revenues. Their payment is voluntary; and even during this summer, since the suspension of specie payments, the income from one of these sources—the lands—has been equal to the best years before the two great years of speculation. I will answer for this branch of revenue. Bring the new lands into market, and reduce the price of the old lands, and the Government will get ten or twelve millions of gold and silver from them in the next year.

I am free to admit that the whole of this eighty millions is not now in the hands of the people—that much of it is locked up in the vaults of the banks. But this is temporary; it cannot last much longer. Public opinion is omnipotent, and must prevail. That opinion is against the conduct of the banks; and in the progress of it they must see their own doom. Their vaults are shut, but their eyes must be opening; and with these eyes they must begin to see what the public is beginning to think of a BANKING SYSTEM which, in a season of peace, tranquillity, and general prosperity, and with a hundred millions of exports, and four times as much specie as ever was in the country before, are either unable, or unwilling, to meet any part of their obligations in specie—even to pay out pica-yunes!—and have driven the people to the use of irredeemable paper, and shin-plasters, and the Federal Government itself to an issue of Treasury notes.

We are taunted with these Treasury notes; it seems to be matter of triumph that the Government is reduced to the necessity of issuing them; but with what justice? And how soon can any Government that wishes it, emerge from the wretchedness of depreciated paper, and stand erect on the solid foundations of gold and silver? How long will it take any respectable Government, that so wills it, to accomplish this great change? Our own history, at the close of the revolution, answers the question; and more recently, and more strikingly, the history of France answers it also. I speak of the French finances from 1800 to 1807; from the commencement of the Consulate to the peace of Tilsit. This wonderful period is replete with instruction on the subject of finance and currency. The whole period is full of instruction; but I can only seize two views—the beginning and the end—and, for the sake of precision, will read what I propose to present. I read from Bignon, author of the civil and diplomatic history of France during the Consulate and the first years of the empire; written at the testamentary request of the Emperor himself.

After stating that the expenditures of the Republic were six hundred millions of francs—about one hundred and ten millions of dollars—when Bonaparte became first consul, the historian proceeds:

"At his arrival at power, a sum of 160,000 francs in money [about 32,000 dollars] was all that the public chest contained."

In the impossibility of meeting the current service by the ordinary receipts, the Directorial Government had resorted to ruinous expedients, and had thrown into circulation bills of various values, and

\* Mr. Rives replied to this allusion, the next day, as if Mr. Benton had said that, by looking over his right shoulder, he would see his guides and leaders. Mr. B. disclaimed both the expression and the thought. Mr. R. answered that he had not heard distinctly what was said, but was informed that such were the expressions. Mr. B. denied them, and said that he only spoke of the effect of the bill, and referred to the support which the friends of the Bank of the United States were giving it, as evidence that they understood its effect as he did.

which sunk upon the spot fifty to eighty per cent. A part of the arrears had been discharged in bills two-thirds on credit, payable to the bearer, but which, in fact, the Treasury was not able to pay when due. The remaining third had been inscribed in the Great Book, under the name of consolidated third. For the payment of the forced requisitions to which they had been obliged to have recourse, there had been issued bills receivable in payment of the revenues. Finally, the Government, in order to satisfy the most imperious wants, gave orders upon the Receivers General, delivered in advance to contractors, which they negotiated before they began to furnish the supplies for which they were the payment."

This, resumed Mr. B. was the condition of the French finances when Bonaparte became first consul at the close of the year 1799. The currency was in the same condition; no specie; a degraded currency of assignats, ruinously depreciated, and issued as low as ten sous. That great man immediately began to restore order to the finances, and solidity to the currency. Happily a peace of three years enabled him to complete the great work, before he was called to celebrate the immortal campaigns ending at Austerlitz, Jena, and Friedland. At the end of three years—before the rupture of the peace of Amiens—the finances and the currency were restored to order and to solidity; and, at the end of six years, when the vast establishments, and the internal ameliorations of the imperial Government, had carried the annual expenses to eight hundred millions of francs—about one hundred and sixty millions of dollars—the same historian, copying the words of the minister of finance, thus speaks of the Treasury, and the currency.

"The resources of the State have increased beyond its wants; the public chests are full; all payments are made at the day named; the orders upon the public Treasury have become the most approved bills of exchange. \* \* \* \* \* The finances are in the most happy condition; France alone, among all the States of Europe, having no paper money."

What a picture! how simply, how powerfully drawn! and what a change in six years! Public chests full—payments made to the day—orders on the Treasury the best bills of exchange—France alone, of all Europe, having no paper money; meaning no Government paper money, for there were bank notes of five hundred francs, and one thousand francs. A Government revenue of one hundred and sixty millions of dollars was paid in gold and silver; a hard money currency, of five hundred and fifty millions of dollars, saturated all parts of France with specie, and made gold and silver the every day currency of every man, woman and child, in the empire. These great results were the work of six years, and were accomplished by the simple process of gradually requiring hard money payments—gradually calling in the assignats—increasing the branch mints to fourteen, and limiting the Bank of France to an issue of large notes—five hundred francs and upwards. This simple process produced these results, and thus stands the French currency at this day; for the nation has had the wisdom to leave untouched the financial system of Buonaparte.

I have repeatedly given it as my opinion—many of my speeches declare it—that the French currency is the best in the world. It has hard money for the Government; hard money for the common dealings of the people; and large notes for large transactions. This currency has enabled France to stand two invasions, the ravaging of 300,000 men, two changes of dynasty, and the payment of a milliard of contributions; and all without any commotion or revulsion in trade. It has saved her from the revolutions which have afflicted England and our America for so many years. It has saved her from expansions, contractions, and ruinous fluctuations of price. It has saved her, for nearly forty years, from a debate on currency. It has saved her even from the knowledge of our sweet-scented phrases: "sound currency—unsound currency; plethora, dopsical, inflated, bloated; the money market tight to-day—a little easier this morning;" and all such verbiage, which the haberdashers' boys repeat. It has saved France from even a discussion

on currency; while in England, and with us, it is banks! banks! banks!—morning, noon, and night; breakfast, dinner, and supper; levant, and couchant; sitting, or standing; at home, or abroad; steamboat, or railroad car; in Congress, or out of Congress, it is all the same thing: banks—banks—banks; currency—currency—currency; meaning, all the while, paper money and shin-plasters; until our very brains seem as if they would be converted into lampblack and rags.

The Senator from New York, (Mr. Tallmadge,) in his very able speech, has referred to the overthrow of Bonaparte, effected by the paper system of England. Without going into the question of the causes of that overthrow—without looking to the ice of Russia and the non-arrival of Grouchy on the field of Waterloo, and without considering the numerous incidents, often trivial in themselves, on which the fate of battles and of empires depend—it will be sufficient to consider what would have been the fate of this paper system of England, if, like the system of France, it had been exposed to the shocks of invasions, conquest, and changes of dynasty; and, leaving out this supposed view, it will still be sufficient to look at it under its real aspect, and to see its present effects on the condition of the British empire. What are those effects? They are, in brief, an increase of taxes from 1694, when the Bank of England was chartered, from four millions sterling (twenty millions of dollars) to forty-five millions sterling, (two hundred and twenty-five millions of dollars); an increase of the public debt from twenty-one millions five hundred and fifteen thousand seven hundred and forty-two pounds, thirteen shillings, eight pence, and two farthings, (to be precise,) in round numbers about one hundred millions of dollars, to near nine hundred millions sterling, or four thousand five hundred millions of dollars; and the increase of pauperism, until three millions of people grace the list. These are some, for I omit, as too well known, the average septennial convulsions of that system: these are some of the evils of the paper system in England. But take another view—take some points of comparison between the national expenditures of France and England, when contending together, and see how the account, in point of economy between paper money and hard money will stand. Let us take the year 1806, when England was subsidizing Russia and other powers against France, and when the Great Emperor frustrated the effect of all these subsidies, and consolidated his power by the victory of Friedland, and the peace of Tilsit. What were the expenses of the two contending empires for that year? They were these: For England one thousand seven hundred and seventy-two millions of francs, (about three hundred and sixty millions of dollars); for France, seven hundred and seventy-eight millions of francs, (about one hundred and sixty millions of dollars): in other words, the expenses of England exceeded those of France by about one thousand millions of francs, or two hundred millions of dollars. Such was the difference between the economy of paper money and hard money; and the same proportion holds good in every station in life, from the Emperor and his empire, to the washwoman and her household.

The amendment now depending, on the motion of the Senator from South Carolina, (Mr. Calhoun) is the same in substance with the bill which I brought in upwards of a year ago, to re-establish the currency of the Constitution for the Federal Government. That bill was in these words:

"That bank notes and paper currency of every description shall cease to be received, or offered in payment, on account of the United States, or of the Post Office, or in fees in the courts of the United States, as follows: of less denomination than twenty dollars, none shall be so offered after the third day of March, eighteen hundred and thirty-seven; of less denomination than fifty dollars, none after the third day of March, eighteen hundred and thirty-eight; of less denomination than one hundred dollars, none after the third day of March, eighteen hundred and thirty-nine; of less denomination than five hundred dollars, none after the third day of March, eighteen hundred and forty; of less denomination than one thousand dollars, none after the third day of March, eighteen hundred and forty-

one; and none of any denomination from and after the third day of March, eighteen hundred and forty-two.

"Sec. 2. And be it further enacted, That any person holding an appointment under the laws of the United States, and any bank employed to keep public moneys, which person or bank shall neglect, evade, violate, contravene, or in any way elude, or attempt to elude, the provisions of this act, shall be guilty of an offence against the laws; and the person so offending shall be liable to be dismissed from the service, and the bank so offending shall, on satisfactory information, be discontinued as a depository of public moneys."

The only direct action of this bill would have been on the receipts of the Federal Treasury. It has been extensively represented as a bill to impose hard money upon the States, but such is not its character, but the reverse; it was to prevent the local paper of the States from being imposed on the Federal Government. Its indirect and consequential action have been to increase the specie circulation of the whole Union, by creating a demand for it. The present amendment will operate the same way: it will increase the quantity of hard money every where. Yet two objections, neither of them well founded, and each inconsistent with the other, have been taken to it: one is, that it proposes to take the better currency for the Government, and leave the baser to the people; the other is, that it is going to impose this better currency upon the people also; and so destroy all paper money at once, reduce every thing to the specie standard, and ruin all debtors. Each of these objections are equally unfounded. Taken singly, they are each erroneous; taken together, as we often find them in the same speech, and they belong that class of arguments which the logicians call the *argumentum ad ignorantiam*; that is to say, an argument addressed to the supposed ignorance of the hearers. This class of arguments has been freely used by gentlemen of the opposition for a long time; with what effect the issue of the elections has often told. It is time to quit it, and to address the intelligence of the community. Take the better currency to itself! Why, the Government does not eat the money, but pays it back again the next day to the people. Impose hard money upon the States! The mere reading of the amendment, or my bill, which is the same in substance, disproves the assertion. No, the effect of the measure will be to increase the gold and silver circulation for the whole country. Thus it has been already. Five years ago, we began our system of measures to revive the gold currency, and to increase the specie circulation. There was then twenty millions of silver in the country, and no gold; there is now upwards of eighty millions, of which fifteen is in gold. True, the banks have suppressed all this circulation for the present; they have shut down the hatches upon the whole of it; but this suppression cannot continue much longer. The law of the land, or of public opinion, will soon prevail, and these institutions will have to submit.

The bill before the Senate dispenses with the further use of banks as depositories of the public moneys. In that it has my hearty concurrence. Four times heretofore, and on four different occasions, I have made propositions to accomplish a part of the same purpose. First, in proposing an amendment to the deposit bill of 1836, by which the mint, and the branch mints, were to be included in the list of depositories; secondly, in proposing that the public moneys here, at the seat of Government, should be kept and paid out by the Treasurer; thirdly, by proposing that a preference, in receiving the deposits, should be given to such banks as should cease to be banks of circulation; fourthly, in opposing the establishment of a bank agency in Missouri, and proposing that the moneys there should be drawn direct from the hands of the receivers. Three of these propositions are now included in the bill before the Senate; and the whole object at which they partially aimed is fully embraced. I am for the measure—fully, cordially, earnestly for it.

Some Senators suppose that it will be a great injury to the local banks to refuse their notes in revenue payments; I think otherwise, and that it will

be a great injury to receive them; for they will be taken out of circulation, and returned in masses on the banks for redemption. They cannot be paid out by the Government, and, therefore, will have to be presented for redemption to the banks. The act of 1836 cuts them off from all payments from the Federal Government, or the post offices. That act contains three limitations upon the payment of these notes: *first*, no note under twenty dollars is to be paid out; and that cuts off the greater number; *secondly*, no note is to be paid out which is issued at one place, and made payable at another; *thirdly*, no note of any kind is to be paid out, unless it is equal to gold and silver at the place where offered, and convertible into specie upon the spot, at the will of the holder, and without loss or delay to him. This is the strongest limitation, and cuts off all payments in notes unless where the bank itself is situated. The three limitations taken together, and they are all in full force, cut off bank paper from nearly every payment to be made, either by the United States or by the Post Office Department.

I do not pretend to exhaust this subject; I only touch the leading objections to the further use of bank notes by the Government, and the future use of banks as depositories of public moneys. It is a practice fraught with mischief to both parties, and has been so proved by repeated experience. To receive the notes of banks for revenue, if they are to be paid in good faith, is merely to take them out of circulation, and to return them in masses for redemption, to the great peril and alarm of the bank; if they are not to be paid, their receipt is a fraud upon the Government. So said Mr. Crawford when he was Secretary of the Treasury, and when members of Congress, marching in column upon him, backed by legislative petitions, were demanding this privilege for so many local banks. Importance and legislative interference most usually prevailed; and in almost every instance to the injury of the bank, and to the loss of the Government. So will it be again, if the practice is resumed.

Again: It is tempting the banks into ruinous expansions thus to give them the credit and the domain of the United States to bank upon. They put out floods of notes, because receivability at the custom-house, the land office, and the post office, gives them credit and circulation. After some months, pay-day comes. Federal credit, which got the notes into circulation, will not pay them; the bank stops; depreciation ensues; the loss falls upon the Government, and upon the uninformed holders of the notes.

Again: It is a false credit given by the Government to the whole issues of any bank whose paper is so received. It is indorsement without responsibility. People take it, because the Government takes it; and when the bank fails, the Government does not indemnify those who have been deceived by an indorsement, valid for deception, and invalid for responsibility.

Again: This Government receivability enables notes to stray from their known orbit of circulation; to go off into distant parts, where they are unknown; to live there a while in the sun-shine of federal favor; to circulate awhile on land office and custom house credit; and, finally, to sink as insolvents upon the hands of strangers.

Again: There must be selection of banks, or universality of reception. If selection, then favoritism, patronage, caprice—refusal to-day, reception to-morrow—imposition on some, undue advantage to others—come into play. If receivability is universal, then a thousand banks now in existence, and thousands more to be created, all become furnishers of federal currency; and in a few years the public lands are changed into paper—the custom-house revenue becomes a bale of paper—and this paper worth as little as it would be if it was decomposed, and restored to its original state of lamplack and rags.

Again: To take the promissory notes of the banks for lands, customs, and postages, is to extend a credit to the banks which is denied to the community. The farmer is required to pay ready money for the public lands; but if the note of the bank is received, this is a credit to the bank—a credit to a barren moneyed corporation, which is

denied to a productive, meritorious citizen. The same of postages; and the same is, in some degree, the case at the custom-houses now, and will be fully, when ready money payments are required there, as another bill before the Senate now proposes.

Again: To make the banks depositories of our moneys, involves the use, or the prohibition of the use, of these moneys. If the former, then the revenues are as much jeopardized as ever; if the latter, then the bank has no benefit from the deposit.

Again: To continue these banks as depositories, is to create an interest—a powerful, active, concentrated interest, in Congress and out of Congress—in favor of high taxes, and low appropriations. The late Bank of the United States was such an interest during the whole time of its existence. It was the ally of high tariffs, and the enemy of appropriation bills. Its principle of action was—*take from the people, and leave with us!* and so it will be with a league of local depository banks. Their presidents, and directors; their stockholders and attorneys, with all their friends and debtors will be a unit, to keep up taxes, and to keep down appropriations. The Government should not create, for itself and for the people, so formidable an antagonist.

The friends of the banks treat it as their ruin, as a grievous outrage and indignity, for the Government of the United States to refuse to take their notes, and to refuse to use them as depositories; yet this was their condition during the whole time of the existence of the Bank of the United States, and yet they made no objection to it then. This is strange! but what is more so is, that while thus struggling against the Government, they are, many of them, in favor of re-establishing a national bank; the first act of which will be to strip them of Government deposits, and exclude their paper from Government receivability!

Congress has a sacred duty to perform in reforming the finances, and the currency; for the ruin of both has resulted from federal legislation, and federal administration. The States, at the formation of the Constitution, delivered a solid currency—I will not say sound, for that word implies subject to unsoundness, to rottenness, and to death—but they delivered a solid currency, one not liable to disease, to this Federal Government. They started the new Government fair upon gold and silver? The first act of Congress attested this great fact; for it made the revenues payable in gold and silver coin only. Thus the States delivered a solid currency to this Government, and they reserved the same currency for themselves; and they provided constitutional sanctions to guard both. The thing to be saved, and the power to save it, was given to this Government by the States; and in the hands of this Government it became deteriorated. The first great error was Gen. Hamilton's construction of the act of 1789, by which he nullified that act, and overturned the statute and the Constitution together. The next great error was the establishment of a national bank of circulation, with authority to pay all the public dues in its own paper. This confirmed the overthrow of the Constitution, and of the statute of 1789; and it sat the fatal example for the States to make banks, and to receive their paper for public dues, as the United States had done. This was the origin of the evil—this the origin of the overthrow of the solid currency which the States had delivered to the Federal Government. It was the Hamiltonian policy that did the mischief; and the state of things in 1837, is the natural fruit of that policy. It is time for us to quit it—to return to the Constitution, and the statute of 1789, and to confine the Federal Treasury to the hard money which was intended for it.

I repeat, this is a measure of reform, worthy to be called a reformation. It goes back to a fundamental abuse, nearly coeval with the foundation of the Government. Two epochs have occurred for the reformation of this abuse; one was lost, the other is now in jeopardy. Mr. Madison's administration committed a great error at the expiration of the charter of the first Bank of the United States, in not reviving the currency of the Constitution for the Federal Treasury, and especially the GOLD currency. That error threw the Treasury back upon the local bank paper. This paper quickly

failed, and out of that failure grew the second United States Bank. Those who put down this second United States Bank, warned by the calamity, determined to avoid the error of Mr. Madison's administration: they determined to increase the stock of specie, and to revive the GOLD circulation, which had been dead for thirty years. The accumulation of EIGHTY millions in the brief space of five years, FIFTEEN millions of it in GOLD, attest the sincerity of their design, and the facility of its execution. The country was going on at the rate of an average increase of TWELVE millions of specie per annum, when the general stoppages of the banks in May last, the exportation of specie, and the imposition of irredeemable paper upon the Government and the people, seemed to announce the total failure of the plan. But it was a seeming only. The impetus given to the specie policy still prevails, and FIVE millions are added to the stock during the present fiscal year. So far, then, as the counteraction of the Government policy, and the suppression of the constitutional currency, might have been expected to result from that stoppage, the calculation seems to be in a fair way to be disappointed. The spirit of the people, and our HUNDRED millions of exportable produce, are giving the victory to the glorious policy of our late illustrious President. The other great consequences expected to result from that stoppage, namely, the recharter of the Bank of the United States, the change of administration, the overthrow of the republican party, and the restoration of the federal dynasty, all seem to be in the same fair way to total miscarriage; but the objects are too dazzling to be abandoned by the party interested, and the destruction of the finances and the currency, is still the cherished road to success. The miscalled Bank of the United States, the soul of the federal dynasty, and the anchor of its hopes,—believed by many to have been at the bottom of the stoppages in May, and known by all to be at the head of non-resumption,—now displays her policy on this floor: it is to compel the repetition of the error of Mr. Madison's administration! Knowing that from the repetition of this error must come the repetition of the catastrophes of 1814—1819—and 1837; and out of these catastrophes to extract a new clamor for the revivification of herself. This is her line of conduct; and to this line, the conduct of all her friends conforms. With one heart, one mind, one voice, they labor to cut off gold and silver from the Federal Government, and to impose paper upon it! they labor to deprive it of the keeping of its own revenues, and to place them again where they have been so often lost! This is the conduct of that bank and its friends. Let us imitate their zeal, their unanimity, and their perseverance. The AMENDMENT, and the BILL, now before the Senate, embodies our policy. Let us carry them, and the Republic is safe.

### SPEECH OF MR. HUBBARD, OF NEW HAMPSHIRE.

In Senate, September 28, 1837.—On the bill imposing additional duties on certain officers as depositories, in certain cases.

Mr. HUBBARD addressed the Senate as follows:

MR. PRESIDENT: Having voted for the act "to regulate the deposits of the public money;" having also voted at the last session for the bill introduced by the Senator from Virginia, "designating and limiting the funds receivable for the revenues of the United States;" and having, at the present session, as a member of the Committee of Finance, agreed to report the bill now under consideration—a bill essentially conflicting with the two bills referred to, I have felt it to be a matter of duty to myself, as well as to those whom I represent, to explain the grounds of my action, and, also, the views which I entertain with reference to the measure now proposed as a substitute for the deposit act of June, 1836. And I will now proceed to submit what I have to offer, if it be the pleasure of the Senate that I should proceed. I can not be insensible, however, that in rising to address the Senate at this time, after their attention has been



riveted for three hours to the able argument of the learned gentleman from Massachusetts, upon the constitutional power of Congress upon the subject of currency and exchange, that I come forward under peculiar disadvantages, but that is wholly a personal affair; and to that I am free to submit. It is not my purpose to reply to that part of the argument of the Senator touching the constitutional powers of Congress. I have risen for no such object; I shall leave that matter to abler minds. The Senator from Massachusetts remarked, "*he would raise no ruthless hand to destroy the local institutions of the country.*" I subscribe most freely and fully to the sentiment. I should be the last man in this body who would wage war with the moneyed institutions of the respective States. The little property which I possess is principally invested in some of the banks in New England. And I should commit a violence upon my own feelings and upon truth, did I fail to bear testimony to the correctness and integrity which has usually marked the conduct of those who have had the direction of those institutions. They may have committed some errors; but, in the main, the course and conduct of the New England banks has been above imputation. In their connections with the Government, they have never failed to discharge their duty, until they became involved in this universal catastrophe; and since this desolation came upon them, they have never refused to answer the drafts of the Government, and to pay them in that currency approved and acceptable in their own sections. Thus much is due to the banks, and I would not, if I could, undertake to interfere with institutions created by State authority. If State banks are an evil not to be endured, the remedial power is with the States themselves, and beyond the jurisdiction of Congress. To the care of the States, I would commit these local institutions, and as far as practicable to separate the patronage and the influence of the General Government from any connection with or participation in their concerns. It is an ill-advised, embarrassing, and disadvantageous connection to both parties—to the Government and to the banks. The Senator from Massachusetts remarked that on the third of March last, the Government completed the forty-eighth year of its existence, and for forty out of the forty-eight, we had enjoyed a currency approved by public opinion; that Congress had passed two acts at different periods of its history, establishing a Bank of the United States: the first in 1791, which expired by its own limitation in 1811; the other, established in 1816, expired in 1836; and that both Houses of Congress, in 1832, renewed the charter of the last bank, which bill was vetoed by the President. *All this is true; and it is no less true* that the action of Congress, and the action of the President, in relation to this subject, were referred to the American people; and their verdict has been returned, and their judgment has been here so distinctly expressed, as to leave no room for doubt as to the present state of popular opinion with respect to the constitutionality or expediency of such an institution.

The Senator remarked, that the present position of things presents this question: That the administration must return either to a United States Bank, or take some new ground; that the total failure of the State bank system presented this issue now to be settled—"a national bank or a metallic currency."

[Mr. WEBSTER here denied that he had referred to the establishment of a United States Bank, or had presented any such issue, as had been stated.]

I may not, Mr. President, have used the precise language of the Senator from Massachusetts, but he certainly did say that the administration were bound to return to an uniform and approved currency, or to a metallic currency; and as the Senator did not see fit to name, in terms, in what the approved currency consisted, and as he had said that for forty years of our national existence we had a currency uniform and approved, and during all that period we had a Bank of the United States, I thought myself justified in inferring that the approved currency to which the Senator referred was the currency established by a Bank of the United States. But in one position the Senator and myself per-

fectly agree: that it will not answer under existing circumstances to constitute again State banks as the depositories of the public funds. In this matter I am constrained, notwithstanding my strong predilections in favor of the State banks, to go with the Senator in opposing the amendment proposed by the gentleman from Virginia, (Mr. Rives.) That system has been tried; it has been faithfully tried; and it has failed, *wholly altogether failed*, to answer the purposes of the Government, and to meet the just expectations of the community.

We have assembled, Mr. President, under circumstances of a most extraordinary and appalling character. We are here amidst a general subversion of the business and currency of our country. Confidence is destroyed; a general distrust pervades the community; commerce and manufactures, the great sources of active and profitable operations, if not entirely prostrated, are crippled and embarrassed to a degree most unexampled in the history of our Republic. At a time of universal peace, when prosperity attended the efforts of our citizens; when wealth seemed to be the portion of every individual—at a time most unexpected and most sudden—pecuniary distress pervades the land, and a general dismay fills the hearts of our people.

The depositories of the public money, with all the banking institutions of the country, have been compelled, as it were, in the twinkling of an eye, to acknowledge themselves bankrupt, and to suspend the payment of the just demands of their creditors.

These awful realities are calculated to break down the courage, and to overwhelm the efforts of the patriot. But if there ever was a time when our country stood in need of aid, when she called most imperiously upon the intelligence and patriotism of her sons to come to her relief, this is that time. We are called upon to lay aside those animosities and bickerings which party feeling never fails to engender, and with one heart and with one mind, to exert our best energies to wipe away the blot which effaces our national character, and to devise, and perseveringly to prosecute, measures which will bring relief to the Government and to the people. This should be our aim and end—and this I trust will be the great business of our session. In view, then, Mr. President, of this whole subject, I propose briefly to examine into the causes which have produced the evils with which we have been visited, and to see if an adequate, a sufficient, a substantial remedy is not within our power. A remedy which, although it may not bring instantaneous relief to the suffering community, yet will afford a safe, sure and permanent relief to the Government and to the people. A remedy which, under existing circumstances, seems to be demanded at our hands; and which, as faithful and patriotic public servants, in the exigency of our public affairs, we can not, *we ought not, to withhold.*

Such is the unexampled and extraordinary embarrassment and distress that exists in our country, that I have found great difficulty in tracing these effects to a sufficient and adequate cause. *In my judgment, however, it is the gross abuse of the credit system which has brought upon us the existing evils.* It cannot be denied, that a little anterior to this general prostration of business and of currency, "that our manufactures and commerce had been greatly extended, and had been mainly conducted on credit." Commerce had brought into our country in 1835, and in the spring of 1836, a most unexampled amount of the products of Europe. The supply greatly exceeded the demand; and at this moment, much of the importations of 1835 and 1836 are upon the hands of the importer, yielding to him no profit, but producing loss, embarrassment, sacrifice, and ruin. An immense foreign debt of more than one hundred millions of dollars had been contracted by the American merchants. Its final adjustment and discharge is a tax upon the productive industry and labor of the country. In addition to all this, a spirit of extravagant speculation pervaded every class of our community. The history of the times shows that there has been a most unprecedented over-trading; that the zeal and all the active energies of the adventurer have been put in requisition. *The influence of this fell spirit has been felt in almost every village*

of our country, and by almost every class of our community. Speculations have been made, not in the public lands only, but in railroads, in canals, in lots, in every description of property that the wit of man could devise; and these speculations have been conducted mainly on individual credit—a credit obtained at the local banks of the country. It was, then, the extraordinary amount of credit at home which produced such a redundancy of paper circulation. It was the extraordinary amount of credit abroad which co-operated in producing the subversion of the business and currency of the country. It was the increasing and enormous amount of unappropriated funds in the Treasury, the great accumulation, from time to time, of the public money in the deposit banks, which induced speculation and over-trading.

On the first of January, 1834, the balance in the Treasury was only eight millions and five hundred and ninety-eight thousand dollars. The national debt was soon extinguished—the compromise acted to the belief that the tariff would remain undisturbed—local banks greatly multiplied—credit was readily obtained, and the receipts from the customs, and from the sale of the public lands, brought into the Treasury by the first day of January, 1835, a balance beyond the public expenditures of nearly twenty-seven millions of dollars; and the operation of the same causes brought into the Treasury, beyond the expenditures, on the first day of January, 1836, over forty-four millions of dollars; and to this may be added, at least, twenty-five millions for the excess of receipts over expenditures from January 1, 1836, to the 23d of June, 1836, the date of the deposit act. These enormous amounts, which filled the public Treasury, were the fruits of speculation in land and in merchandise. They had been carried on by the means of individual credit obtained through local banks. From the facts already stated, it follows that, at the passage of the deposit act in June, 1836, there could not have been less than sixty millions of dollars of public property actually held by the then fiscal agents of the Government, and that whole amount consisted in bank credits in institutions created by, and responsible to, State authority, and beyond the reach and control of the legislation of Congress. In addition to all the other means of these State banks, the balances in the public depositories were actually put out on loan on individual credit. *There can be no doubt of the fact; and hence the extraordinary amount of paper in circulation in the season of 1836, exceeding one hundred and fifty millions of dollars, according to the best estimates of those acquainted with this subject.*

The deposit banks, from the amount of public money, were enabled greatly to extend their line of discounts; and realizing the fact that the public funds in deposit were, day following day, and week following week, constantly increasing in amount, (for we find that between January, 1835, and January, 1836, the balance had been increased more than fifty per cent.) those who had the direction of these selected banks felt a confidence and a security in extending their credits. It was done to their utmost limit. The uncontrolled and uncontrollable spirit of speculation abroad in the country furnished an ample demand, and the banks readily granted a full supply. The country, consequently, was flooded with paper. The desire to make large profits had prompted and governed the action of the deposit banks; while the other local institutions of the States were influenced by the same considerations to extend their business to the greatest possible extent. Such was the state of credit, of business, and of the currency, at the passage of the deposit act in June, 1836. It was not the provisions of that act which induced the action of the banks. The cause of present embarrassments, of existing evils, may well be traced to transactions occurring before its passage. It was the alarming and dangerous amount of paper circulation founded on individual credit anterior to the deposit act of 1836, that has led to the present pecuniary distress, to the general subversion of the business and currency of the country. There can be no reasonable doubt of the correctness of this position. The history of banking

operations clearly shows it. From the passage of that act to the very day of suspending specie payments, the paper circulation has constantly been diminishing. In May last it did not exceed a hundred millions; and it was the act of June, 1836, and the subsequent promulgation of the Specie circular, which first imposed these checks upon bank issues. So far from being the cause of a redundant circulation, they operated as checks to such a circulation. I have stated, and I believe most truly stated, that anterior to June, 1836, the deposit banks had put out on loan every dollar of the public money. They had also, in connection with the other banking institutions of the country, extended their accommodations to the utmost limit of their respective charters.

In order to show the true condition of banks, and of the public funds in deposit at the time of the passage of the act of June 23, 1836, I would refer to some of the provisions of that act, and the subsequent but necessary action of the Department to carry those provisions into effect; from which it will appear that the deposit banks were unprepared for the crisis.

By the first section of that act, the Secretary of the Treasury is required, as soon as may be practicable, to select and employ, as the depositories of the public money of the United States, certain local institutions—one at least in each State and Territory—"and that he shall not suffer to remain in any deposit bank an amount of the public money more than equal to three-fourths of the amount of its capital stock actually paid in, for a longer time than may be necessary to enable him to make the transfers required by the act." And it will very distinctly appear, by a report communicated from the Secretary of the Treasury to the Senate in December last, in answer to a resolution offered by the Senator from Massachusetts, that he commenced immediately making the necessary transfers from those banks where there was too great an accumulation of the public money to the new selected depositories; and, from an examination of this document, it will appear that all the transfers were not promptly answered; but, in repeated instances, the banks on whom the transfer drafts were made, asked indulgences of thirty, sixty, and ninety days, and the request was granted, whenever it could safely be done without disregarding the requirements of the law. The banks were not then prepared for the crisis; the funds of the Government had been disposed of; they were beyond the control of the banks themselves; and until collections could be made—until means could be drawn from the individual debtors of those institutions—they could not, with convenience, answer the claims of the Government. I infer then, Mr. President, from these facts, that the money of the Government which had been deposited with the local institutions, had been loaned prior to the passage of the deposit act; and that the distress which now pervades our country, can not justly be attributed to any action of the Government. The prostration of the business, the disappointment of the hopes, of our community has been the effect of causes which they controlled, and with which the Government had no concern. The deposit act and the specie circular has had no other effect but to hold the banks in check. That circular bears date, July 11, 1836, and it was directed not only to the receivers of the public money, but also to all the deposit banks; and its avowed object and purpose was to discourage the ruinous extension of bank issues and bank credits, by which means speculations and monopolies in the purchase of the public lands were going forward in an alarming extent. The late President, in his annual Message, shows that, "from the returns made by the various registers and receivers, it was perceived that the sales of the public lands were increasing to an unprecedented amount." "In effect, however, the receipts from these sales amounted to nothing more than credits in bank. Those credits were rapidly increasing, and on some of the books of the western banks were greatly beyond their means of payment;" and in consequence of this state of things, to save the public domain, and to preserve in security the public funds, the President directed, that after the 15th day of August, 1836,

gold and silver and Virginia land scrip only should be received for the public lands; and the effect must have been to have checked the sale of the public lands, and to have curtailed the paper circulation. It very distinctly appears, that in June, 1836, the sales of the public lands amounted to three millions, three hundred and seventy thousand dollars, and that the aggregate amount of sales for three months preceding the time when the Specie circular was to take effect, was more than eight millions and six hundred thousand dollars; while the aggregate amount of the sales for the next following three months was about four and a half millions—a reduction of one-half in amount; and the average reduction was still greater for the next following five months, and up to the time of the suspension by the banks of specie payment. Nor could the effect of the circular be to withdraw or to abstract from the banks, such an amount of their specie basis as to embarrass their operations. On referring to a document upon this subject, communicated by the Secretary of the Treasury to the Senate, on the 29th of December, 1836, it will appear, that the whole amount of gold received at the land offices in August, September, October, and November, 1836, was three hundred and sixty thousand and sixty-nine dollars; and that the whole amount of silver received at said offices in the same period of time, was one million four hundred and forty-two thousand and eight hundred and seventy dollars—making a total, in gold and silver, of \$1,802,939. And from the same document it also appears, that, from the 21st of July to the 24th of October, 1836, the certificates granted by the Treasurer of the United States for specie received at the Department, amounted to \$235,200—making, in the whole, a little more than two millions of dollars, which was abstracted from the specie capital for the purchase of public lands, for a period of at least four months; while the whole amount of the sales of the public lands for four months, including the whole of August and November, 1836, amounted to seven millions of dollars. The difference between the two millions paid in specie and the amount of sales must have been provided for, either in Virginia land scrip, or in some other acceptable currency. It is, to my mind, idle to pretend that the employment of two millions of dollars in the purchase of public lands for this period of time—the withdrawal of this amount from the eight millions of specie in the country—could have embarrassed the banks (if no other cause of embarrassment previously existed) in their business operations, or could have tended to have brought upon us the evils under which we are at this time suffering.

If, as it has been contended, that one million of specie purchased three millions of land, it furnishes an additional fact, tending to show the dangerous use of bank credits. In the whole history of our Government, from its foundation, there has never before occurred such an universal wreck of banks and of business as now prevails. In New England no such catastrophe has ever before overwhelmed their local institutions. In the darkest and most discouraging periods of our history, the banks of New England have stood unmoved and undisturbed, secure in their own resources. They never lost the support of public confidence, until this one sad event has happened to them all; and the conviction to which the mind must inevitably come is, that this event has resulted from their connection with the finances of the Government.

It is true, that in New York, and in other sections of the Union, there was a suspension by the banks of specie payment during the war; but that was the effect of a combination of most extraordinary circumstances; and the very fact of that temporary suspension went to sustain the credit of the Government, and bring the war to a favorable termination. But at a time of general peace, of universal prosperity, that this calamity should come upon us, is matter of wonder and astonishment. But its true cause is to be found in the extraordinary issue of bank paper, founded on individual responsibility. In other words, it is nothing more and nothing less than the gross abuse of individual credit. It was not the deposit act, nor was it the specie circular which brought upon us this calamity.

The moving cause was beyond the conception of those measures. But, Mr. President, before I leave this part of the subject, I must undertake once more to say a word or two in defence of the Secretary of the Treasury, who, on this occasion, seems not to find favor with all his old political friends, and who is doomed to incur the severe animadversions of all his old political enemies. I could not have supposed that the Senator from Virginia would have undertaken to have cast any imputation upon the Secretary of the Treasury, for the manner of his executing the deposit act of 1836. That was matter of grave charge against him at the last session, by one of the Senators then representing the State of Ohio, but no longer a member of that body. But, strange as it may seem, the pecuniary distress which now exists in our commercial cities, has been here and elsewhere charged upon the Secretary as the direct effect of the awkward manner of his executing that act. I undertook at the last session to answer the allegations of the Senator from Ohio, and since the report of that distinguished officer was made to the Senate in answer to the call of the Senator from Massachusetts in relation to this subject, I had not heard a word of complaint made against the Secretary of the Treasury, for the manner of his carrying into effect the provisions of the deposit act, until the Senator from Virginia renewed the charge. Mr. President, the Secretary could not have done less, he might have done more.

In the report already referred to, the Secretary remarks, that "on the passage of the deposit law, and in execution of the first section of it, prohibiting any amount over three-fourths of the capital of any bank to be left in it longer than was necessary to select new banks; and to complete the transfers for removing the excess, it became indispensable to transfer for that purpose alone, about \$18,300,000. New transfers for this whole amount became necessary. The Department, therefore, took immediate steps, even before the adjournment of Congress, to comply with this direction of the law. By a reference to the act itself, it will be found that the Secretary had no course to pursue, but the one expressly marked out by the act. It was clearly his duty to select as soon as was practicable, and to employ as the depositories of the money of the United States, such new banks as may be located adjacent or convenient to the points or places at which the revenue may be collected or disbursed. And the act expressly requires that the Secretary shall not suffer to remain in any deposit bank an amount of the public money more than three-fourths of the capital stock actually paid, for a longer time than may be necessary to make the transfers for the purpose of equalization. He could not then have permitted the public money to remain in those deposit banks, where an amount had accumulated beyond three-fourths of their capital stock. He was bound to select new depositories, and to make immediate transfers. He was required to do this for the purposes of equalization. This duty he attempted to execute, and it was performed with as little embarrassment to the banks, and to the commercial community, as possible. If the Secretary had, regardless of the conditions of those institutions, rigidly enforced the provisions of the first section of the act, the deposit banks could not have sustained themselves. The Secretary made no transfers unless absolutely required by the express terms of the act itself. He was compelled at once to remove about eighteen and a half millions of dollars from one set of deposit banks, which then held of the public money more than three-fourths of their capital stock, to new depositories, selected in the different States; and for this duty he is charged with having been unnecessarily instrumental in bringing upon the country the existing prostration of the banks. No man could be less obnoxious to such a charge. The known fidelity, uprightness, and industry, of the Secretary of the Treasury in the performance of every official duty, ought at least to protect him from any such imputations.

From the annexed official statement, which accompanies the Secretary's Report, it very distinctly appears that the amount of deposits had not been withdrawn from the commercial States so as to leave with them a less sum in deposit at the date

of the report, than the same States possessed on the 20th June, 1836; and the same statement will show the amount transferred, for the purpose of equalization, to States, under the first section of the deposit bill, which had none of the public money in deposit at the date of said act.

Thus it appears that the State of New York had in deposit \$12,108,322 at the passage of the act—a sum which could not be there retained without an entire disregard to the provisions of the act; and hence \$534,000 was transferred from New York to New Jersey. It will appear that New York, on the day the report was made to the Senate, had about half a million less in deposit than it had at the passage of the act, while New Jersey held in deposit the difference. The statement is a full commentary on the manner of executing the act by the Secretary, and shows most conclusively that the course pursued by that officer was most favorable to the banks as well as to the commercial community; and is evidence of the truth of the assertion that the Secretary could not have done less without a violation of law—that he could have done more with perfect impunity—and that his forbearance alone saved the banks and the debtors of the banks.

**STATEMENT showing the amounts of public money on deposit in the banks of each State on the 20th of June and the 19th of December, 1836; as well as the proportion these amounts bore at each period to the sum to be deposited with such State under the 13th section of the deposit law, including Michigan, and taking the sum to deposited with the States at \$37,000,000.**

States.	Proportion of each State of \$37,000,000.	Amount on deposit June 20, 1836.	Amount on deposit Dec. 19, 1836.
Maine	\$1,258,503 00	\$231,829 00	\$507,604 00
N. Hampshire	880,932 00	180,200 00	632,235 00
Massachusetts	1,761,904 00	2,077,164 00	2,386,476 00
Rhode Island	503,401 00	112,004 00	349,758 00
Connecticut	1,006,802 00	104,839 00	741,033 00
Vermont	880,932 00	52,975 00	162,315 00
New York	5,285,714 00	12,108,322 00	11,536,271 00
New Jersey	1,006,802 00	None	534,004 00
Pennsylvania	3,775,510 00	2,643,179 00	2,684,880 00
Delaware	377,551 00	None	170,000 00
Maryland	1,258,403 00	1,447,663 00	1,225,210 00
Virginia	2,894,577 00	489,951 00	1,238,660 00
North Carolina	1,587,755 00	129,625 00	660,697 00
South Carolina	1,384,253 00	384,680 00	536,576 00
Georgia	1,384,253 00	637,911 00	568,904 00
Alabama	880,932 00	1,057,740 00	1,407,505 00
Mississippi	503,401 00	1,619,554 00	1,791,658 00
Louisiana	629,251 00	2,568,345 00	4,382,308 00
Tennessee	1,887,755 00	631,125 00	492,433 00
Kentucky	1,887,755 00	400,037 00	1,862,316 00
Ohio	2,642,837 00	1,520,979 00	3,130,881 00
Indiana	1,132,653 00	1,011,195 00	2,136,419 00
Illinois	629,251 00	None	45,616 00
Missouri	503,401 00	1,539,304 00	1,890,628 00
Arkansas	377,551 00	None	None
Michigan	377,551 00	1,895,175 00	1,462,222 00

I have now stated the causes which in my judgment have produced the existing evils, and there can be no doubt that something must now be done to sustain the Government and the country.

There seems to be an imperious necessity for further legislation. The acts of Congress establishing local banks as the depositories of the public funds, cannot be executed. The present condition of those institutions, their acknowledged inability to perform the duties imposed upon them, as the fiscal agents of the Government, call upon Congress to provide for the present exigency.

The bill reported by the Committee on Finance, if carried into full effect, can not fail to relieve the Government from present financial embarrassment. I am fully aware that it is the purpose of the chairman of the committee to present his own views in relation to the measure; it will be his province to give a very detailed statement of the character and effect of that bill—its benefits to the Government, to the banking institutions of the country, and to the people themselves. It can not but have occurred, however, to every individual, that if this bill should now be adopted, it would in effect be but the same measure, so far as it relates to the collection and the disbursement of the public money, which has existed almost from 1789 until the joint resolution of April, 1816. This bill, if carried into effect, would give to the Government the certain and absolute control of its own funds. So did the act of 1789. This bill, if adopted, would sever the

Government from any connection with the pecuniary concerns of the local banks of the country. So did the act of 1789; and, notwithstanding the existence of the Bank of the United States from 1791 to 1811, there was no legal provision which created that institution, or any other bank, the receiver and disbursing of the public revenue. If this bill should be adopted, the fiscal agents of the Government will collect, hold, and disburse the public revenues upon their own responsibility. So did the collectors under the act of July, 1789. If this bill be passed, the fiscal agents will be immediately accountable to the Government. So were the collectors of the revenue from the foundation of the Government to the recharter of the United States Bank, in 1816. The advantages the Government will derive from the operation of this measure will be the certain control of its own funds, the direct responsibility and accountability to the Government of its own fiscal agents; and another benefit which will result from the adoption of this measure, will be the unchangeable character of its own means; and the fixed value of its own revenues—not liable to depreciation by the casualties and misfortunes to which the moneyed institutions of the country are more or less liable. The utter failure of this, or the severe losses of that, bank can, in no wise, deteriorate the value of the Government funds. So it was for the first quarter of a century after the adoption of our Constitution. Independent of all banks, we would manage our finances in our own way, and with perfect security to the Government. So it was under the act of 1789. The revenues then were collected and disbursed, independent of the Bank of the United States. These are some of the benefits which would result to the Government by the adoption of this bill; and, acting independent of local banks in the collection and disbursement of the public revenue. It would also, in its operation, be beneficial to the banks themselves. If this measure be carried into effect, no longer will the money of the Government be used by the State banks in their banking operations; no longer will the money of the Government be employed in increasing the paper issues of the banks, by increasing their discounts, and their credits; and certain it is that this deposit with the local banks can not be required for the transactions of the necessary business of a business community. The pecuniary aid of the Government is not needed for the legitimate operation of the local banks. There is not, Mr. President, any want of bank capital in the country; if there was, there is no want of a disposition to create bank capital. The complaint is, and has been, that banks have multiplied too rapidly, and beyond the necessities and wants of a commercial and trading community. The complaint is well founded. Certain the fact is, that there is not at this time, within the limits of New England, any want of bank capital. If this be so, what occasion can there be, where is the necessity, of requiring the deposit of the public money to carry on the proper operations of these local banks? There can be no necessity; and the sound, stable, substantial institutions will be essentially benefited by giving up this trading upon the money of the Government, and by returning to the good old safe practice of managing their own business upon their own capital. There is too much uncertainty attending the use of the public money to justify any bank doing business upon the strength of Government deposits. It is true that a half of a million may be placed with a public depository to-day for safe-keeping; and may it not be so, that a public appropriation for some unexpected and unlooked for event may render it indispensably necessary to withdraw at once the whole amount of such a deposit? and if the bank had previously put this deposit out on loan—as it certainly would do, under the deposit act, to indemnify it against the claim of the Government to interest—might it not be embarrassing to the banks to answer such a call from the Treasury Department?

The great uncertainty, then, both as to amount and to time, which must attend the deposits of the public money, cannot fail to be regarded by sound and well regulated banks as a great objection to the reception of the Government deposits. If the

banks which have been selected under the deposit act of June 23, 1836, should be called upon to answer the inquiry whether the Government money received by them in deposit has been a benefit to their respective institutions, the answer of the solvent and stable deposit banks would be, No, they have been an injury, rather than a benefit. Trace the history of the deposits which have been made with the banks in New England; and it must result, from the great uncertainty and instability which has attended the moneyed operations of the Government, that the deposits have served but to augment their pecuniary embarrassments. Better, then, would it be for them and for the Government to dissolve the connection. And, Mr. President, the people themselves, for whose interest there has been much feeling manifested pending the debate upon this bill, would also participate in the benefits which would result from the adoption of this measure. Men would become steady and settled in their operations; there would no longer be given to property an inflated and fictitious value; business would resume its accustomed channels; and the excitement, always temporary and always dangerous, (the fruit of any extraordinary expansion of paper currency,) would be done away; the spirit of speculation and over-trading would be checked; a sound discretion and a guarded prudence would mark the conduct of business men, and give character to all their operations. There would not, and there could not be, that constant change and revolution in the value of property, necessarily involving in its consequences the fortune and the fate of thousands. Let the Government, through its own agents, collect and hold its revenues exclusively for public purposes; let the Government withhold from the local institutions the use of the public funds, and that wild, extravagant, and adventurous spirit which has pervaded our country for the last two years, will be controlled by the power of sober judgment; and if such would be the consequences resulting from the adoption of this measure, surely the people would greatly participate in the benefits of the system. In my belief, the Government, the banks, and the people, would derive essential advantages from the adoption of this measure. I shall, therefore, Mr. President, give to it my best support. As a member of the Committee on Finance, I agreed to report the bill. The discussion which has taken place since the bill has been before the Senate—to all of which I have given my constant attention—has served to satisfy my own mind of the necessity, policy, and justice, of the measure. I deeply regret that a different view has been taken of this matter by other gentlemen; for whose opinions I have ever entertained a profound respect; but it is, I trust, but an honest difference of opinion on a leading measure of public policy. I have no belief that any change of sentiment can be accomplished; but, sir, I must be excused for noticing some of the objections which have been made on this floor to the bill now under consideration.

First. It is objected that the bill provides that the revenues of the Government should be collected and disbursed in gold and silver; and from the consequence given to this objection to the measure pending the debate, the inference must be that, in this particular, a great innovation upon the practice of the Government is contemplated, and that a new principle is to be introduced into our legislation; but, so far from that being the fact, this same principle—this special provision—has been co-existent with the Government itself. By the act to regulate the collection of duties, &c. approved July 21, 1789, it is provided "that the duties and fees to be collected by virtue of said act, shall be received in gold and silver coin only." And by the tenth section of the act of February, 1791, creating the Bank of the United States, it is provided "that the bills or notes of the said corporation, originally made payable, or which shall have become payable on demand, in gold and silver coin, shall be received in all payments to the United States." The corporation was not, by the terms of its charter, made the fiscal agent of the Government; nor was the bank made the depository of the public revenues. The responsibility of the collec-



tors, created by the act of 1789, was not transferred to the Bank of the United States. They, and they alone, were directly accountable to the Government. Their duties were prescribed by the act, and were not, by the charter of the bank, changed. This feature of the bill, should the amendment of the Senator from South Carolina be adopted, would contain no new principle, or introduce any new practice. From 1789 to 1816, such was the usage of the Government, and such was the law of the land. And I would confidently appeal to the experience of the people, whether the material change in the collection and disbursement of the public revenues which took place on the recharter of the United States Bank in 1816, and the subsequent changes which have taken place, have advanced their peace, prosperity and happiness. Under the system which was established in 1789, and practised on by the Government, the revenues were collected and disbursed in a currency not subject to change or deterioration, by its own fiscal agents, directly responsible to the Government. By the act of 1816, rechartering the United States Bank, that corporation was made the responsible fiscal agent of the Government. All the bills or notes of the corporation, without any discrimination, were made receivable in all payments to the United States. And the act provides further, "that the deposits of the money of the United States, in places in which the said bank and branches thereof may be established, shall be made in said bank or branches;" and "that during the continuance of the act, and whenever required by the Secretary of the Treasury, the said corporation shall give the necessary facilities for transferring the public funds from place to place, within the United States, and for distributing the same in payment of the public creditors, without charge," &c. These provisions were introduced by way of amendments to the bill, after it had been reported by the committee, and were, I believe, proposed by the Senator from Massachusetts—thereby materially, and as it has operated, injuriously, changing the whole practice of the Government in relation to the collection and disbursement of the public funds.

Had the bank been vested with no other powers by the act of 1816, than was conferred by the act of 1791, the evils which have since been experienced would have probably been avoided. It was its intimate connection with the finances of the country—it was the control it possessed over the public funds—it was the political influence it was supposed to exercise—that awakened the jealousy of the American people, and excited feelings, and established opinions, hostile to the continuance of such an institution.

A second objection made to the bill is, that it in effect repeals the act depositing the money of the Government with the local banks, and thereby producing great injury to those institutions. I have already expressed my own views as to the effect this measure would have upon State banks. And all I wish to add is, that, until local banks were selected as public depositories, for the first forty years of the existence of this Government, the local banking institutions of the country did not count upon any such aid from the Government as essential to their prosperity, or necessary to their success.

A third objection to the bill is, that it creates one currency for the Government, and another for the people.

Was there any complaint of this sort made under the act of 1789? Was there then one currency for the Government, and another for the people? If the amendment of the Senator of South Carolina be adopted, after 1841, the revenues will be received in gold and silver only. And what would be the effect of such a proceeding? Would the gold and silver received for the public revenues be abstracted from the general currency? Would it be locked up from circulation? Would it be salted down in the vaults of the Sub-Treasury officer? No, sir: the revenues and the public dues would come from the people, and they would be disbursed to the people. If paid in a metallic currency to our fiscal agents, the same currency would, by the same agents, be disbursed

to the public creditors. The history of the Government shows, that at the commencement of each fiscal year, there is not on average in the public Treasury, subject to draft, a sum exceeding six millions of dollars. If, in the course of the year, twenty more millions have been received, a like amount has been disbursed. A sum not exceeding six millions of specie then, would ordinarily be the balance of the account of receipts and expenditures at the commencement of the fiscal year; and can the abstraction of six from more than eighty millions now in the country, so alarm the fears of gentlemen as to lead them to the conclusion that the consequence of this measure will be the establishment of one currency for the Government, and a different currency for the people? And are not all of the people? Are men holding office a distinct race from the people? And can it be seriously contended that the revenues received and paid out to public creditors is withdrawn from circulation, and from the care of the people? No, sir, it can not. Debtors and creditors to the Government are parts of the same community. They are of the people; and their relation to the Government is constantly changing. To-day one may be a creditor—to-morrow he may be a debtor; and I can not conceive in what way or manner the adoption of this bill would create one currency for the Government, another for the people—would establish those high or low in office—all who have claims upon the Government—as an order of men possessing peculiar and exclusive privileges. It can not so be. The objection has no foundation in truth.

A fourth objection is made, that the bill divorces the Government from the banks. The bill separates the Government from the banks in no other way than it says, that no longer shall the banks have the public depositories for the purpose of expanding and enlarging their paper currency. This is the divorce about which Senators complain. The propriety of such a separation I have already discussed.

Another objection made to this measure is, that it in effect destroys the credit system under which the country has enjoyed so much prosperity.

There can be no doubt that credit, as contradistinguished from cash payment, has been, and may be, attended with consequences most beneficial to the prosperity of a community; that it stimulates enterprise, and, when properly restrained, can not fail to advance private interest; but such a credit system needs not the protecting care of the Government. It is the excess of credit that brings danger, distress, and dismay. It is that uncontrolled and uncontrollable spirit of adventure which leads to disaster, embarrassment, and ruin. It is that bold and daring passion for speculation, sustained for a time on credit, which puts in jeopardy the fortunes of individuals, prostrates the best efforts of enterprise, and scatters firebrands and death among an active business community. Whence this general desolation which now pervades our land? Whence this general, this universal embarrassment, which now prevails through the country? It is to be traced to a most injudicious and unwarrantable expansion of the credit system. This has been the efficient and producing cause of the pecuniary distress which now extends from Maine to Florida. A judicious, a well-regulated system of credit, has its advantages in every community, and among every class of our citizens; but I submit whether, from the woful experience we have had, we ought to wish to return to the local banks the public depositories, if thereby an enlargement of individual credit could be attained, and a corresponding increase of a paper medium? I cannot doubt what would be the response.

Another objection to the bill is, that its tendency is to increase Executive patronage. That objection has been so ably answered by the Senator from Mississippi, that I would not weaken the force of his argument by submitting any additional considerations of my own.

Another objection is urged, that the bill, if adopted, can not, with convenience, or with a proper regard to the security of the public funds, be executed. My answer to that objection is, that no difficulties were experienced under the act of 1789. The principles of this bill were then carried into effect with convenience to the Government and to

the public creditor, and with safety to the public funds; and they may again be so carried into effect.

Another objection is, that this is an experiment, and that experiments with reference to the public finances are not only odious, but dangerous to the security of the public funds.

My answer to this is, what would the gentleman from Massachusetts call upon us to do in the present exigency? Try some other plan? adopt some other expedient? Would any project which the Senator might recommend be any the less an "experiment?" But a further answer to this objection is, that the measure now recommended by the committee is no "untried experiment." It has been practised upon here and elsewhere, and has received the approbation of the people.

The amendment proposed by the Senator from Virginia is to strike out the bill reported by the Committee on Finance, and to insert a "bill designating and limiting the funds receivable for the revenues of the United States." This amendment, if adopted, will continue the local banks as the depositories of the public money, and will justify the Treasury Department in the receipt of the bills of specie paying banks, of certain denominations, and at fixed periods. The Senator from Virginia urges the adoption of his amendment, first, to save the local banks; to induce them to resume specie payments; and also to establish and preserve one uniform currency throughout the country; to continue the practice of the Government which has existed since the joint resolution of April, 1816, so far as it relates to the kind of money to be received for the public revenues; that, by its adoption, not only the banks, but the people themselves, would obtain a sensible relief from existing embarrassments.

The substitute of the Senator's bill for the bill reported by the committee would have no tendency to save the local banks. I have already said that those institutions which are sound and solvent need not this kind of assistance from the Government for their own protection; that there is an abundance of bank capital for the business of the country; if not, there is no want of disposition to create or to hold bank capital; and that so great must necessarily be hereafter the uncertainty as to the amount and duration of these Government deposits in local banks, that to continue them, under the deposit act of 1836, would serve only to embarrass those institutions. Nor is there much force in the reason urged for the amendment—that its adoption would serve to establish and preserve a uniform currency throughout the country. The eighty deposit banks selected by the Government, in the different sections of the Union, amount only to about one-tenth of all the banking institutions now existing by virtue of State legislation, and comprising about one-third of the whole banking capital of the country. The selected banks, scattered, as they are, over the whole Union, acting, as they must do, under their own local charters, and accountable to their own State authorities, with no common interest, but simply performing the conditions and the terms of their respective contracts with the Government, independent of each other, can do but little to regulate the general currency. The bills of specie paying banks in Louisiana, although issued by those institutions selected as depositories of the public revenue, cannot pass and be passed as a currency in New England. The character and capital of these State institutions clearly evinces that their circulation to any great extent can not pass current beyond the boundaries of their own States. The banking system now existing in New England is well arranged for the convenience and the security of that community. It is one of the blessed effects of that system that the paper of our local banks mainly circulates in its own immediate vicinity. The moment the paper of any particular bank is doubted, that moment it ceases to form, to any considerable extent, a part of the circulating medium. It is collected at the commercial capital of New England, and sent home for payment. The paper, therefore, of any local bank, not current at the great market of New England, will no longer be received by any portions of our community. The consequence of the system is, that the bank paper best known and highest appreciated by the community constitutes

almost exclusively the paper circulation among that community. The amendment could have no effect in regulating the general currency of the country. Even if there were a perfect league among all the selected banks, no such effect could be produced. They comprise too small a number and too small a portion of the capital of the local banks, to bring about any such consequence, should they continue to receive and to disburse the public revenues.

There can be no occasion for the amendment, for the purpose of continuing in practice the provisions of the joint resolution of 1816. The bill reported by the committee, left that resolution undisturbed. It also left the act of 1789 in full force. And notwithstanding the speculations of different gentlemen in relation to this matter, there can be no doubt that our collectors and receivers under this bill, if it passes, as under the act of 1789, will act like rational, discreet, accommodating, and prudent officers. Suppose an importer in the city of Boston should have occasion to pay to the collectors, for duties on imports, one hundred thousand dollars, what would be the course? He would at once make an arrangement at the bank where he transacted his business to answer his draft for that sum. The collector, well knowing the character of the merchant, and the condition of the bank, receives the draft, and it is carried as a special deposit to the credit of the collector. Suppose that within two days he receives from the Secretary of the Treasury a warrant to pay a public creditor the same sum, he draws on this deposit, and the bank then satisfies the draft by paying the specie, or by paying out their own paper, at the election of the payee. This would be an every day business—a common transaction; no embarrassment—no delay would attend the operation. But suppose that the collector was authorized or required to receive and disburse in the bills of specie-paying banks; and when the creditor demands payment, he offers him the bills of specie-paying banks, but so remote from the place of the transaction, that before he can present them for redemption, the banks themselves suspend payment, and a creditor of the Government thereby loses a portion of his claim, and this occasioned too by the act of his Government. This is a consequence I would avoid. But suppose that the receivers are required to receive or disburse no bills, except of certain fixed denomination, and on banks where they can be converted at the time and place into specie. No practical convenience would result from any such arrangement. It would then be left to the creditor to take specie, or to take paper convertible into specie; and without any legal provisions, nineteen times out of twenty, such would, in effect, be the course of the receiver as would secure to the creditor that election. The Senator from Virginia has sustained his proposed amendment with his usual ability, and has called upon us to go with him now in the support of that measure, for the reason that, at the last session of Congress, we came in aid of the proposition. This is all true, sir; and if the Senator can, with propriety, urge the same considerations for the adoption of this measure, as were at that time urged upon the Senate, there can be no good reason why we should, at this time, withhold our support. It occurs to my mind that the amendment now offered by the Senator from Virginia is presented under circumstances entirely different from those which existed at the time it was brought forward at our last session. Certain local banks had been selected as the depositories of the public money as early as 1833, and had been established as the fiscal agents of the Government. The deposit act of June 23, 1836, recognised them as such, and went on to increase the number of public depositories, imposing on all new obligations, and subjecting all to new liabilities. They were, to all intents and purposes, as much the receiving and disbursing agents of the Government as the Bank of the United States was under its charter, in 1816. The act, therefore, of the Senate, on the 10th of February, 1837, was not only proper in itself, with reference to the State institutions, but was in perfect accordance with what had been the action of Congress upon the same subject with reference to the Bank of the United States. It

was extending to them no greater favor than was extended to the United States Bank in 1791, when that institution was not under the obligation to perform the duties required of the State banks by the deposit act of 1836; and it was granting to them the same favors, so far as it respected the selected banks, as was granted to the United States Bank in 1816, when similar duties were imposed upon that institution. It seemed to me, therefore, when the proposition was presented at the last session of Congress, to be but an act of common and equal justice to the State banks, to adopt the measure. And for these considerations I did at that time give it my support. But how stands the matter now? Under what circumstances does the Senator now press his proposition? These local banks, these fiscal agents, have entirely failed to perform the duties required of them by the act of June 23d, 1836. Their part of the contract has been disregarded; and shall it be said that the obligation still rests on us to extend to these institutions the same favor? Was not the contract between the Government and the banks, and the obligations growing out of the contract, mutual and reciprocal—binding on both parties, or binding on neither party? The neglect or the failure on the one part, was a virtual discharge and release of the other.

What was required of these banks under the act of June, 1836?

"They were to credit as specie all sums deposited therein to the credit of the Treasurer of the United States, and to pay all checks, warrants or drafts on such deposits, in specie, if required by the holder thereof."

"To give, whenever required by the Secretary of the Treasury, the necessary facilities for transferring the public funds from place to place, within the United States and the Territories thereof, and for distributing the same in payment of the public creditors, without charging commissions or claiming allowance on account of difference in exchange."

And the act further provides: "that no bank which shall be selected or employed as the place of deposit of the public money, shall be discontinued as such depository, or the public money withdrawn therefrom, except for the causes herein after mentioned." "If, at any time, any one of said banks shall fail or refuse to perform any of said duties as prescribed by this act, and stipulated to be performed by its contract; or if any of said banks shall, at any time, refuse to pay its own notes in specie, if demanded, etc. in any such case it shall be the duty of the Secretary of the Treasury to discontinue any such bank as a depository," etc.

The obligations imposed upon the deposit banks by the provisions of this act were explicit, and the duty of the Secretary on their non-performance was equally plain.

But the amendment offered by the Senator from Virginia seeks to renew the connection which has existed between the Government and the banks, on their resuming specie payments; and, notwithstanding their course and their conduct; notwithstanding the Government has performed to the letter its part of the contract; and notwithstanding the banks, for the last four months, have entirely failed, and still neglect, to fulfil the stipulations required by the act and by their contract, yet the Senator asks us to renew our relations with these institutions; to take the lead in this matter; to induce them to resume specie payment by promising to give to them again the public deposits, and to receive for the public dues the bills of those banks which may resume specie payments. And a strong appeal has been made by the Senator from Virginia and the Senator from New York, (Mr. Tallmadge,) to their friends, to give to this proposition their support, as they did in February last. Circumstances alter cases. The condition of our monetary affairs and the present condition of the local banks, seems to my mind to furnish a good and sufficient reason for opposing at this time this same measure, to which at the last session I gave my feeble support; and I think, by taking this course, I am by no means obnoxious to the charge of inconsistency. I then voted as I believed for the best; and I shall now vote, as I think, for the best; but should I now

vote for this amendment, I could not reconcile it to my sense of public duty.

I would respectfully ask the Senator from Virginia if, for six months previous to the passage of the act creating local banks as public depositories, there had been a general suspension of specie payments among all the local banks of the country; that for that period of time they had utterly dishonored their own paper, and disregarded their obligations to the public—would they have been selected as public depositories? Certainly not. Would the Senator have supported a bill legalizing the receipt of their notes, when they might resume specie payments? Certainly not. Suppose that for six months prior to the passage of the act of June, 1836, they had refused to pay specie for their bills, would that act have been passed? Certainly not.

Suppose the same state of things had existed for six months prior to the tenth of February, 1837, would the Senate have agreed to any such bill as that now proposed by the Senator from Virginia? Such would be the state of public feeling, and of public sentiment, towards these institutions, under such circumstances, that no such measure would find favor. It would be a proceeding on the part of Congress directly countenancing such a departure from public duty.

I would ask the Senator, in case he had at any time seen fit to employ an agent to manage his own affairs, under his supervision; had made known to him his duties and his obligations, and had placed with that agent his pecuniary means; and the agent had used those means for his own benefit; that, when required to perform the duties of his agency, he was wholly unable to discharge the obligations imposed upon him—would the Senator very readily consent to a re-employment of the same agent, and again furnish to that agent his pecuniary means, under the same obligations? I think too highly of the discretion and prudence of the Senator to suppose that such would be his course of conduct. There is a moral sense, a moral feeling, which, under such circumstances, would control the action of the Senator?

I am free to admit, as the Senator from Massachusetts has stated, that the late President of the United States, in his last annual Message, and that the accompanying report of the Secretary of the Treasury, gave to these local banks a high character, and detailed with much particularity, their valuable and extensive services; their state and condition, their perfect ability to meet all their liabilities, were distinctly communicated to Congress. In admitting thus much, I by no means agree that these public officers withheld from Congress any fact in relation to these institutions, important or necessary to be communicated. The then state and responsibility of the banks were truly and faithfully made known to Congress. And while the President, in his Message, remarked that "experience continues to realise the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government, he, in the same Message, (speaking of the danger of excessive issues of bank paper,) observed that "it is to be hoped that nothing will now deter the Federal and State authorities from the firm and vigorous performance of their duties to themselves, and to the people in this respect."

Whatever may have been the condition of the banks at the commencement of the last session of Congress, whatever may have been the condition of the banks at the time the Senator from Virginia first presented his proposition, there can be no mistake as to their inability now to meet their engagements. Their acts for the last four months speak a language which cannot be misunderstood; acts which may have been inevitable, but cannot fail to weaken the public confidence in those institutions.

If the amendment of the Senator should be adopted, what would be the effect? The Secretary of the Treasury has necessarily discontinued the local banks as the fiscal agents of the Government. Not until these old agents shall resume specie payments can they be employed; and what does the Senator propose to have done with the public funds in the interim? Certainly the Senator would not wish to have them deposited with the local banks in their present acknowledged state of delinquency; and if that should be the purpose of the Senator,

his amendment does not go far enough; for without some express legal provision to that effect, the Secretary of the Treasury could not, as the law now stands, employ these local banks as fiscal agents. What then does the Senator purpose to do with the public money until the banks shall resume specie payment? It is supposed that so long as specie shall bear a premium in the market—so long as any portion of our foreign debt shall remain unsatisfied—this state of things must continue.

I can not, Mr. President, from any view which I can take of the proposition of the Senator from Virginia, give to it my support.

The Senator from South Carolina has proposed an amendment to the bill, which I shall, with some reluctance, support. I should have much preferred the bill as it came from the hands of the committee. The principle involved in the Senator's amendment was matter of much discussion before the committee, and it was their conclusion, that a regard to the public interests required nothing more of them than to report the bill as it was reported, leaving the law of 1789 and the resolution of 1816 as obligatory as they had ever been. The committee believed that no inconvenience or embarrassment whatever would arise, either to the Government, to the receivers, or to the public creditors, by leaving the law of 1789 and the resolution of 1816 as they now stand; and in my judgment, the bill will not be improved by adopting the amendment proposed by the Senator from South Carolina. It, in effect, re-enacts the law of 1789 after the year 1841; and to a certain extent, it, in effect, re-enacts the joint resolution of 1816 until 1841. Without the resolution of 1816, and without the amendment of the Senator from South Carolina, the practice of the Government would go on as it did anterior to 1816, with a proper regard to individual convenience and to public security.

Mr. President, I voted for the deposite act of June, 1836; and, with the Senator from New York, (Mr. Tallmadge,) I have seen no cause to regret it. That vote was the deliberate act of my best judgment. It was given, not as has been avowed elsewhere, to make a gratuity to the States, or to make a systematic distribution of the common fund among the several States of this confederacy. No, sir, I voted for the deposite act with no such view, and for no such purpose. I voted for it, as it was upon its face, and as it was intended to be—a mere deposite bill. It cannot fail to be recollected, that great amounts of the public treasure had accumulated at particular points; that so great had been the accumulation at the places of deposite in the State of New York, as well as in some other States of the Union, that it was alleged on this floor, that the public funds were thus put in jeopardy; and again and again was it reiterated, that it was the policy of the then administration so to control the public treasure as to influence public politics. This was matter of charge; and to do away so groundless an imputation, and to provide further for a transfer of portions of the public money then in deposite in local banks, to the treasuries of the respective States, I supported the deposite act of June, 1836. Not a sentiment did I then utter, not a vote did I then give, which can be made to conflict with the views I now entertain of that measure. It was a deposite bill throughout.

The Committee on Finance, in relation to this subject, at the present session, have reported a bill providing for the postponement of the fourth instalment with the States, under the deposite act of June, 1836. That bill found favor with me in the committee. I was in favor of reporting it to the Senate. I gave it my vote on its passage; but, sir, were these proceedings irreconcilable with my support of the deposite act of 1836? No, sir, no. I have stated the circumstances which elicited my support of that bill. It was to provide additional and safe depositories for the keeping of portions of the public money. At that time we had in the various depositories more than forty millions of dollars; and on the first of January, 1837, we had in deposite thirty-seven millions; upon which the act was intended to operate. But, sir, notwithstanding the peculiar phraseology of that act, it was never

intended by its friends that the Government of the United States should part with its control over that portion of the public funds which had been, previous to the 1st January, 1837, in deposite with the banks, and was then in deposite with the States. It was the property of the Government, and subject to its control, in accordance with the provisions of the deposite act itself. But it was only that portion of the public money actually deposite with the States, which could be controlled by the terms of that act.

That part of the thirty-seven millions which had not, in point of fact, reached the treasuries of the respective States, could not be controlled by the act of June, 1836. It was subject to public appropriation. It had not been deposite with the States; and the States could not assert any claim to hold the public money under the deposite act, which had not actually been deposite with them. The Secretary of the Treasury had the same control, the same power, over the nine millions then in the local banks, as he had over any other portion of the public funds. It was subject to be controlled by the legislation of Congress: it was nothing more or less than a portion of the public money; and like any other portion, was alike liable to be absorbed by public appropriations.

The Government, then, could rightfully use this portion of the public funds; and consequently, on the 1st of October, 1836, there would be no surplus which could be deposite with the States. The necessary and unavoidable demands of the Government had taken up the whole amount in the Treasury, and hence there could be no surplus; and for one, sir, I could not lend my aid in favor of any measure to borrow money for the purpose of depositing the same money with the States. I therefore voted for the bill to postpone the fourth instalment; and I voted against the amendment offered to that bill by the Senator from Pennsylvania, because I could not give my aid to any proposition which should treat this deposite with the States as a donation to the States, or which should give to the Secretary of the Treasury any less control of that portion of the public funds than he had over any other.

It has been often said during this debate, that the recommendations contained in the Message of the President, and that the measures reported by the Committee on Finance, are not calculated to relieve the people from their present embarrassments; that they look exclusively to the accommodation of the Government. The Senator from Kentucky contended that the postponement of the deposite of the fourth instalment with the States, was calculated to increase the pecuniary pressure, and that the bill providing for the issue of Treasury notes was but the creation of a public debt. That it was prepared to withhold nine millions justly due to the States under the deposite act of June, 1836, and at the same time to impose a direct tax of ten millions upon their industry, for the redemption of the debt to be created by the issue of Treasury notes. Is this a fair and just exposition of the matter? If I am not wholly mistaken in the view which I have taken of this subject, the bill proposing to postpone the deposite with the States of the fourth instalment, is a relief measure not only to the depositories of the public money, but to the people themselves. It has been said here and elsewhere, that the amount required to be deposite with the States on the first of October next, was within the control of the Treasury Department; that there were available means in the Treasury sufficient for the purpose. If the fact be so, Mr. President, the course of the Secretary is plain; his duty is explicit, and that duty will be faithfully performed. If there is no want of means, there is no occasion for the action of Congress; the law is in full force, and the duty of the Secretary of the Treasury is fully set forth.

But the fact is not so; and it is the deficiency of means that has called for the interposition of Congress. If the Treasury was well supplied with available funds, how has it happened that, with so great unanimity, the Senate has, at this session, authorized the loan of ten millions of dollars? If the operations of the Government could be carried forward unaided, why has the Executive been au-

thorized, by the act of the Senate, to issue ten millions of dollars in Treasury notes? There can be no mistake upon this point; it is too plain for argument; and the fact is incontrovertible that, if the fourth instalment shall be required to be deposite with the States on the 1st of October next, Congress must provide the means. They must authorize a loan to some amount for that express object, to enable the Treasury Department to execute the act.

Whether this has resulted from the inability of the deposite banks to fulfil their engagements to the Government, or whether it has happened in consequence of the failure of the merchants to pay their duty bonds, or whether from both causes, it is the same to the Treasury Department. Available means are not there, and will not and can not be in the Treasury on the first of October, sufficient for the object; and hence the necessity of action on the part of Congress, either to provide the means, or to postpone the instalment.

Entertaining this opinion, Mr. President, I must differ with the Senator from Kentucky. I can not but regard the postponement of the deposite of the fourth instalment with the States, at a time like this, as a relief measure—a relief to the local banks, to the depositories of the public money, and, of consequence, a relief to their debtors, to the people themselves.

If nine millions of dollars are to be deposite with the States, that amount must be drawn from the debtors to the Government, from the deposite banks and the importing merchants. If a requisition shall be made on the banks and upon the merchants, they would be compelled to enforce collections from their debtors, and there is scarcely an individual in the community, however obscure, but would feel this postponement as a relief and accommodation to himself. The banks and the merchants are the great creditors to the community, and any and every measure which shall relieve them, is impracticable and in effect a relief to the people.

The postponement bill is a relief measure. The Treasury note bill is a relief measure; it is a mere temporary expedient; an authority to pledge the credit of the Government, until the debtors to the Government can pay their dues. The postponement of the payment of the merchants' bonds is a relief measure—directly to the merchants, but indirectly and in effect to the people.

The accommodation proposed to be extended to the deposite banks is a relief measure, giving time to those institutions, and enabling those institutions to give time to their debtors. The warehouse bill is a great relief measure, requiring cash payment for importations which shall enter into the consumption of the country, and relieving the people and the Government from the very evils under which we are now laboring—the abuse of the credit system.

Each and all these measures look directly to the relief of the Government and the people; and notwithstanding the speculations of gentlemen here and elsewhere, with respect to the true character of these measures, let them but be adopted—the banks, the merchants, the people, will all unite in expressing to their authors their deep sense of gratitude.

#### SPEECH OF MR. NILES, OF CONNECTICUT.

*In Senate, Wednesday, September 20, 1837.*—The bill imposing additional duties, as depositories in certain cases, on public officers, being under consideration.

Mr. NILES said: That he thought the question should not then be taken on the amendment of the honorable Senator from South Carolina, (Mr. Calhoun,) as it contained an important feature in the system of finance which it is the object of the bill to establish, and the whole subject could be more conveniently debated together. He believed there were several gentlemen who intended to address the Senate, and as he proposed to submit his views on the subject, if no other gentleman was prepared, he would go on at that time.

He considered the subject, viewed in all its bearings, in a constitutional, financial, and political aspect, as one of great importance, not inferior, perhaps, to any which, for many years at least, has oc-



cupied the attention of Congress. It was one to which he had given some attention, and on which he had reflected much; yet he should not probably have troubled the Senate with any remarks, had it not been for the observations of his distinguished friend from Virginia (Mr. Rives) in his speech yesterday. That Senator, in support of the bill which he had introduced for designating the public funds, which was similar in its provisions to the bill that passed both Houses of Congress last session, and which he (Mr. N.) and other friends of the administration then supported, made an eloquent appeal to himself and others to come out at this time in support of his present bill, or show good reasons why they could not do so.

Mr. N. said he would respond to the call; he could not support the gentleman's bill, but he would endeavor to give his reasons why he could not. He last session gave his hearty support to the bill referred to, which passed with great unanimity. He did so because he considered that bill as containing no new principle, and only carrying out what was then the established policy of the Government; it left the funds receivable for the revenue as they were placed by the joint resolution of 1816, but contained some provisions intended to operate as inducements upon the State banks to discontinue the issue of notes of the lower denominations. It was true the bill superseded the Treasury circular, and he (Mr. N.) was then disposed to do that, for the same reasons stated by the gentleman from Virginia; he also regarded that as a temporary measure, intended for a particular emergency, to arrest a special mischief. But he could not agree with the Senator in the opinion that the failure of that act, and the continuance of the Treasury order, was one of the causes which had contributed to the pecuniary distress of the country. He had, at the last session, supposed that the exigency which had called forth the order had passed off, but had since become satisfied that he was mistaken; such had been the condition of the finances of the Government, and the monetary affairs of the country, that he was fully persuaded the order had exerted a most salutary influence, alike favorable to the Government and to the country.

It has secured the revenue received from the public lands, and reinforced the western banks with specie, which has enabled them to sustain themselves, until the general storm came upon them, as it swept over the whole country. But had it not been for the operation of the order, the western banks would not merely have suspended payment, but would have exploded months before they, in common with others, suspended payments. Another good effect of the continuance of the order was, that it had drawn specie from the banks all over the country, and thrown it into circulation among the people in the western States, where he understood more specie was to be found in circulation than in any other section of the Union. And the specie which had been received for the public lands had been an important resource to the Government in its present emergency.

Mr. N. said he gave his support to the currency bill because he did not then think the time had come to change the policy of the Government in respect to the funds in which the revenue was collected. Among the reasons why he could not then go with his distinguished friend from Missouri, (Mr. Benton,) who so strenuously opposed the currency bill, was the important fact, that the entire financial concerns of the Government were then conducted through the agency of about ninety banks. It was, in his opinion, in vain to think to change our currency as long as we employed the agency of banks; as all public moneys deposited in them were immediately changed to bank credits. He then believed that, as a preliminary step to the collection of the revenue in specie, we must dispense with the agency of banks.

Sir, the late administration adopted a certain policy in regard to the finances of the Government, and he (Mr. N.) saw no occasion to change that policy at the last session of Congress; and the question on which he and the Senator from Virginia differ, is, whether the great changes which have since taken place, in the prostration, not only of the deposit banks, but of the entire banking system of the country, the serious embarrassments to the finances, and the general derangement of the monetary affairs of the nation, require a change in the policy? Has the deposit bank scheme failed? The Senator from Virginia thinks not; he regards the present derangement as the result of temporary causes, some of which originated in the meas-

ures of the Government; he thinks that, notwithstanding a gust of wind may have capsize the deposit banks, they can be righted, refitted, and again put in service. But he (Mr. N.) thought the banks had failed in their duties both to the Government and to the public. They had proved themselves to be either weak or faithless agents, and perhaps both; they had suspended payment; they had been guilty of a voluntary act of bankruptcy, in a time of profound peace, and immediately following a period of unusual prosperity, (or what was so regarded,) and when they had in their vaults nearly thirty millions of the public funds. This suspension was entirely different from that of 1814, when the Government itself had been the principal cause of the vast and dangerous issues of the banks, by which they were broken down.

Whether the general and simultaneous failure of the banks was voluntary and fraudulent, as supposed by some, or a measure of necessity, arising from the over-action and imprudent management of those institutions, was not very material; in either case they must be regarded as *unsafe* depositories of the public revenues. They might answer in ordinary times, when we had a clear sky and smooth sea; when the commerce and finances of the country were stable and regular; but they could not be depended upon in times of difficulty. And in the present instance they had failed, and violated their engagements to the Government and to the public, without any apparent cause, other than their own mismanagement. He would not charge the banks of having voluntarily been faithless agents; but he would say that they had violated their high and solemn obligations to the Government and to the public, without *any reasonable efforts*—he might almost say without any effort at all—to save their own credit and that of the commercial community. When the crisis came, mainly brought on by their own imprudent action, how did they meet it? Did they breast the storm with the hearts and nerves which the occasion called for? did they make any reasonable efforts to weather it and save the country from the calamities which have overwhelmed it? Far, very far, from this. If we look to the point where the extended line of banks first gave way—the city of New York—we shall discover the strongest evidence of cowardice or treachery. What stand did the banks make? how long did they sustain themselves against a run? The Bank of England, in 1825, sustained itself against a run for an entire year, and when a general panic prevailed. Why, sir, a frail concern, having first given way, and been *Docked*, some of the people, as was natural, became alarmed; but there was no general panic; a crowd gathered round the banks; they were not depositors or persons who had means to acquire any considerable demands against banks; most of them probably were 'boot-blacks,' 'chimney-sweepers,' and 'wash-women,' with a single bill each of the lower denomination; or perhaps they were of that class of citizens, who are becoming very notorious of late—the *loco-focos*; the officers of the banks look out at their windows and see this formidable array of persons, all armed with their "promises to pay," about to make an assault upon the banks. What is to be done? can we make a stand? can we defend ourselves against this formidable enemy? They did not, however, hesitate long; but, concluding that "discretion was the better part of valor," they determined to shut their doors, and keep their creditors out. This was certainly a convenient mode of paying debts. At other places, the shutting up of the banks was equally sudden; and, what is not a little remarkable, and calculated to excite a suspicion that something was wrong, is the fact, that the suspension at New Orleans, Mobile, and other places, occurred a few days after that at New York, but before there could have been any communication. These facts are at least calculated to excite a suspicion that there was a previous understanding among the principal banks in the different cities that they were to suspend payment about the time the explosion took place.

But, however this may be, he would ask whether any one can believe that the banks made any reasonable efforts to sustain their own credit and that of the country? Can the deposit banks, some of which possessed millions of the public money, which closed their doors and stopped payment under such circumstances, be regarded as faithful fiscal agents? Was it not the duty of these corporations to have attempted to sustain their credit, and to have paid out one quarter or one half of

their specie before they shut their doors in the face of their creditors? If they had met the shock resolutely, and with a willingness to incur a sacrifice, who can say that they might not have gone safely through the crisis?

Mr. N. said he had lately seen a report of the Governor of the Bank of France, for the year past. The money pressure has visited that country; not in the same severity that it has prevailed in England and the United States. There the bank prepared itself to meet the shock; instead of contracting, it enlarged its discounts, extended the time of its credits, and, in addition to its own notes, put into circulation more than one hundred millions of francs in specie. To enable it to do this, and arrest a money crisis, it purchased, at a heavy sacrifice, nearly twenty millions of francs of coin and bullion. But what sacrifices did the banks make here, to sustain their own credit, or that of the commercial community and of the Government? In the face of these notorious facts, how can it be denied that the deposit banks have proved faithless and unsafe depositories of the public funds? They have stopped payment in a time of peace, and without an effort to sustain themselves. Can we trust them again under such circumstances? This failure of the deposit banks, and palpable breach of trust, has occasioned serious embarrassments to the Government as well as to the country, and it is the sole cause why we are now assembled here.

Sir, connected with the employment of the State banks as agents of the Treasury, was a purpose of controlling their operations to some extent, and thus improving the paper currency. He believed that this formed no part of the original object of the late President; but it was afterwards engrafted in the system, and regarded by many as an essential part of it. This feature in the deposit bank scheme is what seems so highly to recommend it to the Senator from Virginia. The bill he has now introduced contains provisions intended as inducements to the State banks not to issue notes of the lower denominations. So far as the regulation of the State banks, and a restriction upon their issues, formed a part of the system, what success had attended it? He was sorry to say none, or very little. The hopes which were once entertained in this respect, were now blown to the winds. The Senator from Virginia still thinks that it is the duty of this Government to attempt to control and improve the paper currency of the country by means of its revenues, and that this can be accomplished by employing the State banks as fiscal agents. The gentleman certainly has strong faith, the faith of the grain of mustard seed, to which he so happily alluded in his speech.

Sir, the evils of our banking and paper money system are too deeply rooted and too broadly extended to be corrected or mitigated by any such palliatives. If the inducements, or considerations of interest, held out to the deposit banks, will induce them to give up their small notes, and conduct their business with some little regard to the public interest, how are those banks to influence or control other State banks? Talk about reforming the State banks through the agency of your financial measures! Why, since this attempt commenced, the increase of banking capital and paper issues has greatly exceeded any former period. The tide of paper money has been rising and swelling until its bitter waters have spread over the whole land, leaving behind everywhere the evidences of their corrupting and deleterious influences.

In many of the States the banking capital had been increased one hundred per cent. since 1830, and in others three or four hundred per cent.; and their issues had increased in proportion. It is true that the issue of small bills has been prohibited in several of the States; not in consequence of our fiscal measures, but as the result of the impetus which may here have been given to public sentiment.

But (Mr. N. said) the more he reflected on this feature in the deposit bank scheme, the more he was dissatisfied with it. What is it but an attempt on the part of this Government, indirectly, and through the form of contracts, to supervise and control the local institutions of the States? The object he admitted to be good, although he thought impracticable. But he spoke of the *principle*, which he believed to be unsound and dangerous. The banking corporations are a part of the local institutions of the States, as much as colleges and courts of justice. Can the Federal Government rightfully interfere to impose

restrictions and regulate the action of State institutions? That Congress, or the Executive, can do this *directly*, no one will contend; and can we effect, by indirect means, what we have confessedly no power to accomplish by direct legislation? Can we use the funds of this Government to buy up State institutions, for the purpose of moulding them according to our will? As a friend of the rights of the States, he must say he felt alarmed at such doctrines. The deposit bank system was resorted to in 1833, in a great emergency, when the United States Bank was attempting to crush the State institutions, and at that time was a wise, if not an indispensable, measure; but the object of superintending and reforming the State banks was then no part of the system. It is now abandoned, and he rejoiced at it, considering it impracticable, and resting on very questionable principles.

Whether, therefore, we look to the direct object of the deposit bank system, the safe-keeping and disbursement of the revenue, or the incidental advantage of improving the currency, it was (Mr. N. thought) not to be disputed that the measure had failed. The connexion between the Treasury and the State banks is at an end; it has been dissolved by the banks themselves; and the only question now is, whether it shall be renewed. He, for one, thought not.

The deposit bank scheme being, as he considered, out of the question, there were but two plans remaining for the management of the finances. The first of these is a national bank. He did not know that this exciting question would be agitated at this time; there were some memorials, but no distinct proposition, before us in relation to it; and although a national bank seemed to fall within the scope of the present debate, he was not disposed to go into any general discussion of that question. Of the constitutional and political considerations which belonged to it, he would say nothing; but he would make a few suggestions on one or two financial points. The re-establishment of a national bank is now asked for on new and distinct grounds. It is not as a fiscal agent of the Government; it is not so much for its capacity in facilitating commercial transactions that Congress is now appealed to to establish another bank of the United States; but it is asked for as a *general regulator of the currency of the country*; to regulate, superintend, and control the operations of the State banks. It is on this ground mainly, if not exclusively, that the mercantile community desire the re-establishment of a national bank.

The Board of Trade of the city of New York, in the circular which they have sent all over the country, to set the friends of a United States Bank in motion, say: "Here are several hundred banks, with an indefinite power to issue paper money, and twenty-seven legislatures, possessing indefinite power to create banks at their own will. The banks cannot control each other, nor can the State legislatures control them; so that there is no efficient check on the exercise of this immense power, upon which every man's property depends for its value, and every man's labor for its reward. That their instrumentality has been useful, if not indispensably necessary, is willingly admitted; but to their safe administration it was early deemed essential that the Government, charged with the care of the circulating medium, should, by means of its revenue, superintend, and, to a certain degree, control their movements."

The Board of Trade of our great commercial emporium may be regarded as speaking the sentiments of the commercial class generally in the country; and we see in the public papers, and every where, the almost universal sentiment among the advocates of a national bank, that it is the only regulator of the currency of the country; and it is to the failure to renew the charter of the late Bank of the United States that they attribute the rapid increase of banking institutions in the States the last few years. It would be difficult to use language more condemnatory to the whole banking system than that contained in the circular of the Board of Trade. What are we to think of a system which contains within itself no sustaining or regulating principle? Such an institution must have within itself the seeds of destruction. What are we to think of banks which cannot control themselves, which cannot control one another, and which cannot be controlled by the very power that created them?

But this unmanageable machinery of State banks, which possesses within itself the very principles of disorder, is to be controlled and regulated by a national bank, so as to render it highly useful. That

a large and very respectable portion of the community honestly entertained this opinion, can hardly be disputed. But it appeared to him without any foundation in theory, and not only unsupported, but directly opposed to all experience both in this country and England. How are one set of banks (for a national bank with numerous branches is, for most purposes, only so many independent institutions) constructed on the same principles, and moved by the same impulses and motives, to control and regulate another set of banks every way similar? If we examine the position and the reasons *a priori*, it appears to have no support; and if we view it in the lights of experience, it seemed to him strange that such an opinion should ever have prevailed to the extent it has.

The strong reason now urged for a national bank, was, in his opinion, one of the greatest objections to such an institution. That a national bank has and necessarily must exert great power over many of the smaller institutions of the States, was a point not to be controverted. But the question is, whether this influence tends to give stability to the paper currency, or increase its fluctuations? What are the evils of our paper currency, and indeed of all paper currencies? Its tendency to *excess*, and its ruinous fluctuations, or periodical and almost constant expansions and contractions. Is it not apparent that the concentrated power of a great institution, operating upon this floating mass, must agitate and keep it in constant commotion? And do we not know, in point of fact, that all the great and distressing revulsions in this country since 1816, were preceded by large expansions by the United States Bank? Was not this the case in 1817, and the first half of 1818? From July, 1817, to February, 1818, the discounts of the bank were increased about twenty millions of dollars, or nearly one hundred per cent. This preceded, and in no small degree contributed, to the severe embarrassments and distress which followed, and which lasted nearly three years. The pressure for money in 1826 was preceded by the increased discounts of the bank during 1825, which favored the speculations in cotton, and led to an excess of imports over the preceding years of twenty-five or thirty per cent. The bank, having increased its discounts in 1831, curtailed and brought on a pressure in 1832, and occasioned an excess of importations in 1831 of more than forty per cent. over the ten preceding years, with the exception of 1825. The contraction of about twenty millions after the removal of the deposits in 1833, it is well known, brought on the severe pressure and panic of 1834.

Yet, with these facts staring us in the face, it is seriously contended that a national bank is the only regulator of the currency, and the only thing calculated to restrain and check the action of the local institutions. He considered a national bank dangerous and pernicious under any circumstances; but he should feel much less objection to it if its notes formed the only paper currency. In that case, we should only be exposed to its own contractions and expansions; but with our present system of State banks, there is superadded to its own fluctuations the ebb and flood tides of that immense floating mass of paper supplied by the local institutions.

There was one other point of view in which he would consider a bank of the United States. The re-establishment of such an institution is regarded by many as the most effectual mode of immediate relief to the country, by compelling the State banks to resume specie payments. He concurred with the gentleman from South Carolina, (Mr. Calhoun,) that no measure could operate more injuriously and harshly on present difficulties than this. In 1816, in a state of things somewhat similar, the honorable Senator from Massachusetts, (Mr. Webster,) then in the other branch of Congress, declared that a bank was not the proper remedy. He said, "in my opinion, any remedy to be applied to this evil must be applied to the depreciated mass of paper itself. It must be some measure which would give life to this *mortified mass* of the body politic. This evil was not to be remedied by introducing a new paper circulation. The establishment of a national bank was not, in his opinion, the proper remedy." He said "the whole strength of the Government ought to be put forth to compel the payment of the duties and taxes in the lawful currency of the country. Gold and silver was the law of the land at home, and the law of the world abroad. The only legitimate power of Congress was to interdict the paper of

such banks as do not pay specie from being received at the custom-house."

Mr. N. said these sentiments were sound, and he fully concurred in them; if true and applicable to the crisis in 1816, they were equally so now. And how did the remedy adopted, a national bank, restore to life the "mortified mass" of paper money? Why, in the same manner that a surgeon saves the life of a patient by extensive amputations; an arm, a leg, leaving nothing but the dismembered trunk. If, in that case, the patient survived, his sufferings were great, and for nearly three years he languished in a low and feeble state. The contraction of currency was the most rapid and extensive, and attended by consequences the most afflicting and calamitous of which there are, perhaps, any examples in modern times.

Of the one hundred and ten millions of paper money which was in circulation in 1816, all was annihilated but *forty five millions*, according to the authority of Mr. Crawford. But even this destruction of more than sixty per cent. of the depreciated mass of paper did not give soundness to what remained, until the lapse of nearly four years. In a report made in 1820, Mr. Crawford says, "that in many of the States, the great mass of the currency is not even *ostensibly convertible*," and that, in a "great part of the Union, the convertibility of paper was rather *nominal* than real." Of the deep and extensive distress which this process of restoring the currency occasioned, he says, "all intelligent writers upon currency agree, that when it is decreasing in amount, *poverty and misery must prevail*. The correctness of the opinion is too manifest to require proof. The united voice of the nation attests its accuracy. As there is no recorded example, in the history of nations, of a reduction of the currency so rapid and so extensive, so but few examples have occurred of distress so general and so severe as that which has been exhibited in the United States. To the evils of a decreasing currency are superadded those of a deficient currency. But notwithstanding it is deficient, it is still depreciated. As the currency, at least in some parts of the Union, is depreciated, it must, in those parts, suffer a further reduction before it becomes sound. The nation must continue to suffer until this is effected."

Such was the picture of distress exhibited at the end of four years after the establishment of the United States Bank, which is regarded by some as a universal *panacea*, or sovereign remedy, for all disorders in commercial and monetary affairs. Like a patient slowly recovering from a fever, the whole country languished for three years; its resources exhausted; its industry paralyzed; and its whole energies inactive and dormant. The ruin to private fortunes, and the destruction of property, was immense; almost every description of property fell fifty per cent., and some much more. Every kind of business, except that which is the basis and support of all others, was entirely prostrated; and even agriculture was so depressed, that the prices of the products of the soil fell fifty, and many seventy five, per cent. These were some of the early fruits of a national bank, as a *remedy* for a disordered currency and a deranged state of the commercial interests of the country. In the history of England we have many similar examples of the kind of balm which a national bank pours into the wounds of a bleeding and suffering people; in 1793, 1797, 1814, and 1825. At the latter period of revulsion, nearly forty millions of dollars of currency of the private banks was annihilated, and a scene of distress and ruin presented truly appalling.

Sir, said Mr. N., I have said all I propose to say in regard to two financial schemes, and it now remains for me to take some notice of the third, which the bill before us is intended to introduce. This last is characterized as a novel and untried experiment, although much older than either of the others. It is the system on which the ancient and most modern nations have conducted their finances; it is, at any rate, as ancient as 1789, as old as the constitution which we have all sworn to support and to regard as the rule and guide of our actions.

This plan consists of the employment of federal officers, to execute that portion of the Executive power which pertains to the keeping and disbursement of the revenue. This seems to be the natural course, and is, at least, recommended by its simplicity and conformity to the true spirit of the constitution. Can any one believe, on perusing that instrument, that its framers contemplated the agency

of banks, either State or federal, in the keeping and disbursement of the revenue? Has not the employment of banks, from the first, been a manifest departure from the plain and obvious course indicated by the constitution, and may not this departure be justly regarded as the source of all our financial embarrassments and difficulties?

But is the proposed system *practicable*? This is, perhaps, the most important question connected with the whole subject. Is there any thing in the constitution, or in the nature of the fiscal duties of the Government, that renders the agency of banks appropriate and necessary? If that part of the Executive power which relates to the finances cannot be executed except by bank agency, then a system of banks becomes an essential part of the Government itself, and enters into its very elements. It becomes a bank Government, and cannot exist independent of banks in some form. And if it is not maintained that banks are absolutely necessary as fiscal agents, to insist that their agency is the most *suitable and appropriate means* of executing a portion of the Executive power, would seem to lead to the same conclusion, the same connexion between the Government and banks. But those who profess to be opposed to a bank of the United States, will do well to pause before they come to either of the above conclusions: for if the operations of the Government cannot be carried on without the agency of banks, or if banks are the most suitable and appropriate means for executing the powers relating to the revenue, does it not follow that we must have a *federal bank*? Is it not apparent that to admit that bank agency is necessary in the management of the finances, is the strongest possible argument in support of a national bank? Sir, the two questions are identical; they are but one; for to say that a bank is necessary as a fiscal agent, is to say that we must have a national bank. This, sir, is a complete independent system of Government; it possesses within itself all the necessary functions of a Government. It is in no particular dependant on the States, so far as its own action is concerned; and least of all can it be in so important a function as that of its finances. If it has not within itself the power to manage its finances, then it is no Government; it is dependant on the States almost to the same extent as the old confederation, which had no power over a revenue but by requisitions upon the States: Has this Government any control over the State bank? Has it any right to command their services? And, in times of party excitement, might not many of the States prohibit their banks from acting as agents of the Government? What security can there be in a reliance on State institutions? Who control the banks, and what is their spirit? Do they not present the embodied elements of aristocracy, and have they not usually been opposed to the Government, when administered by agents possessing the confidence of the great body of the people? Sir, there is no avoiding the conclusion, that, if bank agency is necessary, we must have a federal bank, which we can control ourselves, or, at least, have a legal right to control. But no such agency is necessary. The proposed system is not only practicable, but natural, simple; and, Mr. N. did not hesitate to say, would be found, on trial, to be as convenient as the State bank machinery.

If authority is of any avail, Mr. N. said he would refer to that of Mr. Gallatin, whose great experience and learning, as a financier, no one would dispute. He says, "it must be acknowledged, that inasmuch as the revenue may be collected, and the public money may be kept in the public chests, and transferred to distant places without the assistance of banks; as all this has once been done in the United States, and continues to be done in several countries without any public bank; it cannot be asserted that those institutions are absolutely necessary for those purposes, if we take the word necessary in that strict sense which has been alluded to." He thinks, however, it would be more inconvenient and expensive.

What, then, are the objections to it? Several have been urged, which he would briefly notice. It is said that it will increase the expense, and that the public funds will be unsafe. The question of expense was too unimportant, in his estimation, to be deserving of any serious consideration; if the expense should be double, triple, or quadruple what it has been estimated at, it would be a matter of no moment with him: As to the security of the public funds, he thought they would at least be as safe as in the banks. Can we not put as much confidence

in our own officers, appointed by, and accountable to, this Government, subject to the regulations, and pains, and penalties, which may by law be prescribed, as we can in the officers of mere corporations, over whom we have no control, and who are no way accountable to us for their conduct. We have no remedy, either civil or criminal, against any officer of a State bank for embezzling our funds; our only remedy is against the corporation, and that by suit, like any other creditor. But the power of supervision and removal, which will be applicable to officers of our own, and a frequent examination of the state of their funds and accounts, as provided for in this bill, is a source of great security. But it is said if we entrust our funds in banks, we have the capital of the institution as a reliance to make good any defalcation. But if our moneys were embezzled or wasted by the officers of a bank, the same fraudulent conduct would waste the capital also. How many banks in the Union have experienced such a catastrophe? There is one circumstance greatly in favor of the proposed scheme, as regards security. The federal officers are to be the mere *keepers* of the public money; they are not to use it; whereas, the banks are expressly authorized to use your funds, and do use them, as a part of their capital; and, of course, they are subjected to all the hazards and contingencies attending the banking business. There is another important point of difference: there are general causes which operate upon all banks at the same time, and which may prostrate the whole at once, to the most serious embarrassment of the Government. This is precisely our present condition. But there are no such causes which can operate on federal officers; an individual may prove faithless or fraudulent, but that cannot seriously affect the public interest.

It is further objected, that the proposed plan will withdraw the public funds from use; this is true. But who have a right to use the public moneys for their own benefit? Their use, heretofore, has been almost exclusively confined to one class, the merchants, who have had a monopoly of the privilege, if it is one; the privilege is also confined to the places where the revenue is collected. Is this just? The only sound principle is, that the public funds, which belong to the whole people, shall not be used by any one, but kept sacred until wanted to pay the public creditors, and the expenses of the Government.

Is it not the fact that the merchants have been doing business on the funds of the Government, that has occasioned most of the clamor and excitement which has existed in the commercial community in regard to almost every financial measure which the condition of the country or its revenue have required? Is it not time this cause of disturbances was removed? But, sir, we are gravely told by the honorable Senator from Virginia, that the bill, with the amendment, which provides prospectively for collecting and disbursing the revenue in specie, will introduce two kinds of currencies—one for the Government, its officers, contractors, and so forth, and one for the people. He was sorry to see such an objection, which he would not say was taken from the newspapers of the day, put forth from such a quarter. Why, the Senator himself, seems to be sensible that it will be regarded as an *ad captandum* argument; yet, in the same breath, he informs us that he discovers in it the germs of an aristocracy. The officers of the Government were to have a "better currency," but rags were good enough for the people. But this currency of the privileged order, is no "better" than the public officers are entitled to by law; it is no "better" than we have agreed to pay them; no "better" than *justice* entitles them to. To pay the public creditors in any thing but the lawful currency, or what is equivalent thereto, is to defraud them; and this was the first time he had heard it urged, that democracy consisted in *cheating the public creditors*. This argument was hardly deserving of a serious refutation; it was better adapted to the newspapers of the day than to the Senate. The simple fact is, there never has been, and never can be, but one currency, so far as this Government is concerned, which is the lawful currency of the United States, or what, for the time, is deemed equivalent thereto. How would the Senator remedy the supposed evil? Would he require the revenues to be collected and paid in the paper issues of broken banks? And of which banks? How will he distinguish between those which have only suspended payment, and those which are really insolvent? But bank notes

are not the only paper currency which the people use; there are small notes, bills, and *shinplasters*, issued by all sorts of corporations, and even by boot-blacks and chimney-sweepers. Would the gentleman have the Government receive and pay out these shinplasters, so as to bring about the equality between the people and the Government? This Government has no control over these spurious paper issues, whether from corporations or individuals; it did not authorize them, and it cannot suppress them. If the people suffer themselves to be defrauded, is that a reason why the Government should be defrauded also? Or is it a reason why the Government should encourage these frauds upon others, and upon the whole community?

But the Senator further informs us that the proposed plan, which he insists should be called a sub-treasury scheme, will open the flood-gates to Executive influence; and this seems to be his strong position. If this was true in point of fact, it would be an objection possessing great force. But to sustain it, the gentleman draws largely upon his imagination. He looks beyond the present bill, which, he says, is only the germ of the system, which, when fully developed, will produce fifty thousand officers, like the establishment of the *Receivers General in France*. As this objection rested mainly on extraordinary flights of imagination, and as he (Mr. N.) had no capacity for such flights, he could not, perhaps, perceive its truth. He was willing to admit that it might hereafter be found necessary to enlarge somewhat on the plan as now proposed, and, at three or four points, to add some few additional officers, to be specially charged with the keeping and disbursement of the public moneys. New York, Philadelphia, Boston, and New Orleans, he thought were the only places where any such additional officers could be required; but as the mint and branch mints are to be places of deposit, it was quite uncertain whether any receivers or new treasury officers would be required. But as to the army of fifty thousand, they will never have any existence, except in the warm and fertile imagination of the Senator, who has so strong faith in his own foreboding, that, even now, he can see in a grain of mustard seed (the smallest of all seeds) springing into life, a large plant, spreading broad its branches, whilst the birds of prey are seen lighting upon them, ready to devour the substance of the people. But when we descend from these airy flights, and look at this subject as it is, we shall find that this army of fifty thousand officers dwindles down to a few clerks; for, as the bill now stands, it does not provide for the appointment of any other officers. And should it be found necessary to enlarge the system, as he had supposed it possibly might hereafter, the increase of patronage to the Executive can amount to no more than the appointment of some fifteen or twenty additional officers. These officers can have no extraordinary influence from having the keeping of the public funds, as they will not be permitted to use them in any way or manner whatever. He was aware that it was elsewhere, if not here, charged upon this system, that it placed the whole public treasure in the hands, and under the control, of the Executive. But every one knows that this is entirely incorrect; that the President, or the Secretary of the Treasury, can have no more actual control over the funds, on the proposed plan, than they now have. The President can have no direct control in either case, and the Secretary cannot draw a dollar from the Treasury, except in pursuance of appropriations made by law.

But, sir, I wish to call attention to the great point of distinction between the proposed plan and the deposit bank scheme. It is this—that the former is entirely free from any *moneyed influence*. That is the only influence which we have to fear; that is the subtle poison which is to corrupt the very fountains of our liberties; that is the secret enemy, which, like the worm that never dies, is gnawing upon the very vitals of our free institutions. In the one plan, the public funds are not to be loaned or used; they, therefore, can neither benefit any one, nor corrupt any one; but, in the other case, the public funds are to be loaned through the agency of banks. But this is not all, nor the worst. The deposit bank system, as established by the act of 1836, is subject to the most weighty and alarming objections. Those provisions of the bill were not sufficiently considered; they passed without discussion; the attention of all being engrossed by the sections of the bill relating to a deposit of the sum, plus with the States,



That act provides that all the public revenues shall be deposited in State banks, to be selected by the Secretary of the Treasury, and that, when the amount exceeds a certain sum the banks are to pay interest at a certain rate. The banks are also required, as part compensation for the use of the public depositories, to perform the duties of pension agents. What are these principles but a proposition for a compact with the State banks? and when acceded to by any bank, it becomes a compact between the Government and such bank. And what is the nature of this compact? Why, that the United States is to become a sort of "partner in trade" with the deposite banks. It is, in fact, sir, a *system of banking on the part of the United States*, carried on through the agency of State banks, that agency resting on contract. If an individual was to contract with a bank for the use, for an indefinite time, of a large sum of money, to be employed for banking purposes, for which he was to receive either a stipulated interest or a certain share of the general earnings of the bank, would not such individual be engaged in the banking business? Sir, under this deposite bank system, the United States, during the year 1836, was carrying on a more extensive banking business than any institution in this country, as it had between forty and fifty millions, all employed in banking operations. But not only are the funds of the Government to be used for loans and discounts, but they are blended with those of the deposite banks; and, by this sort of political copartnership in banking, the Secretary of the Treasury may acquire, to some extent, an influence over the general business of the bank, and over its own capital, as well as that furnished by the Government.

The act contemplates that, by this compact, the bank is to submit to his supervision; it is periodically to report to him the state of its affairs, and to submit to such restrictions and regulations as he may prescribe, so far as he is authorized to do this by the act. The act also imposes restrictions as to the issuing of small bills on the deposite banks, which is virtually modifying their charters.

Now, sir, compare the two systems in respect to their bearing on Executive influence: the one makes a small addition to the patronage of the President, the other not only adds to Executive patronage, (for the designation of deposite banks is an item of patronage,) but it brings the Government into direct connexion with the moneyed institutions of the country. In some instances, a single bank has had several millions of the public funds, using them as a capital for discounts. How many persons would be interested in the maintenance of that fund in the bank? All the stockholders, to the amount of several thousands, whose dividends would be greatly increased; in some instances, no doubt, more than one hundred per cent. He had known something of one deposite bank, whose dividends were increased nearly at that rate. The customers of the bank, and all dependent upon it, have also an interest.

The Secretary of the Treasury has not abused the power improperly conferred upon him; but the influence of this system was great and dangerous. It was a moneyed influence, which ought to be, so far as possible, kept out of the Government. The use of the public funds was entirely wrong, and to receive interest was increasing the evil. Instead of swelling the flood-tide of Executive power, the proposed plan would destroy that dangerous moneyed influence which belongs to the present system, the most to be deprecated of all Executive power.

But it is said that, if this bill was to pass, the result would be the establishment of a Treasury bank. Surely there is nothing in this bill which has any connexion with a Treasury bank, nor could he see any tendency it had to such a result. If a Treasury bank should be established, it must be by the subsequent action of Congress, wholly independent of the proposed financial measure. He hardly knew what the Senator from Virginia meant by a Treasury bank; but if it means only the issuing of a limited amount of Treasury notes or drafts, based on the funds of the Government and the faith of the United States, and receivable for the public dues, he should not be much alarmed at such a bank, provided he could be satisfied as to our constitutional power to establish it. He agreed with the Senator from South Carolina (Mr. Calhoun) in the opinion, that a limited amount of paper of that description would be found extremely convenient,

not only for the financial concerns of the Government, but for exchange, and other commercial purposes. It would be truly a national currency, possessing equal value in all parts of the Union, and, of course, have advantages over any bank issues, whilst it would be free from those ruinous contractions and expansions which invariably attend a bank note currency.

Mr. N. said that the proposed financial system, like all others, had three distinct aspects in which it must be viewed: its efficiency in the conducting of the finances, its political tendency and bearing, and its indirect influence on the currency. He had disposed of the first two divisions of this subject, and it now only remained for him to make a few observations on the last. The powers and duties of this Government, in relation to the currency are a subject about which very different opinions prevail, both here and elsewhere.

The honorable Senator from Massachusetts (Mr. Webster) maintains, with great strength of argument, that this Government possesses an independent, substantive power over the entire subject of currency, embracing the bills of State banks, and whatever else may circulate as money. He also said that he did not mean to be understood, as expressing the opinion that there was but *one way* in which Congress could exercise this power of supervising and regulating the currency. By the one way he (Mr. N.) supposed was meant the establishment of a national bank; in what *other way* the gentleman proposes to regulate the currency he has not informed us. He, for one, felt anxious to see the gentleman's other measures.

The Senator from Virginia does not admit that Congress has any distinct, independent power, but considers that its power over the currency is only incidental to the revenue power. This opinion is not consistent with the views of many in regard to the tariff, yet he (Mr. N.) considered it the true doctrine.

In the adoption of measures for the collection, safe-keeping, and disbursement of the revenue, Congress can take into consideration the effect which such measures may have on the general currency of the country. This is all we can do; we cannot directly interfere with the issues of the State banks. This incidental effect which may be produced by our financial measures, would naturally seem to be of secondary, but now appears to be regarded as of primary, importance. Indeed, it is the real or supposed bearing of the financial measures of this Government, on the general currency of the country, that attaches to them so deep and extensive an interest.

It becomes therefore important to consider how the proposed measure will affect the currency or the paper issues of the State banks. He thought that its influence would be very salutary, and that, in this respect, it would have a decided preference over either a national bank, or the State deposite banks. It may, it is true, in some degree diminish the profits of banking; but the present system of paper money cannot be improved in any degree, however small, without the reduction of the profits of banking enters into the measure of reform.

What is the great evil of our paper system of currency? It is its instability, its irregular action, its constant tendency to the most ruinous expansions and contractions. This is a point about which there is no controversy; all agree in it. Will the proposed measure, then, tend to render the currency more stable and less fluctuating? If so, its influence must be highly salutary. One of its immediate consequences will be to create and keep up a demand for specie to the extent of the revenue and disbursements of the Government. This constant demand for specie will operate as a continued check and restraint upon the banks in the commercial cities; it will compel them to be more cautious in their issues, and to keep themselves more strongly reinforced with specie. The more cautious action of the city banks will tend to restrain the country banks. How considerable this restraining influence upon the banks may be, it was impossible to say, but, so far as it exists, it would be salutary.

It seemed, however, to be feared that the proposed measure would impose too great a restriction upon the banks; that it would diminish their ability and limit their operations too much. But this was not to be feared; the only danger was the over action and the irregular action of the banks; this is their natural tendency; it results from the principles of the system, and is an evil which cannot be removed without a change of its principles. A bank of the

United States, as he had already said, is now asked for, solely on the ground of checking and controlling the State banks; but when it is proposed to do this in any *other way*, that is regarded as an insuperable objection to the measure. How is this? Can State banks only be regulated by federal banks, or is it a mere pretext that a national bank is wanted as a regulator of the State institutions?

But this constant demand for specie in the transactions of the Government will promote the general circulation of coin, and improve the whole currency; it will render our currency, in some reasonable degree, a mixed currency, instead of an *exclusive* paper one, as it now is.

But there will be other consequences affecting the currency, equal, and perhaps more important, than those named. The proposed system, should it be adopted, will occasion a *complete and entire separation of the Government from all banks*. This is its distinguishing feature, and highest recommendation. This separation is not only important in a political point of view, but, if possible, equally so in its effect on the currency and the interest of the country. What have been the fruits of this connexion? Sir, there is high authority on this point, which goes to show that it has been injurious both to the Government and the banks. Mr. Biddle, the President of the late Bank of the United States, who, in the opinion of some, is the greatest financier that now exists, or ever did, or ever will exist, has expressed this opinion. At the organization of the Pennsylvania Bank of the United States, in 1836, he congratulated the stockholders on the prosperous condition of their interests, the accumulation of a large surplus fund, and the purchase of a new charter, and boasted that the bank being "safer, stronger, and more prosperous than it ever was." He also adds, that "*it was an original misfortune in the structure of the bank that it was in any way connected with persons in office*." The instincts of all political power make that association dangerous—*useful to neither party—injurious to both.*"

Sir, I repeat the question, What have been the fruits of this connexion of bank and State? Let the experience of the country answer! He need not go back to the last war, when, in the negotiation of loans with banks to the amount of about fifty millions, at least fifteen millions of dollars was sacrificed by the Government. These loans consisted of exchanging the credit of the United States, which was vastly better than that of any bank, for the credit of the banks, at the rate of eighty and eighty-five dollars for a hundred. This occasioned the rapid enlargement of bank issues during the war, and led to the suspension of the banks in 1814, and to a long train of calamitous consequences, under which the country languished for five or six years. He had already alluded to these circumstances.

This connexion has greatly increased the irregular action of the banks, and stimulated their contractions and expansions. The first great and sudden expansion of the Bank of the United States, in 1817, was, in part, occasioned by the Government redeeming thirteen millions of its stock, then held by the bank, as part of its capital, which obliged it to loan it suddenly to individuals. The public depositories, as is well known, have always been used by the banks as the basis of discounts; and, as they increase and diminish suddenly, this produces a corresponding enlargement and curtailment of their loans.

In consequence of this unfortunate connexion, as Mr. Biddle calls it, every measure of the Government, of a mere financial character, having no direct bearing on any commercial interest, has for years occasioned a disturbance in the monetary concerns of the country, which, under our credit system, are otherwise sufficiently unstable. Almost from the foundation of the Government, this has been one continued source of clamor and complaint—of agitation, of fierce denunciations, and of curses loud and deep against the Government, from the commercial portions of the community. Cause or no cause for these complaints, for his present purpose, was of little consequence. He believed that, in general, such complaints had been without any just foundation; but he wished to remove the pretext for them, and effectually to remove all grounds of charging, upon the mere financial measures of the Government, the disturbance of the currency; and the derangement of the business concerns of the country.

Was it necessary to refer to particular cases?

there were some too recent not to be fresh in the minds of all. No one, he believed, had forgotten the removal of the deposits, in 1833, or the crisis and panic which followed; the deep agitation of the public mind; the violent party excitement; the failures and bankruptcies; and the general cry of ruin, which resounded from one end of the Union to the other. And what was that measure which produced such frightful and alarming consequences? He did not speak of it in a political point of view. Sir, that measure, which brought on one of the greatest crises that this country has ever experienced; which, in the opinion of some, threatened a revolution, and almost shook the Union to its centre, was nothing more than changing the deposite of some three or four millions of the public funds from one set of banks to another set of banks, in the same places. The deposite act, or the manner of its execution, is considered as one of the prominent causes of existing embarrassments. And the Treasury circular has been, and is now, here and elsewhere, regarded as among the causes which have deranged the currency and prostrated the business of the country. The large amount of revenue which had accumulated in the deposite banks, all admitted, was one of the causes of existing difficulties. He was tired of these complaints, and he believed the people were tired of them. If our monetary affairs are of so ticklish a nature, and there was so much susceptibility in the commercial community, it was time that the financial affairs of the Government were placed on a different footing, so that they could not be charged with disturbing these interests.

But there was one more consideration, of great weight in his mind, in favor of this great measure of a separation of the Government from all banking institutions. The banks have become an element of political power, and the basis of a moneyed aristocracy. The whole system is one resting on monopoly and exclusive privileges, in derogation of the equal and common right of the people. Experience has also proved that the system is founded on unsound principles, and its rapid and dangerous extension, the last few years, and the serious evils attending it, have produced a very general conviction, embracing, probably, a large majority of the people, that the system cannot long be endured, *as it is*; that it must either be reformed or abandoned. From dear bought experience, this had become the general sentiment. But this reform cannot be effected here; we have no jurisdiction over the subject; Congress did not create the State banks, and it cannot unmake them, or reform the system. This belongs to the people and the States; let us leave it there; they have the power, and are competent to the task. The accomplishment of this important measure—one which at this time excites a deeper and more universal interest than has ever before existed in relation to any reform in our civil institutions—will no doubt be resisted, violently, desperately, by the whole combined moneyed influence of the country. The issue is already made up; it is a great issue; one which will be likely to agitate the public mind for twenty years to come. On the one side is the popular will, the great mass of the people; on the other are the banks and the moneyed power. On the one side (if he might use the language of the London banker's circular) is the aristocracy of wealth; on the other, the democracy of numbers. The struggle will be arduous, and, probably, long; but the result cannot be doubtful. At a time like this, and under such circumstances, is it proper for this Government to become a party to this contest? As we cannot do it directly, is it proper, is it right, for us to interfere indirectly? As we cannot assist in carrying out this great reform, all that he asked was, that this Government should stand aside. It cannot rightfully become a party to this contest; it cannot promote the reform, but it may retard it. Shall Congress interpose itself between the people and this great measure? Shall it take sides with the banks against the people? Shall this Government become the endorser and the backer of the State banks? Shall we, by our improper connexion with them, encourage them to look to us to sustain themselves against the popular voice? Shall we unite and league them together, and thus add to their power by combination? Sir, let this Government stand aloof from this contest, and leave the banks in the hands of the States and people from whom they derived their existence, and to whom they are amenable for their acts, and by whose will they must stand or fall.

Mr. N. said he had gone through with the sub-

ject, so far as regards the matters more particularly connected with the bill under consideration; but would briefly notice another topic, which had been drawn into this debate.

It is said, by gentlemen, that no measures are proposed for the relief of the country; that we seem only anxious to take care of the Government, and to do nothing for the people. This is the broad and general objection to the measures reported by the Committee of Finance. Is this charge well founded? He thought it was not. What is meant by taking care of the Government, and doing nothing for the people? Have the people no interest in the Government? Is it not their Government? And is not what is done for the Government, done for the people?

But he supposed gentlemen meant that no measures were proposed to relieve the present embarrassments of the country. But is this correct? Will not most of the bills which have been reported by the committee have a tendency to afford relief? The bill extending the time of payment of the merchants' bonds is certainly a direct and important measure of relief; the bill giving indulgence to the deposite banks which are indebted to the Treasury is another essential measure of relief; and the bill authorizing the issue of Treasury notes, although intended to aid the Treasury, will operate most beneficially as a measure of relief to the whole country. Its immediate effect will be equivalent to the infusion of a sum into the metallic currency of the country equal to the notes to be issued.

So far as the revenues of the Government are concerned, our measures all tend to afford relief. Ought we to go further? Can we go further? What do Senators desire or expect? Do they wish the Government to provide for liquidating the foreign debt of our merchants? or would they have us assist the banks? Why, the Senator from Virginia (Mr. Rives) says that all that is wanting is *confidence*! Confidence from whom, and in whom? He seems to suppose that the want of confidence in the State banks is the principal source of difficulty; and that the measures proposed were calculated to destroy, rather than to restore, that confidence. But Mr. N. apprehended that the want of confidence in the banks was not the cause of our difficulties; they had rather proceeded from an excess of confidence in the bank and he did not now think there was any want of confidence in the solvency of the banks; he was rather astonished that there was so much confidence.

What were the present causes of the prostration of business? He did not mean the causes which may have brought the country into this situation. Is the want of confidence the main cause? He thought not. The causes lie much deeper and broader. You might as well suppose that a patient, brought by a violent fever to a low state, could suddenly recover by confidence. Sir, something more than confidence is required. The causes now operating are *debt* and the *derangement of the currency*, and mainly the former. The disordered state of the currency is extremely vexatious, and it embarrasses the domestic exchanges. This is about the extent of its influence; for as long as the bills of the banks circulate freely, they answer the general purposes of currency. But debt is the great cause; all overtrading produces exhaustion; the debts abroad and at home must be paid off, or greatly reduced, before business can revive. This requires time, and the avails of the crops of the country. It is the true policy of this Government to connect its legislation as little as possible with the *great interests* of the country and the business concerns of the people. Protection, freedom, and security in their pursuits, are all the Government can afford, and all a wise people will desire.

But it is claimed that it is the duty of Congress to adopt measures to bring about a resumption of specie payments by the banks. How can Congress do this? What power have we over the State banks? Can we, by coercion, compel them to resume payments? This is not claimed; but it is supposed we can effect the object by means of our revenue. But (Mr. N. said) he had no faith in such remedies; we have been trying them for years, and what have they amounted to? We have tried the experiment of a national bank, and that of deposite banks, for regulating the paper currency of the State banks, and he held that *both* experiments had failed. It had not been regulated or improved, but had gone on from bad to worse during the whole of this period.

He thought it unwise and mischievous for Congress to deceive itself and delude the country any longer. Sir, it is high time this delusion was expelled, and the public opinion disabused in relation to the ability of this Government to regulate and control the paper medium supplied by the State banks. Congress never has done this, and never can do; we have not the power; it resides in the States, and they alone can apply a remedy. If there are petitioners here, it is our duty to refer them to the States. The evils of our paper system are too deeply rooted, and its ramifications too extensive, to be reached by any indirect measures of Congress. It is idle, therefore, to keep up this delusion, and now, sir, is the time to dispel it. One branch of the Government, the Executive, has done its duty; at this great crisis in our monetary affairs, he has spoken with the fearlessness and honesty which became the chief magistrate of an enlightened people. The President has done his duty, let Congress do its duty. Let us boldly and honestly tell those who apply here for the correction of the evils of the paper currency, that we have no power to apply a remedy; that they have mistaken the tribunal, and appealed to the wrong forum. Let us refer them to the States; let us tell them that the remedy is in their own hands, and that it depends on themselves whether they will continue to suffer all the evils of a depreciated and vicious paper currency, unsettling the value of property, deranging all the pursuits of business, and corrupting the morals of the community, or apply an adequate remedy. Mr. N. said he had no doubt what would be their final decision on this great question; he concurred fully with the distinguished author of the letter to Sherrod Williams, that an intelligent "people, like those composing the States of this confederacy, will not long stand by and see the currency of their respective States corrupted, the value of their property unsettled, and all their interests deranged, by the imprudence or cupidity of the banking corporations, without finding and enforcing an effectual, and, at the same time, a constitutional remedy." Such remedy they cannot find here.

What, then, do gentlemen expect, can be further done for the relief of the country? Those who so earnestly call for measures of relief, he thought were bound to suggest their plans. He should like to see their relief measures. The *favorite* measure of relief we all understand; but, as they cannot obtain that, what are their other measures? Would they have Congress attempt to regulate the commerce of the people, as well as the currency of the States? Would they have the Government interfere in the private pursuits of the citizens to help them out of their difficulties? If we had the power, such interference would most assuredly only make matters worse, and, he feared, be soon denounced as another "experiment."

To the solemn appeals to the majority for some healing measure to relieve the merchants and others from existing embarrassments, and to help them in their private affairs, he would apply the opinions of two great men and profound thinkers: "Projectors," says Adam Smith, "disturb nature in the course of her operations in human affairs; and it requires no more than to let her alone, and give her fair play in the pursuit of her ends, that she may establish her designs. Little else is requisite to carry a State to the highest degree of opulence, from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things." This brief sentence contains the principles which lie at the foundation of the immortal work of that great man.

The other opinion is from Thomas Jefferson, scarcely inferior as a philosopher, and more experienced as a practical statesman. In his first inaugural address, where we find more profound and just political maxims than in any other publication of the same extent in this or any other age or country, he asks the question, "what farther is wanted to complete the general prosperity?" and answers it as follows: "One thing more, a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned." Here, in a few words, we have the three great requisites of a wise and good government, protection and security, entire freedom in private pursuits, and light taxes, or an economical administration.

# SPEECH OF MR. HAMER, OF OHIO.

*In the House of Representatives, September 25, 1837—*  
On the bill to postpone the deposit of the fourth instalment of the public money with the States, under the act of June 23, 1836

MR. SPEAKER: I have anxiously desired to avoid speaking upon this subject. The extraordinary circumstances under which we have been assembled, seem, to my mind, to require action, rather than debate. Whatever we do, to be effectual, should be done promptly, without unnecessary delay. I have been disinclined, therefore, to protract this discussion. Besides, for some days past, my health has been such as to disqualify me, in a good degree, from engaging in the contest that has been progressing in the House. But the course which the debate has taken, as well as my own position, being a member of the Committee of Ways and Means, seems to require that I should express my opinions upon the important topics introduced by gentlemen, and upon the principal measures which have been presented by our committee to the consideration of the House.

It is true, as has been remarked by several gentlemen, that the contrast which the present condition of the country exhibits to that which we occupied but a few months since, is of an extraordinary character. It is but a short time since our Treasury was full and overflowing. Complaints were heard from all quarters of the country, that we had so much money in the Treasury of the Union, that no one knew what to do with it. The baneful influence of such vast sums of money upon our legislation, leading to profusion and extravagance in the public expenditures, was deprecated by all. Schemes without number were devised to get rid of it, in some manner that would benefit the country. Now, sir, on being assembled here by proclamation of the Chief Magistrate, we are told that not only are the people of the country in a state of great pecuniary embarrassment, but that the Treasury of the United States is in a state of bankruptcy!

Instead of proceeding, at once, to provide remedies for this remarkable state of things, if remedies can be found, within the range of the constitutional powers conferred upon Congress, it would seem, from the remarks that have fallen from gentlemen, that our great object is to ascertain *who* created all this distress and embarrassment. The remedy is forgotten; whilst we occupy ourselves, in ascertaining who is the culprit; to what origin these difficulties are to be traced; or, in other words, which party is to be held responsible for this catastrophe? Instead of attempting to relieve the Government and the people, we stop to talk about "lions" and "tigers;" about "foxes" and "hares;" of "Executive patronage" and "Legislative servility;" about a "Star in the East;" the "dark clouds" that overshadow the fortunes of the administration; and the "sunshine" that is breaking in upon the prospects of the opposition. We stop to talk of Presidential elections that have been, and that are to be; and of candidates that are now, or may hereafter make their appearance in the field. Is this a course dictated by wisdom? Is it required by patriotism? It may seem so to some gentlemen; but, in my judgment, it is wholly incompatible with the duties which devolve upon a patriotic and enlightened statesman.

In private life, we have many rules and maxims that are applicable to public affairs. When I see my friend in distress, it is not the part of friendship to stop and inquire minutely into all the circumstances, to see whether his difficulties may not have been occasioned, in some degree, by his own imprudence or want of foresight. The first thing a true friend does is to reach out his hand. He first relieves the other from his embarrassments and dangers, and inquires into the causes afterwards. The same rule should be applied to our country. If she is really distressed, every true-hearted man will come to her relief. The particular causes which have contributed to produce her troubles are wholly immaterial. When she raises her voice and demands assistance, that son who disobeys the call is unworthy of his country.

But before we advance a single step towards amelioration, the opposition in this House seem determined to convince the country that the policy of the last and present administrations has produced the existing evils of which we have now to complain. This is to be done by furious declamation. Sir, it is very easy to declaim. The cant phrases of "Goths," "Vandals," "Cormorants," "Destructives," "Loco-focos," "third-rate men in power," "slaves to Executive dictation," can be pronounced without either intellect or patriotism. A parrot could be taught to repeat them as well as a demagogue. Crimination and recrimination prove nothing; but they usually indicate either a bad cause, or weakness and malice in those who are its advocates. And it may do very well for those who have not the capacity to discover the real causes of our present difficulties, or the honesty to avow them, to attribute every misfortune which has befallen the country to the policy of the democratic party.

We have been repeatedly told during this debate, that all our embarrassments might be traced to the veto upon the bill rechartering the United States Bank; to the removal of the public deposits from its vaults, and to the Specie circular. It is a sound rule in philosophy, that in attempting to account for a known effect, we must always select a cause that is adequate to produce it. Now, if the opposition newspapers can be believed; and I admit that they are generally very bad authority, but in this instance they are corroborated by the papers on our side—if they speak the truth, then these embarrassments in the commercial community are not confined to the United States. They have overrun England, France, Germany, Switzerland, Turkey, the East Indies, and the empire of China. The whole civilized world has been more or less affected by them. Can any man in his senses believe that the removal of the deposits from the United States Bank has convulsed three quarters of the globe? Is it possible that the mere transfer of a few millions of public money from one bank to another, or to several others, could have produced an entire revolution in the monetary affairs of the world? As well might it be pretended that a pebble thrown into the Potomac had produced a mighty tempest in the Atlantic; which had overwhelmed whole fleets in its progress, and sent thousands of human beings to a watery grave? Is it not strange, that gentlemen belonging to a party who claim to possess almost all the wisdom in the community, should have selected so trifling an event, and held it up to the people as the cause of all the confusion, embarrassment, and distress of the present time?

Sir, the real causes are far different from those to which I have referred. They are to be found in the over-trading, speculations, and extravagance of the times. The causes have not been limited to our country alone. They have pervaded the whole commercial world. It is one of those extraordinary conjunctures in human affairs, produced by a combination of circumstances, and traceable, remotely, to principles inherent in the constitution of man. At particular periods a mania seems to prevail upon some one or upon similar subjects, that sweeps over the whole face of the earth. Human affairs ebb and flow like the tides of the ocean. Hence history is divided into ages and epochs, and we have the ages of conquest and of inventions; the ages of discovery and adventure, and of the revival of letters. We have periods of almost universal war and of almost universal peace. The remote cause may be entirely beyond our reach, but the fact is indisputable.

The present ebb in commercial affairs has been preceded by a remarkable flow of prosperity. An increase of riches only stimulated to greater risks, and whetted the appetite for more exorbitant profits. A restless anxiety and burning desire to amass large fortunes, in a short time and by a few operations, plunged every one into wild and extravagant speculations; and the wave rolled on, accumulating and increasing as it progressed, until in a moment of fancied security, it was suddenly broken upon a rock, and its scattered particles fell back into the bosom of the great deep from whence it had risen. The same scenes are witnessed at least once in every generation; sometimes oftener. But

in such matters, the succeeding generation learns no wisdom from the experience of the past. They always fancy they see a distinction between the cases; they go on, engage in the same schemes of speculation, and in a short time find themselves plunged in the same difficulties and misfortunes.

So far as this country is concerned, we know there were some local causes which have contributed to bring upon us our present disasters. When the bank charter had been vetoed, and the deposits removed; when all saw that the bank must die, there was a general impression abroad in the community, that other bank capital and circulation ought to be provided by the State Governments, to supply the vacuum which would be occasioned by the withdrawal of the United States Bank from business. Accordingly, many of the existing banks had their capital increased; and a great number of new banks were chartered by the State Legislatures. In the years 1834 and 1835 the bank capital was increased from about two hundred millions to two hundred and fifty-one millions of dollars; the amount of bank paper in circulation was increased from ninety-five millions to one hundred and forty millions of dollars; and the loans and discounts during the same period were increased from three hundred and twenty-four millions to four hundred and fifty-seven millions of dollars. This extraordinary increase of capital, circulation, and loans, within so short a period, changed the face of the whole country. The credit system was expanded to such a degree as to affect every man's business and estate. The value of labor and property was raised in proportion to the increase of the circulating medium; and to the facility with which money was obtained. The country wore an appearance of prosperity, such as the nation had seldom, if ever, witnessed at any former period. Most of this prosperity was real, but there was much of it delusive. If men could have been satisfied with a reasonable distension of the credit system, they would have done very well. An impulse was given to business and enterprise, that exerted a most salutary influence upon the country; but they continued to blow, until, at last, the bubble burst, and we have seen the consequences.

Now, sir, who produced this state of things? Who put this ball in motion? Not the President of the United States. He had no control over it whatever. Not the then Vice President, the present Chief Magistrate of the Union. He had no connection with the operations which brought into existence this prodigious amount of bank capital and circulation. Not their friends in either branch of Congress. They had neither lot nor part in the matter. None but the State Governments are responsible for it. They legislated these banks into existence and gave them their powers. They authorized these extravagant issues and loans, by granting charters to so many corporations, whose interest it is to fill the community with their promissory notes, and cause them to circulate as money. The Legislatures and people of the several States are alone responsible for this redundant circulation, this bloated state of the currency; and whenever they are satisfied they have erred, we shall see them retracing their steps; but we have neither the power to control, nor the right to censure or rebuke, them for what they have done.

But which party is responsible in the State Governments for these acts of incorporation? Look at any or all of the States where this increase of capital and circulation has taken place. Does it exist only in those where the democratic party had the majority? Who increased the bank capital in Kentucky, Massachusetts, Tennessee, New York, South Carolina, and Ohio? In the latter State, owing to the controversies upon this question of party responsibility, the journals of the Legislature have been examined; and, from some recent publications, it appears that a majority of the opposition, aided by a small minority of the democratic members, carried almost all the bank bills that have been passed there during the last three or four years. It is natural that it should be so. The opposition in this country make the banks, and control them after they are made. A large majority of the banks belong to them. They are the stockholders, presidents, and directors; and whatever



influence they wield, either political or pecuniary, is against the administration. At the very moment when President Jackson was charged with wielding the sword and the purse of the nation, (although he could not use a dollar of public money, for any purpose, till authorized to do so by a law of Congress,) the banks holding the public funds were, with a few exceptions, entirely under the influence of his political opponents.

The object of all banks is to make money. They loaned to every man who could get an endorser. The merchants and speculators extended their business, and thousands turned merchants and speculators who had formerly been engaged in other pursuits. Immense fortunes were realized by many. The Government lands were purchased at one dollar and twenty-five cents an acre, and were transferred from hand to hand at five, ten, fifty, a hundred, and sometimes a thousand dollars an acre. The country was filled with foreign merchandise. Every city, town, village, and hamlet was crowded with stores, and we could not pass a point where two roads crossed without seeing the productions of European workshops and manufactures displayed in a "new store." Our large importing merchants accumulated wealth with a rapidity almost unknown in commercial history, and if they did not become princes, they at least dwelt in palaces, and rolled in luxury.

In the meantime, the public money in the vaults of the banks was loaned to individuals, to aid in these large operations. It was returned and loaned again; each successive payment for public lands, or duties on goods, being entered to the credit of the Government. The amounts paid in far exceeded the wants of the Treasury, and thus a surplus accumulated, which was really large, but apparently much larger than it actually was. True, the amount purported to be in the banks to the credit of the department; but it was not there. And we then heard a universal cry from the opposition throughout the country, that this Government had thirty or forty millions of the public money locked up in the banks, and would not allow it to circulate; and that was then said to be the cause why money was scarce, and the times hard! There was not one word of truth in this complaint. Almost every dollar of the public money was then in circulation. The banks were using it for their own profit, and for the accommodation of the public, holding themselves bound to pay it whenever called on by the United States.

Under these circumstances the deposite law of June, 1836, was passed. The objects of that law were, to remove the surplus from the banks, and place it in deposite with the States, where it would be safer than in the banks, and where the States could have an opportunity of using it, until the Federal Government should stand in need of it for federal purposes. Safety for the fund itself, and a transfer of profits from the banks to the States, were the only avowed objects, at that time, in the passage of the law. I dare say it was anticipated by some, that the money would never be called for—that it would, in effect, be a distribution; but every man who was then here, knows that if it had been put upon that ground, the law never could have been passed. A large majority of this House would have voted it down. It was then treated as a deposite law exclusively; and we were told that the States were highminded and patriotic; that whenever the necessities of the General Government required this money, it would be promptly and cheerfully refunded. Now, sir, we hear a different doctrine proclaimed. Now gentlemen talk of a contract, of a vested right to this money on the part of the States; of the pledge given by this Government, which must be redeemed; and a willingness is openly avowed by some to borrow money to deposite with the States! In what part of the Federal Constitution is this power to be found? No where. But if we had the power, ought we to exercise it? Shall we borrow money, create a national debt, to be discharged by taxes, levied directly or indirectly upon the people, to enable the States to carry on works of internal improvement, to maintain schools; or to open loan offices, and lend out public funds to their citizens? Sir, we understand all this. It is the

doctrine against which we have been warring for years. The old banner of "national republicanism" is again unfurled. It is the flag of the American system. We have the doctrine of a high protecting tariff, and internal improvements, again presented in a new form. What cannot be done directly is to be done indirectly. The object of the celebrated "land bill" is to be accomplished in this way. The money is to be divided among the States, and appropriated to schools, internal improvements, &c.; and, instead of being repaid by the States, is to be replaced by new taxes upon the people! The position assumed can not be misunderstood; and that being the issue, I trust every man will know where to place himself. Each man will rally to his appropriate standard. Let the planting and agricultural States look to it. For one, sir, I know my course, and shall not hesitate to take it. I go for a cheap and simple Government; one that will protect men in the enjoyment of their rights; leaving each individual free to pursue his own occupation in his own way; and shall oppose all high tariffs, systems of distribution, unjust and unequal burdens, and schemes of national aggrandizement, which are to jeopardise the public happiness and public liberty.

Under the provisions of this law, the Secretary of the Treasury was compelled to remove a portion of the public money to other banks. Some ten or fifteen millions were thus transferred in a few months. This necessarily produced embarrassment. The money was loaned out. It had to be collected, and paid over to the new depositories; and this first movement under the law involved the debtors to the banks, and their debtors, in difficulties, and produced a limited pressure at the points where the collections were made. But it could not be avoided. The law required the Secretary, whenever a bank had more than a given amount of public money in its vaults, (three-fourths of the amount of its capital actually paid in,) to remove the overplus to some other bank. He was obliged to obey the law.

Again: the next step under this law was to collect from the banks nearly forty millions of dollars in the short period of nine months, (from January to October, 1837,) and transfer the amount to the several States. Much of this large sum had to be taken from the great Atlantic cities, and carried to the interior. Six or eight millions were removed from New York last spring, in the course of a few weeks. So large a sum drawn from the active circulating capital of a large city, and removed from the channels of trade, to points remote from commercial transactions, to be expended by the States, or distributed in loans among their people, must necessarily cause a heavy pressure among merchants and men of business, who had invested their funds in commerce. It has been intimated here, that the importation of thirty or forty millions of specie from Europe into this country, within the last two or three years, is the probable cause of all the embarrassments now pervading the world. If thirty millions, in two years withdrawn from the commerce of all Europe, could produce such results, what might we not expect to follow the withdrawal of six or seven millions from a single city, in a few weeks?

This, alone, should have produced serious losses, sacrifices, and distress; but who is to blame for it? Not the administration; not the Secretary; but those who made the law. Without pretending to more sagacity than others, I thought, at the time of its passage, that I foresaw many evils to result from it, and this one among the rest. I voted against it. My skirts are therefore clear. But it received almost the unanimous vote of the opposition in both branches of Congress. It was hailed by them and their presses as a great whig triumph over the Executive, who was belived to be opposed to it. It was characterised as a measure that had been too strong for even General Jackson to resist. Now, sir, those who were its friends ought to be the last men to complain of its practical effects upon the commerce and business of the country.

But, to complete the disasters of the merchants, just at the moment when these large demands were made upon them by the banks, their notes in Europe became due. They had made immense immense importations from abroad, on credit; the

country was overstocked with goods. They had sold much on credit; and the balance remained unsold, in the store-houses. It was impossible to raise the money on the goods, to pay their original cost. The banks could not relieve them, but were actually demanding money to enable them to comply with the requisitions of the Government; and between these two fires the merchants fell. What was true at New York, was true, to some extent, at every other point along the seaboard. At New Orleans, where commercial houses failed for ten and fifteen millions of dollars, they did so because they had accepted the drafts of planters upon their cotton crops, for two or three years in advance. These acceptances were used by those who held them to purchase land and other property, and were really the debts of the drawers; but they helped to swell the amount for which the houses failed, who had made themselves responsible for the payment.

Such a condition of things could not last. It must either become better or worse. The pressure continued, the panic commenced, and the banks suspended specie payment—beginning at New York! The others followed the example, as fast as the mail conveyed intelligence of this movement at the great emporium.

I can not pass this point without some observations upon the circumstances attending this extraordinary suspension. What were the reasons assigned for it? The banks in the East complained that, under the Specie circular, the hard money had all gone to the West; in other words, they suspended because they had not specie to redeem their notes. On the other hand, the banks suspended in the West because they feared their paper would be bought up, brought in upon them, their vaults drained, and the specie taken to the seaboard for exportation to Europe. In plain English, the eastern banks suspended because they had not specie, and the western banks because they had!

As it regards the latter, there was some force in the reason assigned by them; they regarded it as a defensive measure. It was perhaps better for them and for the country, that they should suspend with money in their vaults, than without it. If they had allowed the specie to be taken from them, and had then suspended, their paper would have sunk to twenty-five and fifty per cent. below par; whereas it now answers, as a currency, for all the ordinary purposes of life. The same remark to a considerable extent is true in regard to the eastern banks, so far as the value and circulation of their paper is concerned. But how did the specie circular depress the eastern banks? How has it embarrassed any bank? It either had an effect, or it had not. It was intended to curtail their operations and limit the loans for investment in public lands; to prevent the exchange of the public domain for bank paper. By some it is insisted that it failed to produce this effect; that purchasers procured the paper; drew out the specie from a western bank; purchased the land; and the receiver returned the specie to the bank again in a few days. That in this way, one small bag of gold or silver could be made to purchase all the lands in the West. If this were the operation, then it did not produce a drain of specie from the East, and had no effect whatever upon the banks. But others say that there was a stream flowing westward continually; that the paper of the eastern banks was collected and brought in upon them from day to day, and specie obtained to purchase public lands; and that, in this way, the business of the banks was curtailed. Suppose it to be so. Then the effect of the "order" was to restrain the issues of the banks. Very well: the banks have now so much paper in circulation that they can not redeem it, and are obliged to suspend payment. How much worse would have been their condition, if this "order" had not been issued? Would they not have had a much larger amount in circulation? The answer is obvious. Whilst paper was taken for land, the banks could lend any quantity of that; because they multiplied and manufactured it at pleasure; but when cash was required, they curtailed their discounts. If this was the operation of the "order," it is a subject of regret that it was not issued a year sooner than it was. The truth is, the

administration is in no way, directly or indirectly, censurable for the suspension of specie payments. They have had no agency in it whatever. Their money was left in the banks on deposit, just as individuals deposit theirs, and in the same banks where opposition men were making deposits daily throughout the year. The money was believed to be safe, and will be ultimately paid, every dollar of it. Fifteen millions have already been paid since the suspension. The Government will lose nothing; but if it should, what right has any one in the opposition to complain of the imprudence of the Secretary, when the opposition bankers and merchants kept their money in the same institutions? All that has been done in removing these deposits from place to place, has been done, as I before said, in obedience to a law which was voted for by the opposition almost to a man. The administration has, therefore, no connection with the suspension, and those who would throw this responsibility upon it are doing it a gross and manifest injustice.

The distress, of which we hear so much, is greatly exaggerated. It exists only among particular classes of the community. It has not reached the great mass of the people at all. Among all the strange things published during the summer, I was amused with some of the accounts of distress. God forbid that I should ever smile at the actual distress of any human being. I remember, among other evidences of pressure, it was stated in an eastern paper that two hundred immigrants, who came to this country from England, were obliged to return, because they could not find employment in the United States! Now, at that very moment, in the district which I have the honor to represent, as well as in other parts of the western country, we were paying laborers a dollar and a dollar and a quarter a day in cash, to aid us in taking care of our grain and hay; and the crops were suffering for want of hands to secure them! If any such persons did return to Europe, they must have done so in consequence of the information they received from some panic-maker whom they met upon the wharf where they landed. Why did they not go into the interior, and they would have found a welcome reception from the laborious and thriving population, who live by the proceeds of their own honest industry, without relying upon either banks or speculations for assistance.

Who suffers by the failure of the banks to pay specie? Not the banks. They are collecting their debts, getting in their paper, and strengthening themselves without paying out any money. They would be very willing to make the suspension perpetual, if the people would circulate their promises, and recognise them as money. Banking would then be a profitable business; it could be carried on without any capital at all!

The merchants are not injured by it; at least not seriously. As a body, they owe the banks large sums; and in selling goods and collecting their debts, the paper answers their purposes as well as specie, because it pays their debts to the banks, or to each other, and then to the bank. Besides, the merchants and the bankers are the same persons, to a very great extent. Almost all the banks are in the hands of merchants, who are officers, directors, and stockholders.

The manufacturers are embarrassed in some places, it is true. They have been forced to discharge a portion of their "operatives." But these people, who are now out of employment, are but suffering a calamity which is incident to the business in which they have been engaged. It must always be so in manufacturing districts. How often do these things occur in England? They are still more liable to happen where we attempt to give manufactories an artificial impulse by law, and push them in advance of the wants of the country, and the interests of the agricultural and commercial classes. Let these people come to the West; and, in the fertile valley of the Mississippi, we will furnish them all with employment, and pay them higher wages than they received under their late engagements.

Yet, although a large majority of the people have not suffered any great losses from the suspension of specie payments, it is very certain that the General Government has been impeded in its

operations by this event. It is without money to defray its current expenditures and to discharge its debts. One can not but admire the liberality which has been shown by the opposition towards the administration in this critical posture of its affairs. The Government is daily abused for not paying its debts in specie, and is denounced as a bankrupt!

What are the facts? There are some twelve millions of public money in the State banks, deposited for safe keeping, which those banks are bound by contract to pay over to the Government on demand. In addition to this, there are due from the importing merchants about four or five millions for duties on imported goods, which ought to have been paid into the Treasury by the 1st day of October. The banks, in the first place, shut their doors, and refused to pay a dollar in specie when demanded for the use of the Government, and to enable it to pay its debts. In the second place, the merchants petition for a longer time to pay what they owe, alleging that they cannot procure money even to pay their postage, much less the debts they owe Government; though it seems they, some how or other, pick up a good deal for exportation! In this state of things, the resources of the Government thus cut off, the professed friends of the banks and the merchants turn round and abuse the same Government because it does not pay its debts, and pay them in specie! What would be thought of such a transaction between two individuals? One deposits ten thousand dollars with another for safe keeping. In a short time, he calls for a thousand dollars, to pay off the last and only debt he owes in the world. The depository locks his drawer, and refuses to let him have a cent; and, to add insult to injury, he sneeringly calls him a bankrupt, and insists upon his paying up his debts! A scoundrel who would conduct himself in this manner would be driven from society by the common sentiment of all honest men.

These are the circumstances under which we have been called together; and the question is, *what are we to do?* Have we the constitutional power to do any thing for the country? If so, what is it? and shall we do it?

Here I can not but advert to the extraordinary course pursued by the leading opposition newspapers of the country. After "making the welkin ring" with their cries of public distress for some months past; after demanding, in the most peremptory manner, that the Executive should convene Congress, to give relief to a suffering country, now, when we are convened, they advise their political friends in the two Houses to propose nothing; to offer nothing; to suggest no plan for relief; but to leave the matter entirely with the administration and its friends! Their language is, "let the fourth-rate men, who have involved us in these troubles devise the mode of extricating us!" The country, according to them, is in deep and unparalleled distress; it is groaning under affliction, and upon the verge of despair; yet in this condition, they refuse to lift a finger to save it! This comes too from the "Simon Pures," the "no party" men! This proposition is made by those, who are always for their country, and never for party. These are the men who are constantly whining about corrupt presses, and corrupt politicians. They not only refuse to offer any plan for relief; but have, so far, shown a disposition to oppose every thing offered by the administration and its friends. This, sir, I suppose is modern patriotism!

The same sentiments, in part, have been repeated in this House. We have been distinctly told that the opposition had no plan to offer. Gentlemen seem to have taken their cue from the organs of their party. Thus far, the principle has been acted upon. All our measures are opposed with violence, and nothing is proposed as a substitute. We shall see whether this game will be played out to the end. If so, it makes but little difference what are men's professions. The people will judge them by their acts. If they continue to act upon this principle throughout what they denigrate the present great and perilous crisis of the country, they will furnish the most indubitable evidence that their great object is political power, regardless of the means

by which it is to be attained. They will prove to all impartial observers that, with loud professions of disinterestedness upon their lips, they are in reality fighting for the "spoils," and that all their measures are so shaped and directed as to turn the dominant party out of power, and clove themselves to the vacancies thus created. Sir, such a party as this deserves no support from the honest and intelligent people of the United States. Men who, when their country calls for relief, turn a deaf ear to her complaints, and practically "mock at her calamity," are destitute of that patriotism which should distinguish every true-hearted American. And if I were disposed to recriminate, to indulge in the use of such epithets as are daily thrown out against the democratic party, I would pronounce such a party to be a mere corps of political mercenaries and miserable demagogues, seeking their own advancement, without reference to the public welfare; in a word, to be the most unprincipled, corrupt, and rotten-hearted faction that has ever appeared in this country. But I will not indulge in such language. It belongs to the opposition vocabulary, and I leave it with them.

What do we propose as measures suited to the present crisis? To understand the policy of the friends of the administration, we must view the individual measures as composing a whole; as separate parts of one scheme.

First: We have a bill on our table, proposing to allow time to the deposit banks to pay up the balance they owe the Government by instalments; so as to relieve them from the necessity of distressing their debtors by rapid collections, involving the sacrifice of individual property.

Secondly: We have a bill to allow longer time to the importing merchants to pay the duties they owe the Government, upon their giving new bonds, with satisfactory security, and paying interest on the amount they owe. This saves them from a heavy pressure; enables them to give time to the merchants of the interior, who owe them, and allow the merchants of the interior to indulge the people who have purchased their goods on credit.

Thirdly: A bill to authorize the Secretary of the Treasury to issue Treasury notes, to an amount not exceeding ten millions, to aid the Government in carrying on its operations until those who owe us are able to pay. These notes will be receivable in payment for lands and all public dues; will circulate through the community as a substitute for money; and will relieve the necessities of the country, by adding that much to the description of circulating medium which is needed by the merchants and banks to pay the Government what they owe. They complain that specie is not to be had; these notes will answer the same purpose in their dealings with the Government.

Fourthly: As the banks have cut loose from the Government by their own act, we propose to leave them in that condition, and hereafter to take care of our money ourselves without their assistance; and we have a bill for that purpose, familiarly called the Sub-Treasury bill.

These are our prominent, leading measures. We say they will afford relief to both Government and people, and that they afford all the relief which our constitutional authority, or the exigencies of the crisis, requires at our hands. We relieve the banks and merchants directly, immediately; and indirectly we relieve other classes of the community. The influence of this scheme will reach nearly every man in the country, in one way or another. It will especially benefit the planters and farmers, by enabling the banks to furnish facilities to aid in taking the fall crops to market. By aiding the traders, we keep up the prices of the great staples where they are raised; and by giving time to the banks, we enable them to furnish purchasers in the market with means to buy the productions of our soil.

So far as regards the banks and the merchants, I have nothing to say in their justification. They have not done well; but at the same time it is to be remembered, that their misfortunes have been in some degree brought upon them by circumstances over which they had no control. We must deal gently with them; especially when their inte-

rest is so interwoven with the business and interests of other portions of the people.

In relation to the merchants, I will say, that I make no war upon them. There are many of them who are highly valuable citizens, and men whom I esteem. I listened this morning to a splendid eulogy pronounced upon them by a distinguished gentleman from Pennsylvania, (Mr. Sergeant.) There was much truth in what he said; but I am far from agreeing with him in all the sentiments which he advanced. I know their influence in society, from the great importer, through the wholesale dealer, down to the little country retailer, who talks about banks, currency, and exchange, to his neighbors, and exerts his *ledger influence* over those who buy of him, at all our important elections. I am aware that they, in effect, regulate our currency now, and have done so in all time past. When a bank note is presented to an individual, the first question he asks, if he does not know it to be good, is, "do they take this in the stores?" If it is taken by the merchants in the little town near him, he receives it; if not, he rejects it.

It may be conceded that punctuality and fidelity are traits in the character of the merchant of all countries. These are the life of trade, without which it could not exist. It is their *interest* to be faithful and punctual in their engagements. And I have read and seen enough to satisfy me, that, as a class, *interest* is the ruling principle with them. Many honorable exceptions there undoubtedly are; but such has been their general character, from the days when they bought Joseph and sold him into Egypt, down to the period when they furnished the enemy with provisions, and smuggled goods into the country during the last war.

Look at history. What were the Republics of Carthage, of Venice, of Genoa? Governments of merchants. When did they ever observe any rule of conduct but their own interest? What is England but a nation of merchants; and the whole island but a great banking establishment? Where has she ever faltered in the pursuit of an object, if her interest required the pursuit? Nay, sir, in our own country, young as it is, experience has taught us that the merchants could drive us into a war in defence of commerce, of "free trade and sailors' rights," and then throw every impediment in the way of our Government in the successful prosecution of that war; evincing that they were the most mercenary, if not the least patriotic, of our citizens. I know it is an easy matter to deny all this; and so it is to deny the truth of any fact recorded in history, if a gentleman choose to take that responsibility.

However much, therefore, I may respect individuals belonging to this profession, as a class, those who have deluged the country with foreign merchandise; involved us in a foreign debt of more than thirty millions, and produced a necessity for shipping one-half our specie from the country to pay this debt, deserve no peculiar favor from the Government.

Still we must do right, whether they do or not. We propose to relieve them in the present crisis, by the measure to which I have referred. Are gentlemen not satisfied with this? Do the merchants ask any thing else? What would they have? Shall we pay their debts? Does any man advocate this doctrine? We have no power by the Constitution to do so. Besides, it would be gross injustice, if we had the power. Where would we get the money? Out of the Treasury, of course. Shall we take the money raised from one set of our citizens to pay the debts of another set? Who will advocate such a proposition? No one will have the hardihood to do so. And if we do not resort to such a measure, then there is no other relief to be given but that which we now offer.

I know that some gentlemen, during the discussion, talked of the relief given by the Government of France, in the time of the great Mississippi scheme, which embarrassed the whole nation; and others have told us of the measures adopted by the Parliament of England, at the time of the South Sea bubble, which deranged the monetary affairs of an entire kingdom. Are these examples for our imitation? Shall we assume powers, never delegated to us by the Constitution, that we may imi-

tate a despotic Government, such as France had at that day; or to follow the footsteps of the British Parliament, a body, who, in the language of English law writers, is claimed to be "omnipotent?" This would be indeed an act of usurpation, for which not only the American people, but "the very stones might cry out against us!"

But some gentlemen have been candid enough to admit, that a NATIONAL BANK is what they want. I commend them for their frankness. That is what the great body of the opposition *really* want, if they would come out manfully and avow their sentiments. It seems we ought to have a great "REGULATOR OF THE CURRENCY." I had intended to make some observations upon this subject, particularly in reference to the Pennsylvania Bank of the United States, but the honorable gentleman from Pennsylvania, (Mr. Potter,) in a speech to-day, which for ability and force of argument has been seldom equalled, and never surpassed, in this House, portrayed this subject so fully, that I will not dwell upon it. He has placed the whole matter in a much clearer light than I could hope to do.

It is important to remark, however, that the old Bank of the United States never did regulate the currency; it could not prevent over issues on the part of other banks; and it constantly indulged in expansions and contractions of its own, which left the prices of property, in all parts of the country, uncertain and unstable. However currently its own paper might pass, it was not always convertible into gold and silver; without trouble and expense to the holder, because its bills were not always redeemable at the offices where they were issued, and in the neighborhoods where they circulated. And the value of its paper, its universal credit of which we hear so much, was owing chiefly to the endorsement of the Government, which received it in payment of all public dues. The purchasers of land sought after it to buy the public domain. The importing merchants collected it to pay their duties; and, of course, the wholesale and retail merchants took it, because the importers preferred it. Thus the impress of the Government caused it to pass in all parts of the Union; but that same impress would have caused the paper of any other bank to pass in the same manner.

If the old bank did produce a uniform currency; did act as a regulator restraining the other banks within due bounds, why has not the present Bank of Pennsylvania done the same thing? When the charter had been obtained from the State, and Mr. Biddle had called the stockholders together, to decide whether they would accept the new charter, he informed them that the new one was better for them, and for the public, than the old one; that the connection between the bank and the Government had never been of any advantage to the bank; and that, for all the purposes of currency, commerce, &c. the present bank would be better and stronger than the former. Now, was this true? If so, then, according to the arguments of gentlemen, the bank could have prevented all the present difficulties. If it could have prevented them and would not, it is unpatriotic, and ought not to be trusted. If it could not prevent them, then it does not possess the power ascribed to it; and if this bank can not regulate the others, then the old one could not; for Mr. Biddle declared that this one was more powerful for all good purposes than the former. Who knows better than he the respective powers of the two corporations? And yet we see that this boasted giant was one of the first banks in the country to lay down its arms, to close its doors, and thereby to admit its inability to redeem its paper. For, I care not who says to the contrary, no man will convince me that the bank was able to go on. No, sir: it stopped from sheer necessity. If it had possessed the ability to redeem its paper, who does not see that it would have gone on paying specie after the other banks had stopped, and thus compelled the Secretary of the Treasury, under the deposit law of 1836, to place the public money in its vaults—thus achieving a complete victory over the Government and a large majority of the American people, who have rejected it as a fiscal agent. If Mr. Biddle had the means to go on at the time he stopped payment, he committed the greatest *financial and political* blunder that has occurred

during the last twenty years; and his reputation as a financier ought to fall at least fifty per cent. in the estimation of all his political friends.

One word in regard to exchanges, which gentlemen think the Government ought to regulate. What are exchanges? I do not profess to be a financier, but I endeavor to understand these subjects for myself, and to take what I consider a plain, common sense view of them. Exchanges, then, are the means whereby capital or money is transported from one part of the country to another. I have a thousand or ten thousand dollars at Cincinnati, and I want to use it at Philadelphia or New York. By means of a bill of exchange, or bank notes, I am enabled to transport it free of cost. I take my specie to the bank and deposit it there, and, in lieu of it, they give me a bill of exchange on some bank or individual in Philadelphia, who pays me the money when I get there; or they furnish me United States Bank notes, which I can put in my pocket-book and carry without trouble or expense. This is a convenient operation for me, but the question is this: *is the Government bound to furnish this accommodation to individuals?*

What is money? Is it any thing but property? It is considered a medium of trade and commerce: so it is; but still *it is one of the forms of property*. What is the difference between a thousand dollars in money, and a thousand dollars in pork or flour, except that one is more easy of transportation than the other, and that the owner of the pork or flour is obliged to make sale of his property to turn it into cash. So, if the owner of the money wants pork, he is obliged to sell his money for the purpose of obtaining it. It is property, then. Now, if the Government is bound to furnish those who have money with the means of transporting it, free of expense, from one part of the Union to another, are they not equally bound to furnish the means of transporting every other species of property in like manner? Is equality one of the fundamental principles of the Government? Shall any one set of men have laws made for their peculiar benefit, which are to reach no other class? Is this just? If it is not, then the Government should furnish the means of taking our flour, pork, cotton, tobacco, horses, mules, and cattle to market. One man has ten thousand dollars in cash at Cincinnati; another has ten thousand dollars worth of flour; and a third ten thousand dollars worth of mules, at the same place. If the Government is bound to make a national bank, to transport the money to Philadelphia, it is equally bound to furnish a national steamboat to take the flour to New Orleans, and national mule drivers to take the mules to South Carolina. If any gentleman can point out the difference, and show why a distinction is to be made among the cases, and especially, why the *peculiar privilege* should be given to the individual who has the money—a class who are generally better able to take care of themselves than any other—I should really be pleased to hear the argument.

But we have one consolation in all this controversy. If a national bank is a sovereign remedy for all the evils—pecuniary, political, and physical, with which we can be afflicted; if it is a panacea for derangements of the currency; for party conflicts, endangering the stability of the Union; for cholera, and for short crops of wheat, corn, and cotton—one thing is quite certain: we can adopt this remedy whenever we think proper. This is a great privilege we enjoy. I admit, however, that that there is no prospect of getting a bank during Mr. Van Buren's administration, and so far as I am concerned, individually, I am willing to try a few more "experiments," as they are called, before I resort to it. When we have gone the "rounds," and find that nothing else will save us from ruin, it will be time enough then to begin to think of making a national bank.

But I return to the measures now before us. By issuing Treasury notes we use our credit to enable us to carry on the operations of the Government. We cannot pay our debts. Why? Because those who owe us can not pay. We must either prosecute them and compel them to sue their debtors, or we must give time, and enable them to indulge those who owe them. We prefer the latter



course; and when an individual who has a claim on the Government for provisions furnished to the army, or for any other service, calls for his money, we tell him we cannot pay for want of funds, but we give him our note, payable at the end of a year. He is not obliged to take this. He has a right to demand gold or silver; but he will take the note in ninety-nine cases out of a hundred; for by calling upon any bank or merchant that owes the Government, he can get money or currency for his note that will answer his purpose where he resides. For example: the deposit banks in Cincinnati would buy his note and give him their paper, which, in common business, would answer him as well as specie. The bank would send in the note to the Treasury, and get credit for that amount in their dealings with the Government. We do in this case what an honest man does in his own affairs. We settle; and not having the money, we give our note for the amount due; and our creditor either holds the note till it becomes due, or he trades it off for property or cash, as may best suit his own convenience or interest.

By the time our notes are due, we shall be able to lift them, with the money paid in by the banks and the merchants, and from the current receipts into the Treasury from duties and public lands; we will have relieved both Government and people by thus using our credit; the debts due to us will be paid without distressing any one; and our paper will be redeemed. The measure is, therefore, a salutary one. It has been tried before; especially during the last war. It should not be resorted to upon light or trivial occasions; but when the public interests require it, no one should hesitate to lend his support to a course of policy which is both safe and beneficial.

The Sub-Treasury system, as it is called, seems to have excited more alarm in certain quarters, than any other proposition before us. It is said we are about to cut loose from the banks; to turn them adrift to take care of themselves, and to be driven about by wind and tide till they are wrecked upon some dangerous coast, or lost amidst the conflict of elements which they will be forced to encounter. Is this true? Are we about to cut loose from banks? Why, sir, they have cut loose from us. They have divorced themselves; or rather they have eloped from our bed and board, without just cause or provocation; and have carried off all the money and jewellery they could find about the house, at the time of their elopement. All that we say is, that, if they attempt to return, we shall shut the doors upon them; and, in the meantime, give notice that we will pay no debts of their contracting after this date! If any man trusts them, it will be his affair, and not ours. This is our position, and it is nothing more nor less. They have left us, and not we them; and we have no disposition to renew the connection. Hereafter, we intend to take care of our money ourselves. We claim the same right that every man in the country exercises—the right to manage our own funds, without employing banks to do it for us. No one can complain of this. The banks have no more right to the money of the Government than they have to that of individuals. The law declared that, if they suspended specie payments, they should no longer be public depositories. They did suspend, and the Secretary obeyed the law. That is the whole story.

The administration has been accused of hostility towards the State banks. How has it been shown? Where is it manifested? In the Message? In the report of the Secretary? I defy any man to find a word in either of those documents evincing hostility to the State institutions. On the contrary, both these documents treat the banks with great mildness. Is it in the measures emanating from our committee? We furnish proof to the contrary. Our bill allows time for settlement with all the deposit banks; and if the time named is not long enough, let the House give further indulgence; for one, I will cheerfully vote for it. This charge is utterly without foundation. The administration leaves State institutions where they have always been—under the care of the people and Governments of the several States in which they are situated. It

has no control over them, and desires none. It takes no stand for them or against them, simply because it is a subject with which the General Government has nothing to do. There are objects enough within the pale of its constitutional powers to employ all its energies, without going beyond them to embroil itself in controversies with the State authorities.

We have heard much recently about "*two currencies—one for the Government, and the other for the people.*" So far as such language has been used here, I will not call it *miserable newspaper slang*; though in another sense it is so; for we see it daily in the party newspapers of the country. I consider it a most pitiful party subterfuge, to alarm the public mind, and create prejudices among the people, in regard to the system of collecting and keeping the public money now proposed, before time has been given to examine its principles and details. Two currencies! Why, the Administration does not propose to create *one* currency, much less *two*. It makes no currency; the Constitution has done that. We propose to adhere to the Constitution. Does any one object to that? The revenues are to be collected in money; or, for a time, partly in money, and partly in paper equivalent to it; and, ultimately, if you please, in *hard money*. If any man is opposed to this, let him quarrel with the Constitution. Does the Government claim more than private citizens? Has not every man a right to specie in payment of his debts? Is any one bound to take paper? If a citizen has land to sell, is he bound to take any thing but specie for it, if he choose to ask that and to refuse paper? Have not the whole people the right to do what each one can do? What do we mean by the Government? You mean the persons who happen to be in office at this time—those who now administer the Government. They are but the temporary agents of the people; and they will collect revenue in whatever the people direct. It is no affair of the individual agents. It is the people's business, and is for the benefit of the whole country. Gentlemen talk about the Government as they would in England, where the Government of King and nobles may have a distinct and separate interest from that of the people. Here the interests are the same. The people decide, through Congress, in what their federal revenue shall be received; they decide, through the State Legislatures, in what their State revenue shall be taken; and they then decide, each man for himself, in what his own revenue shall be collected; and what kind of money, or bank paper, he will receive from those who owe him. Away with all such trash then, about "*one currency for the Government, and another for the people.*" It is unworthy to be either propagated, or listened to, by any man of enlightened understanding.

Those who assume to be the especial friends of the State banks complain that the General Government has lost confidence in them, and has changed its ground in regard to the system of depositories. The case is a plain one. The banks have failed to perform their engagements; they have violated their contracts with the Government; they have got our money, and cannot pay it out to meet the wants of the public. The system has, *practically*, failed to answer the purposes for which it was adopted. Now, although the banks may have been honest, and may have been driven to this condition of things without any agency of their own; although they may make it appear that the system has not had a fair trial, and that, under a new organization, they could do better than heretofore, still the administration is under no obligation to try them again. It does not choose to do so, and neither they nor their friends have any right to complain. What can we do for them? Surely no one will propose to make them our depositories now, whilst they refuse to pay their notes in specie; nor would any man ask us to take their notes in payment of public dues. That would be too monstrous to find advocates any where. What then is proposed? Shall we say that the banks which resume in ninety days shall receive the deposits; and their paper shall be taken in payment of public dues? Such an act would be a direct transfer of the public money to Nicholas Biddle's bank. Why, sir, no banks can resume specie payments, who have any

paper in circulation, until the drain of specie to Europe is stopped. When is that to be? Specie is now worth in England only three per cent interest. On British securities, plenty of it can be had at that rate. No one will deny this. Through the agency of his British stockholders, Mr. Biddle can get what money he wants. Suppose he were to negotiate a loan of ten or twenty millions in London; enabling him to draw bills to that amount; bring down the exchange to *par*, and thereby stop the exportation of specie at once. Every body knows that he can do this if he will. He could then resume specie payment at once; and, holding the exchange of the country in his own hands, he could control the other banks who would, or would not, resume at the same time, as he might direct. Without his approbation, they would have to wait till the foreign debt was arranged *through his means*. Then the drain would be stopped, and they could resume in spite of him. But, in the interval, under our law, he would resume specie payments, and demand the public deposits. Who could prevent his getting them? He would inevitably obtain them under such a provision; and those who may advocate this policy, whatever may be their purposes, are, in reality, playing into the hands of the United States Bank. Let them beware of this, lest the seed they now sow should hereafter produce a harvest of public calamity and individual mortification.

I shall not pause to discuss the merits of the Sub-Treasury system. It will be time enough to do that when the bill comes before the House for its action. But I must say, in passing, that it is amusing to see the subterfuges to which the opposition are driven, to keep up a clamor. For years past they have been abusing the Executive branch of the Government for having seized the sword and the purse; for having usurped all power, and trampled upon the Constitution; and especially, for having added an enormous amount of power and influence to what it formerly possessed, by its control over nearly one hundred deposit banks. All the presidents, cashiers, stockholders, and borrowers were supposed to be under Executive control, forming a large army, to enter the fields with millions of money, at every election! Now, what do we hear? The banks have separated from the Government. Whatever influence the Executive ever possessed over them is gone. It is proposed by the President not to employ any such agencies in future; but to let the money remain in the hands of the collecting officers, who are to pay it out as it is wanted. It is not proposed, by the bill before us, to increase the number of officers at all. There may be a few more clerks wanted; but the increase is too trifling to be named. Here is the Executive, endeavoring to keep clear of his old "*army of dependants,*" and to our utter astonishment, *the opposition are trying to force them upon him!* They are abusing him for trying to get rid of this very patronage which they have so much deprecated in past time. What consistency there is in the public course of these gentlemen! Let the President do what he will, they oppose him. If he has patronage, they abuse him for it; if he proposes to abandon it, they abuse him for that. If he remains silent, they quarrel with him because he does not speak out and let the country know what he thinks. If he gives his views upon a question, and suggests a course without expressly advising it, then they cry out "*non-committal!*" and if he comes out boldly, and recommends a measure as, in his opinion, fraught with public good, they denounce him as a tyrant, attempting to dictate to the "*House of Commons,*" the representatives of a free people, what they shall do in a great public emergency! This, I suppose, is what is called, now-a-days, being "*for our country, and against a party.*"

We have a most extraordinary scene before us in regard to this bill. It is the tendency of all Executive departments to accumulate power and patronage. Here is the Executive of our Government, voluntarily proposing to relinquish patronage, and those who are in opposition striving to retain it in his possession, to force it upon him. It is perhaps the first instance in the history of free Governments where such a proposition has been made, and has met with opposition in such a quarter.

What we shall see next, no man can even conjecture.

By this scheme we shall be able, at all times, in peace and in war, to command our own funds. No revulsion in trade; no expansion or contraction of paper currency; no movements of speculators; will ever embarrass the operations of the Government. The expense is but trifling, probably not fifty thousand dollars a year. The losses from misconduct of public officers will be no greater than at present, for the money now all passes through the hands of these same men. Are not our officers as honest as the officers of banks? Cannot the Government provide vaults that will be as strong and secure as the vaults of banks? In a word, we have the alternatives presented to us, either to adopt this system, or resort to a national bank; for to that point we must come, if we cannot devise a mode of collecting, keeping, and transferring public money without bank agency.

By receiving our revenues in specie, and paying it out among the people, we keep it in circulation. We thus create a demand for it in the country, and prevent its going abroad. We shall infuse a larger specie basis into the circulating medium, and render the State banks more solid and permanent than they are at present. This policy will prevent sudden and great fluctuations, and will, in fact, aid the banks, by increasing the public confidence in their ability to meet their engagements.

Pass these bills, and all the banks which have been prudently managed can resume specie payments in a short time. There are but two obstacles now which prevent them from doing so. The first is, the debt due to the Government; and the other, the debt due abroad. Our bill for settling with the banks, and allowing them time, removes the first difficulty. They can then open their doors without the fear of having a Government draft presented, which would drain all the specie from their vaults, and compel them to suspend a second time. As to the other obstacle, much of the foreign debt has been already paid; and by giving time to the merchants to pay the debt which they owe us, we enable them to discharge and arrange the remainder. The crops of this year—the cotton and tobacco—will pay a large portion of the foreign debt. Time will be obtained for some part of it, and insolvencies will discharge the remainder. The drain of hard money will, in a short time, be suspended; the banks can resume; business will revive; and the industry, frugality, and enterprise of the American character will soon restore the country to that flourishing condition in which we saw it one year ago.

The bill, now before us, to postpone the fourth instalment of the public deposits with the States, involves three questions. Do we want the money? Have we a right to retain it? Is it expedient to do so? Settle these interrogatories, and we shall know how to vote upon the proposition to withhold the money.

As to the first, I do not see how there can be a doubt. The President declares in his message that there is a deficit in the Treasury, and that this money is needed for defraying the public expenditures. The Secretary of the Treasury has told us the same thing in his report, and informed us that he has not the means of paying over the money to the States, because there are no funds available for that purpose. Here are the high functionaries of the Executive Department officially stating to Congress, to the American people, and to the world, in distinct and positive terms, that we want this money for the immediate use of the General Government; that there is a deficit in the Treasury; and yet gentlemen here pretend to doubt about it. In opposition to these official statements, we have the guesses and conjectures of members upon this floor, who ask us to vote against the bill, because they say they cannot understand the Secretary's report. Sir, I will not say that there are none so blind as those who will not see; but I will say, that without pretending to any more sagacity or financial skill than other gentlemen, I have not found the slightest difficulty in understanding the report. One would suppose, from remarks here, that Mr. Woodbury deserves to have been consigned to a "dunce block" from his childhood to the present hour; that he is not

qualified to play clerk in a counting-house, much less to take charge of the finances of a great nation. Let us look at his report for a moment, and see whether there is really any thing so unintelligible about it.

The question of a deficit has nothing to do with the thirty-seven millions intended to have been deposited with the States. Let us leave that out of the calculation entirely. Its introduction only serves to confuse the mind.

There was in the Treasury on the first of January, 1837	-	-	\$6,670,137
The money received during the first six months of the year is	-	-	13,187,182
The revenue for the last half of the year will be	-	-	7,000,000

Making, in all	-	-	\$26,857,319
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These are our means for defraying the expenditures of the year:

The expenditures for the first half of the year 1837, are	-	-	\$16,733,844
For the last half of the year will be	-	-	16,000,000

Total expenditures for 1837	-	-	32,733,884
Deduct the amount of our funds	-	-	26,857,319

Balance against the Treasury	-	-	\$5,876,565
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Here is a clear balance of nearly six millions, which must be provided for in some way. There is no mistake about it. There can be none. He that runs may read; and with all the mystification of gentlemen, the figures will tell the truth, and must invariably produce the same result.

The law regulating the Mint authorizes the Secretary of the Treasury to employ a million of dollars in that establishment, to purchase bullion, and keep the whole in active operation. And the deposit law contemplated that there should always be a surplus in the Treasury of some five millions, to meet contingencies, which are unforeseen, and not specially provided for.

Take the above deficit	-	-	\$5,786,565
Add for the Mint	-	-	1,000,000
Say for contingent fund only	-	-	3,000,000

\$9,876,565

And we have a total sum of nearly ten millions, to be provided for this year.

This calculation is so plain and simple, that a child can comprehend it; and yet grave and intelligent statesmen are daily complaining that the report of the Secretary on the state of the finances is so involved and obscure that they cannot understand any thing about our pecuniary condition!

How is it proposed to get rid of this deficiency? The gentleman from Georgia (Mr. Dawson) proposed the other day to supply it, by applying the unexpended balances of appropriations to that object! Was ever such an idea heard of before? The unexpended balances are sums ordered by law to be paid out of the Treasury for various purposes, but which have not yet been paid. They are debts which the Government owes, but which are not yet due. They amount at present to twenty-four millions of dollars. The gentleman made the strange mistake of supposing that these balances were money in the Treasury, when they are claims upon the Treasury. His proposition amounts to this: A owes thirty-two dollars, and has but twenty-six dollars to pay it with. Besides this, his note is out for twenty-four dollars, but it will not be due till next year. He complains to B that there is a deficiency in his treasury of six dollars, having but twenty-six dollars to pay thirty-two with. His friend gravely advises him to take a part of that twenty-four dollars, which is not due till next year, and pay off the six dollars that are now due! In other words, the gentleman supposes that the amount which a man owes indicates the amount of money he has in possession, especially if the debt is not due till next year!

What is the next financial scheme for supplying this deficit? The gentleman from Tennessee, (Mr. Bell,) after a number of calculations for the relief of the Treasury, informed us that there were five millions of money in the hands of disbursing officers which had been kept out of view by the Secre-

tary, and seemed to have been lost sight of by the House. He felicitated himself upon the discovery, and defied any one to overthrow his position. Let us see how this matter is.

The expenditures of the year are thirty-two millions, and the means twenty-six. I speak in round numbers, without noticing fractions. This leaves a deficit of six millions. But where are these twenty-six millions? Part of that sum has been collected, and part has not; it is yet to come into the Treasury during the year. Of that which has been collected, part of it is paid out; part of it has been given to disbursing officers, who are ordered to pay it over to the persons who are entitled to it; and the balance remains in the banks, the mint, and in the hands of receivers of land offices and collectors of customs. When the Secretary comes to inform Congress where the money is, he states that part of it is in the hands of these officers. But does that give him any more money than the twenty-six millions? It is preposterous to talk about it. Let me illustrate the case. A owes two hundred dollars, due in small sums, to various individuals; he has but one hundred dollars in the world, and applies to his friend B to loan him another hundred to discharge the claims against him. B inquires of him where his one hundred dollars are. He answers: fifty dollars in bank, forty dollars in his drawer, and ten dollars in the hand of a friend, who has agreed to call, the first time he goes to town, and pay a balance of that amount which he owes in a store; and he is not certain whether his friend has yet been to town and paid it or not. Now what should we think of B, if he were to direct A to go to his friend, and get that ten dollars from him, and tell him he would then only want to borrow ninety dollars, instead of a hundred!!! Could A believe him to be serious? And yet that is the exact proposition of the gentleman from Tennessee, word for word, and letter for letter. Was ever such a plan invented before by a financier to relieve an embarrassed Treasury? Why, A might as well go and get the forty dollars in his drawer also, and then he would have but fifty dollars to borrow; and if he would then call at the bank, and get his fifty dollars in deposit, he would not want to borrow any thing, and his one hundred dollars would thus be made to discharge debts, to the amount of two hundred. Sir, this system is not quite equal to the "philosopher's stone" which transmutes every thing it touches into gold; but except that, it is superior to any thing within my knowledge for multiplying individual and national wealth.

Several gentlemen have advised us to repeal the appropriations of last year, and thus get clear of our embarrassments. Why do they not bring forward a bill for that purpose? What appropriations will they repeal? What public works are to be suspended? What roads, harbors, rivers, custom-houses, light-houses, are to be curtailed of the sums set apart for their benefit? Give us the items, and let us see who will vote for them. Are the sums allowed for the support of civil officers of the Government, for the army, the navy, the Florida war, or the removal of Indians, to be curtailed? Shall we delay the payments under Indian treaties, and involve ourselves in more wars with them? Are the public works to be suspended, where contracts are already made and hands employed upon them? Shall we violate our contracts, and turn a large number of individuals out of employment? Would this be relieving the people? Are the public works to be damaged, by remaining in an unfinished state, and large expenses incurred in collecting hands together at some future period—an expense which we intended to avoid, by making large appropriations, so that the hands need not be scattered, but could be kept together, and go on till the works were finished? Finally, as fifteen millions of the appropriations have been postponed until next year,—so we are informed by the Secretary,—are these the same appropriations which gentlemen propose to postpone again, or are they other and different ones? Let us have light on this subject. Conjectures and generalities will not justify us in leaving the Treasury empty, and the public service unprovided for, in direct opposition to the statements of the Head of the Department.

Have we a right to withhold this money? Upon this point it does seem to me that gentlemen have run wild. With all due respect for them, I must say that their arguments remind me of scenes I have witnessed, when a very young man, before a magistrate in the country, where two young lawyers were engaged in *pettifogging* a case about five dollars. They read Blackstone and other elementary works, and gravely informs us that "a contract is an agreement to do or not to do a particular thing, upon sufficient consideration." We are then told that the General and State Governments made a solemn contract about these deposits, which compels us to pay them over, whether we have the money or not! Gentlemen talk of this Government as though it were something foreign from, and hostile to, the people and to the State Governments. What delusion! Who made this Government? The people of the several States, acting as separate communities, through their constituted agents. Whose Government is it? The people's. Have they any interest, other than the interest of the Government? Certainly not. Whose money is this? You say, the people's. Very well. If the General Government and the State Governments both belong to the people, and this money also belongs to them, it is merely a question to which of the Governments shall it be given? The State Governments say they want it: *so do we*. We have collected it under our laws, and intended to place it with the States for safe keeping until we needed it; but it turns out that we want it before it has been passed over to them. Is the General Government to stop, in order that money may be placed with the States for safe keeping? The proposition is an absurdity upon its face. Are we to pay over this money for the pleasure of immediately calling it back? What statesman would advocate such a doctrine?

When the law of June, 1836, passed, this money was treated as a deposit. Every one knows that, as a *distribution law*, it could never have passed through either House of Congress; and if it had, it would have been vetoed by the President. It is treated as a deposit upon the face of the law. The Secretary is directed, by *consent of the States*, to place the money with them. The word *consent* is used as to the banks also, and for the obvious reason, that we could not compel either the States or the State banks to take our money; they must *consent* to it. Neither the terms employed, nor the proceedings enjoined, imply a contract, except that the States and banks shall pay the money to this Government when required to do so. Suppose Congress had repealed that law before January, 1837, would the States have been entitled to any thing under it? Have they a *vested right* to the money? Suppose a war had broken out in the interval, between June, 1836, and January, 1837, rendering all the funds we had necessary for the purposes of this Government—would any one contend that we were still bound to go on, and deposit the money? Congress did virtually repeal the law in part, by appropriating some six or seven millions last session over and above all the *other money* which they had in the Treasury, and of course thus far encroaching upon this fund. When the law of June, 1836, passed, we were told that the States were patriotic and high minded, and would pay this money promptly, whenever it should be needed; and that, until that period, they could use it, which was much better than to allow the banks to use it for their private advantage. It was supposed it would be much safer too in the State Treasuries than in the banks. What do we see and hear now? Now it is a *contract*; and although three instalments have been paid, and the Treasury is empty, gentlemen here are willing to see the wheels of Government stop, that they may secure the balance which their States *expected* to receive! Who would have anticipated this? We have given them our all, and they now want us to violate the Constitution, and *borrow money* to place on deposit with the States! If we can do so for that purpose, we can borrow to loan to banks and individuals, or for any other purpose under heaven. We placed this money with the States, supposing it would be safer than in the banks. The banks can not now pay us what

they have got, though they will finally discharge every dollar; but the amount with the States will indeed be safer than in banks; for, from the spirit displayed in Congress, I do not believe we shall ever get the consent of their representatives to pay back one dollar of what they have received. Gentlemen talk of *contracts*, and of "public faith!" That will be keeping public faith, and fulfilling contracts, with a vengeance!

Is it expedient to withhold this money? I think so. We are about to issue ten or twelve millions of Treasury notes. They will be payable one year after date. We should have a fund provided for their redemption as they fall due. This money in the banks is that fund. In connection with what will be paid in on the merchants' bonds, we shall have a sum equal to the notes issued. The value of such paper as Treasury notes depends somewhat upon the ability to make prompt payment, as well as upon the ultimate responsibility of the Government. The receivability of the notes in payment of public dues will create a demand for them; and the provision for their prompt payment will add to their value in the money market.

Again: we must either retain these funds, or borrow money to carry on the Government. We must issue stock, and create a national debt, or resort to these funds. Gentlemen say we are borrowing money when we issue notes. Well, be it so. Then, when I settle with my neighbor, and give him my due bill for the balance I owe him, because I have not the money, *I have borrowed that sum of money from him!* Is this the common, usual acceptance of the term? If it is not, why become so very metaphysical and astute all at once, to fix upon us what is supposed to be the odium of borrowing money? We cannot pay, because we cannot collect; and, like honest men, we give notes to those we owe, promising to pay as soon as we can get our money. That is the whole matter, disguise it as you will.

We have not the means to pay this instalment to the States. The Secretary has told us so. He cannot raise the money. Gentlemen affirm that the States will take the paper of the deposit banks. Why, we all know that this is not so. The States might take the paper of banks within their own limits, or in their immediate neighborhood; but the banks in the south and west have nearly all the money due the Government. There is no money in the north. Will Massachusetts take the paper of the Alabama and Mississippi banks—from ten to twenty per cent. below par in Boston—and bind herself to return specie, when called upon for payment? Will Maine, New York, or any other middle or northern State, do so? We know they will not. It is idle, therefore, to talk of turning the banks over to the States. The States would present their drafts upon the banks, get them protested, and then return them upon the Treasury—producing still further embarrassment than already exists.

If we create a debt by borrowing money, how is it to be paid? By new taxes levied upon the people. Not direct taxes, but *but by a high tariff*. Let the planting and agricultural States look to this. Without a debt, there can be no pretext for keeping up the tariff. With such an incumbrance, there will be a reason for its continuance; and when was such an opportunity ever known to slip through the fingers of the manufacturing interest, *without being improved?* It is time for the planter and the farmer to begin to take care of themselves. Those who produce all, and "pay for all," are usually forgotten amidst the contests and combinations that take place in legislating for other portions of the community. They share the too common fate of modest, unobtrusive merit. They are overlooked, whilst the clamorous, impudent and obstreperous, often obtain advantages to which they have no just or well founded pretensions.

As to the amendment offered to this bill by the gentleman from South Carolina, (Mr. Pickens,) I have nothing to say. I see no particular objection to it, and shall vote for the bill whether the amendment prevail or not. In either case, my object will have been effected. That object is the postponement of the deposit, to enable the Govern-

ment to use its own funds, to pay its debts, and fulfil its obligations.

These are our measures; this is our system. If the opposition have any thing better, let them present it, and I, for one, will cheerfully vote for it. The question presented to every gentleman now is, RELIEF or NO RELIEF. Show us your hands, gentlemen! What do you intend to do? Have you any plan to relieve the country? Can you do any thing for the people? Are you willing the wheels of the people's Government shall move on, or do you mean to let them stop? These are grave questions; and every man must answer them to himself and to his constituents in the best manner he can. But, sir, the people will not judge gentlemen by their professions; the practice must conform to them. And without pretending to the gift of prophecy, I will predict, that he who offers nothing for the public benefit, at this perilous and interesting crisis, and at the same time opposes all measures presented by others—no matter how much concern he may avow for the sufferings of his country—on his return to the bosom of his district, will find himself subjected to a fiery ordeal before his insulted constituents. The good sense of the country will set this matter right, and by that decision, willing or unwilling, we must all abide.

For my own part, I shall sustain the bills before the House, believing them to be fraught with permanent good for that common country, which should be so dear to us all. And whether they succeed or fail, I shall at least have the consolation of knowing that, as an humble individual, I have contributed every thing in my power to deliver both the Government and the people from the misfortunes and difficulties which at present surround them. I must close, sir, by thanking the House for their kind and patient attention.

## REMARKS OF MR. TAYLOR

OF NEW YORK,

In the House of Representatives, September 26, 1837.—

In Committee of the Whole, on the bill to postpone the fourth instalment of deposit with the States.

MR. TAYLOR addressed the committee as follows:

MR. CHAIRMAN: The subject under consideration has already been so fully and so ably discussed, that it will be difficult for me to offer any extended remarks, without occupying ground already occupied by those who have preceded me. I shall therefore, sir, both from necessity and inclination, endeavor to be brief.

Most of the gentlemen who have addressed the committee in opposition to this bill, have commenced their remarks with a criticism, or rather denunciation of the report of the Secretary of the Treasury. Gentlemen say they cannot understand it; that it is difficult to comprehend; that it is a labyrinth of perplexities and difficulties; and the gentleman from Ohio (Mr. Loomis) fears to embark in the attempt to fathom it, lest, peradventure, he might become entangled in the meshes of financial intricacy. The gentleman from Virginia (Mr. Mercer) has gone into an investigation of the report, but, I must confess, I was unable to understand the errors which he endeavored to point out. He stated, to be sure, that there was something over \$700,000 of the Navy Pension Fund, which ought not to be deducted from the first instalment due from the United States Bank, as proposed by the Secretary. He also alluded to the condition of the mint, and came to the conclusion that, instead of requiring one million of dollars for its operation, a much less sum would be amply sufficient for that purpose. These seemed to be two material points which the gentleman dwelt upon in his exposure of the errors of that report. But, even supposing the gentleman correct in his views upon these points, what does it amount to? Why, you do not save enough to cover the estimate of additional appropriation for the Seminole war, which is to be provided for by a bill now on your table; so that, by adding to your available means all the gentleman proposes by these two items, the aggregate of deficit will not be diminished. Now, sir, I ask



gentlemen who can not, or who will not, investigate the report of the Secretary of the Treasury, so as to expose its errors, if any there be, if they are not bound to take the statements of a responsible officer of this Government, especially upon those points which are so clear that they cannot be misapprehended? It appears to me they are. Several gentlemen, on both sides of the question, have presented their estimates, and I believe every one of them has come to the same result—that there will be a large deficit in the Treasury, of available means to meet the current expenses of the year. And so says the report of the Secretary. Gentlemen have come to this conclusion by different processes, but they all come to the same result.

Then, sir, if this be so, what is the remedy? How shall this deficiency be supplied, and the Treasury relieved from its temporary embarrassment? The bill under consideration is deemed one among the most prominent measures of accomplishing this object. This measure has received the consideration and recommendation of the President, and the Secretary of the Treasury; the grave deliberation of one branch of Congress, who promptly acted upon it and sent it to this House; and the Committee of Ways and Means has reported it for our deliberation. Now, sir, what are the objections urged against the passage of this bill?

The first objection which has been urged, and which has been reiterated by almost every gentleman who has opposed the bill, is, that it impairs the validity of a contract—a contract binding upon the General Government, for the performance of which it has pledged its faith, and from which we can not recede. Mr. Chairman, I am no lawyer, and with regard to those nice legal distinctions and technicalities of law which have been introduced to sustain this position, I have nothing to say. I shall leave gentlemen of the law to measure swords upon those points, for I believe this House is abundantly supplied with legal talent. I shall content myself with taking a plain common sense view of the subject. Well, sir, what are the facts? The law of 1836 directed the Secretary of the Treasury to deposit with the several States the money which shall be in the Treasury of the United States on the 1st day of January, 1837, reserving the sum of five millions of dollars, and to receive therefor certificates of deposit, pledging the faith of the States for the safe-keeping and the repayment thereof, according to the condition of the act, "for the purpose of defraying any wants of the public Treasury." This act, so far, is only binding upon an Executive officer of the Government, directing him in what manner to dispose of the public funds for safe-keeping; and he was bound to execute it, so far as was practicable. Now, sir, what is the next step in this process, to make out what gentlemen call a contract binding upon this Government? I shall follow the example of my colleague, (Mr. Parker,) who referred to the State of New York to illustrate his views, and who presented to the House a correct statement of the effect this bill will have upon the people of that State. I have not before me the law of that State making provision for the disposal of its quota of the surplus, neither am I able at present to obtain it; but I state from recollection, that the enactment commences by saying that "the money which has been, or which shall be, deposited with this State for safe-keeping," etc. and this is the point to which I wish to call the attention of the House. There is nothing definite either in the law of Congress or the State as to the amount of money to be deposited. The State agrees to receive for safe-keeping such an amount as the Secretary of the Treasury shall deposit with it, and to return it in limited amounts when called for by "the wants of the public Treasury." Thus far it will not be pretended there is any contract entered into between the parties, by which the faith of this Government is pledged to deposit with the State any amount of money, or by which the State has a right to claim any amount. Either party has a right to recede, to repeat its law. When, then, is this contract made? When is it consummated, if there be a contract? Certainly not until there is money de-

posited with the State, and a certificate of deposit given therefor. Then the faith of the State is pledged for the safe-keeping of so much as is deposited, and for its return, when called for, agreeably to the terms of the law. But does it go beyond this? Is there any contract for a dollar more than is covered by the certificate of deposit? It appears to me not. And I ask gentlemen—I ask my colleague, (Mr. Sibley,) who so ably and eloquently argued this point—if there is any contract for a single cent beyond this? Is it any thing more than a mere certificate of deposit, given by the State for the amount received? If the law of 1836 is what it professes to be—what it was then declared to be—an act of deposit, for the safe-keeping of the public treasure until it should be wanted for any purposes of the Government, I hold it is competent for Congress, at any time, to direct the Secretary of the Treasury to discontinue to make further deposits with the States, and to appropriate it to such objects as the public service may require. These, sir, are my views of the much talked of contract.

Mr. Chairman, I am not one of those who voted for the deposit law. But I do not take ground in favor of the passage of this bill, because I was opposed to the act of 1836. The law having passed, I have never felt any disposition on this account to throw any obstacles in the way of its complete fulfilment, were it in my power to do so. And none would be more gratified than myself to believe, that no necessity now existed for arresting its progress; and none will more sincerely regret any inconvenience which the States, or the people of any of the States, may experience from the passage of this bill. But, sir, I take other and higher ground. We have not the means of making this deposit. The Treasury does not possess them. If you take all the means in the deposit banks, subject to draft, you have not enough to meet this call. It is not to be inferred that, by withholding this fourth instalment, you replenish the Treasury to that amount, as seems to be intimated by statements which have been presented; for much of that on deposit in the banks is not at present available, and besides, we have on our tables a bill authorizing the Secretary of the Treasury gradually to withdraw the public money in their hands, in such manner as may be convenient for them, without oppressing them; and if the Treasury drafts shall not, or cannot be met by them when presented, the Secretary is authorized to give them suitable time, by receiving interest, and additional security. So then it is manifest, that the amount of money you detain from the States by the passage of this bill, is not now available to any large extent, for the means or the wants of the Government. But it relieves the Treasury from much of its present embarrassment. It saves the Secretary from the necessity of further efforts to transfer to the States every dollar that can be obtained, to the detriment of the public service. It disembarrasses the Treasury, as far as it goes, and that alone, is a very important consideration at this time.

Mr. Chairman, I have heard much about the passage of this bill oppressing the people; and one gentleman even went so far as to say, he would entitle it "an act to oppress the people." How oppress them, sir? in what manner? You but detain in the Treasury that which its immediate wants require; you relieve it from the embarrassment of attempting, at this time, to distribute nine or ten millions of dollars among the States for deposit. Sir, do the people of these United States feel themselves oppressed, because you do not distribute among them every dollar you have in the Treasury? Ay, more, borrow millions for the purpose of distribution? Is this the estimate gentlemen make of the intelligence and patriotism of the people? If so, they greatly underrate them. They possess different views of the objects for which this Government was organized. They will never consider themselves oppressed by your taking proper care of the fiscal affairs of that Government which they have instituted, and to the maintenance of which they are devoted.

It has been said that this bill will oppress the banks—will cripple them in their ability to accommodate the public. But, sir, how will it oppress or

injure them? Gentlemen proceed on the supposition that if the instalment is paid, the States would accept drafts on the deposit banks, which would be more convenient for the banks; but otherwise, the banks are to be called upon for payment in specie, which they cannot meet; and with this demand upon them, they could not afford accommodation to the public. It may be true that those States, where there is sufficient money deposited, might accept drafts on deposit banks, which would be more convenient for the banks to meet. But would the States not so situated accept drafts on distant banks, take their depreciated paper, and obligate themselves for the repayment of the full amount? I think not. But, although the banks are under obligation to pay all their deposits in specie, if demanded, and much of which has been received in specie, the course hitherto pursued by the Secretary, and the bill to which I before alluded,—should it become a law, show conclusively that the banks will have extended to them every accommodation, consistent with the public interest, in making payment of the deposits to the Government. Since the suspension of specie payments by the banks, millions have been drawn from them by the acceptance of drafts, given to the public creditors, in a manner satisfactory to the holders, without having paid a dollar in specie. And such, doubtless, will continue to be the case, to a considerable extent at least. So, then, I am at a loss to perceive how the passage of this bill can cripple the banks, and thereby lessen their ability to accommodate their customers.

Now, sir, if this bill shall not pass, I ask gentlemen opposed to it, how is the deposit of the fourth instalment to be made to the States? It will not be contended that you have the means in the Treasury at command. Then how will you do it? Will you borrow the money—will you use the credit of the Government for this purpose? Will you raise money in any manner, either by taxation or on the credit of the Government, for the purpose of deposit with the States, to be immediately called back, or for distribution? Will you issue Treasury notes for this express purpose? That is the way I understand many gentlemen propose to accomplish this object. I ask then, sir, by what authority, upon what sound principles of constitutional legislation, will you raise money on the credit of this Government, for the purpose of distribution? I call it distribution, though the law calls it deposit, for such is the expressed language of gentlemen of the opposition; and the gentleman from Virginia (Mr. Mercer) said, when he voted for the law, he designed it as an act of distribution; he meant it as such, and the States had a right to the money. I take them, then, at their own expressed understanding of the law, and again ask, whence do you derive your authority to raise money for the express purpose of distribution? Will you find it in the Constitution? Sir, in my opinion, it would be a palpable violation both of the letter and spirit of that sacred instrument. It would be a perversion of the objects for which this Government was formed. Gentlemen may cover the design, by saying they raise money to enable the Government to carry on its fiscal operations, in which this will be included. This would be a roundabout way, an indirect mode, of arriving at the same object. With the understanding of the intent and meaning of the 13th section of the deposit act, as has been frankly avowed upon this floor, it would be indirectly doing what I am well assured you could never get a vote of this House to do directly; and if it had been supposed, at the time the deposit law was passed, that it was to be a distribution act, it never could have received the vote of a majority of this House, or the sanction of the then Chief Magistrate. Is it true, sir, that the power in question is to be derived from "the general welfare" clause of the Constitution, as seemed to be the opinion of the gentleman from New Jersey, (Mr. Halstead?) Why, sir, take that clause in that sense, and you may make it cover any and every thing that one can possibly imagine may be for the general welfare; and with the selfish feelings of men, their notions of "general welfare" are too apt to centre very near home. Every project, no matter how vision-

ary, whether among the enumerated powers of Congress or not, would be embraced under it, and the barriers of the Constitution trampled under foot. If such are the views of the gentleman, the question which he raised with reference to himself may, I imagine, be easily settled; for no democrat will assent to such a latitudinarian construction of the Constitution.

Mr. Chairman, it has been asserted by gentlemen that some portion of this money may become available by retrenchment—by withholding expenditures under the appropriations of the last Congress. Sir, the Secretary of the Treasury has told us, that when the revulsion in the mercantile affairs of the country commenced, or became seriously felt, in May last, a minute and critical examination was instituted of the various items of appropriation, to ascertain what could be deferred, in order to relieve the Treasury from anticipated embarrassment; and “the result was, that enough could and would be postponed till next year, to amount to about \$15,000,000.” And upon this basis, his estimate of the condition of the Treasury for the last quarter was made. This, it appears, in his judgment, is all that could be postponed. Those who propose to relieve the Treasury in this way, have not selected the items which they would postpone, and I apprehend it would be difficult for them to do so; and should a proposition be brought forward for this purpose, it would take three months to select and agree upon the items, considering the various interests involved, and the discussion that would grow out of it; while immediate action is needed, to provide for the indispensable wants of the Government.

I have heard much in the course of this debate about “measures proposed for relief of Government, but none for the suffering people.” Here is a theme on which gentlemen seem to dwell with great pathos and zeal. Sir, I would ask gentlemen what they mean by “affording relief to the Government, and none for the people?” What is your Government, but the Government of the people, instituted by their choice, and for their own exclusive benefit? Your army is the army of the people, for their protection, for the protection of your coast and your frontiers, your homes, your firesides, and your altars, when threatened by danger from without. And this army must be provided for. Your navy, designed for the protection of your wide-spread commerce, extended over every sea, is the navy of the people. Your appropriations for harbors, light-houses, and the improvement of your navigable waters, are for the people, for the benefit of their commerce. Your relations with foreign Governments, maintained at considerable expense, is for the preservation of the rights, the honor, and the dignity of that Government, which the people have established. Talk about separating the Government from the people, as though they possessed separate and distinct interests! Why, sir, what did the people send us here to do? Do they ask you to pay their debts, or to make appropriations to relieve men who have become involved in ruinous speculations? No, sir. We are but the servants of the people, sent here to make the necessary provision for the expenses of their Government, and to adopt such measures as shall best promote the public welfare, within the constitutional limits assigned us. And this they expect us to do. But they have not become such sordid worshippers of Mammon, as to sacrifice all these high public considerations, and to expect or wish us to legislate for the relief of private embarrassment, or to scrape out every dollar from the public Treasury, and distribute it among them. When gentlemen complain that no measures of relief to the people are proposed, I would like to know what measures of relief they have in view—what do they propose? After the President’s Message had been read in this House, it was then stated, that it contained no plan for the relief of the people. The Chairman of the Committee of Ways and Means, in his place, said, he hoped gentlemen would be as bold and frank as the President had been, in bringing forward their measures of relief. The reply was, “we shall offer no remedy—we have no measures to propose.” Sir, I had heard that this was to be the course

of policy of the opposition; before I started for this place, I had seen it in the newspapers; it has been announced here. And, while it has been said they would propose no measure of relief, it has been believed they would oppose every proposition the Administration or its friends should present. But this, I hope and trust, will not be so. I hope gentlemen will not be controlled by considerations so narrow, as to oppose every thing and propose nothing; thus keeping the country in continual agitation and suspense; that they may ultimately arrive at that object which they have so much at heart—a charter for a United States Bank. This, sir, is the only remedy, the only relief measure, which I have heard suggested by that party, either here or elsewhere. It is, with them, the grand panacea that is to remove all political and pecuniary embarrassments. But, sir, I apprehend the period is too far distant for relief to come through this channel. The resources, the energy, and the enterprise of the country, are too great, for the people to remain embarrassed and distressed long enough for this event to happen; they will not soon be induced, from panic and pressure, real or fictitious, to throw themselves, for relief, into the arms of an institution which so recently they have found a most formidable political enemy, boldly entering the political arena, and doing battle with the powerful weapons of wealth and influence against the administration of the country. And the sooner the friends of a national bank settle it in their minds that the people of these United States will not yield to their wishes in this respect, and act accordingly, they will, in my humble judgment, remove one of the obstacles in the way of a speedy return to a sound, healthy, and prosperous condition of the business of this country.

But, sir, are there no measures of relief proposed by the administration and its friends? The greatest suffering, since the commencement of the revulsion and pressure in the business of the country, has been, I believe, with the mercantile community. The great agricultural interest of the country has suffered comparatively little; it is, in the main, in a prosperous condition. It is, then, from the former class whence the cry of relief most loudly comes, and it is more directly for their benefit that measures are proposed; and, for one, I am willing to do any thing for their relief, or any other portion of my fellow-citizens, consistent with my notions of public duty, and the trust reposed in me, as a representative upon this floor. But there is a constitutional barrier which I should not, and which I can not pass. I find, sir, upon my table, a bill from the Senate to postpone the payment of duties on the merchants, bonds, a most important measure for their benefit. Another, to remit the duties on goods destroyed by the fire in the city of New York. Another, for the issue of Treasury notes to the amount of ten millions of dollars, or so much thereof as shall be required by the wants of the Treasury, which can not fail, not only to aid the merchants, but to be, at this time, of great public accommodation; and another bill, regulating the settlement with the deposit banks, to which I have before alluded. And yet, gentlemen say, no measures of relief are proposed! But, sir, I will pursue this subject no further; for it was not my intention to notice all those sweeping charges which have been brought against the administration and its policy; but to endeavor to confine myself to the subject under consideration. One word, sir, as to the amendment of the gentleman from South Carolina, (Mr. Pickens.)

I suppose all those who will vote for the amendment, but are opposed to the bill without it, abandon the ground of a contract binding the action of this Government; for if you can by enactment postpone one year, you can five, ten, or indefinitely. It becomes, then, merely a question of expediency as to time: whether it shall be fixed for some future day certain that you will deposit with the States over nine millions of dollars; or whether, by an indefinite postponement, you will leave it for Congress hereafter to be governed by the condition of the Treasury. For the present purposes of the Treasury, the amendment will accomplish all that would be accomplished by the

original bill. It will afford the temporary relief desired; but as to the future deposit with the States, I prefer leaving that for Congress to determine hereafter. I am unwilling to hold out to the States the expectation that this deposit will be made on the first of January, 1839, when, perhaps, at that time, you will have in the Treasury no money to deposit; and especially am I opposed to pledging the faith of this Government that it shall be made at that time, whether we have the means or not, as proposed by the honorable gentleman from Massachusetts (Mr. Adams.) I can not consent, by my vote, to pledge the faith of this Government to any such measure. My colleague (Mr. Foster) inquired if it was not the intention to carry out the provisions of the law, in making the last instalment, sooner or later? So far as my vote is concerned, I do not intend it shall be given to deposit money with the States for safe-keeping when you have none in the Treasury to deposit, and may have to resort to a loan, or other means, to raise it for that purpose. I hold the law to be, what it was professed to be, a deposit law, for the purpose of withdrawing from the banks a large amount of surplus money, which had accumulated in their hands, and depositing it with the States, where it would be more safe, as well as more advantageous to the public interest; and I choose not to regard it in any other light, whatever others may choose to call it—either a gift, distribution, or loan, by which the States have a right to claim it, or to be quoted hereafter as a precedent, which would be of dangerous tendency. I prefer, therefore, the bill in its original shape, leaving the question of time to the future action of Congress, when there shall be a surplus on hand to deposit. But if the amendment prevails, I shall vote for the bill as amended; not regarding it, however, as pledging the faith of the Government that the money shall, under all and any circumstances which may exist, be paid to the States at that time. Having detained the committee longer than I intended, I will only add my hope, that we may come to a speedy action upon this subject, and that the bill will receive the approbation of a majority of this committee.

## REMARKS MR. PICKENS, OF SOUTH CAROLINA,

*In the House of Representatives, September, 19, 1837.—*

The bill to postpone the fourth instalment of the payment to the States being under consideration; and Mr. BELL having concluded his speech upon it—

Mr. PICKENS of South Carolina, said he had not risen to make a speech; he was not prepared for that; but that he merely rose to touch upon the general grounds that would govern him in the course he would pursue in relation to the bill under consideration. He would here take the liberty of saying that we had a commentator upon the report of the Secretary of the Treasury in the chairman from the Committee of Ways and Means, and now we had another explanation of it by the gentleman from Maryland, (Mr. McKim,) and, notwithstanding all this, it was still as bungling and confused a document as he had ever been called upon to analyze. One of these gentlemen had made the sum that would be in the Treasury on the 1st October, something under \$2,000,000, and the other had made it \$2,000,000. Mr. P. would recommend to the gentleman from Tennessee (Mr. Bell) that, while engaged in the subject of reform, he should propose a reasonable appropriation, under the direction of some fit and suitable person, so that, during the recess between this and the regular session, the Secretary might be taught both arithmetic and grammar. This might be sound economy, for it might save the time and trouble of this House in the discussion of points which we now witness for want of clearness and distinctness. With all the conflicts upon these points, Mr. P. was strongly impressed with a conviction that the Treasury would be embarrassed, whether from mismanagement and extravagance, or the pressure of the times, or from all, he would not now say. H (Mr. P.) had no idea of now distributing \$9,367,21

amongst the States, only that the tax-paying people of this country should be called on to pay back again that amount to supply the demands of the Government. He was not for incurring a debt merely to distribute money amongst those who would receive two-thirds of the amount, and not pay one-third in raising it. He would not go before his constituents, and tell them that he had involved them in a debt merely that other and more powerful sections might lay the taxes by which it was to be redeemed. Besides, Mr. P. contended that we must look at all the different measures proposed under the present embarrassed state of our affairs as one system, and not separately. He felt disposed to relieve, as far as this Government could legally do, that enterprising and meritorious class of citizens engaged in the foreign importations of the country. They deserved our sympathy, our aid, and fostering care. We had a bill before us proposing indulgence and extension of credits on their bonds. The Senate had passed one extending the time for nine months, and also for the same credits on all bonds for a year after the 1st of October next. Mr. P. was in favor of the very longest time possible, and, with that view, he wished the Treasury relieved from the immediate demands that would be had against it by the payment of this fourth instalment. If it were disencumbered from this demand for the present, it would enable us, with difficulty, to extend the custom-house bonds. Let not those who desire relief to importing merchants embarrass the Treasury by too many demands upon it.

Mr. P. also expressed himself in favor of a small amount of Treasury notes, unless, under very restricted limitations, their only qualities being their receivability in public dues. The gentleman from Tennessee (Mr. Bell) had enumerated a number of appropriations which were extravagant and useless, and which ought to be dispensed with. Mr. P. agreed with him entirely on that point, and would here say, that if the gentleman would bring in a bill, enumerating the useless and extravagant objects, and calling for a reduction and withholding of those appropriations, he would go with him heart and hand, and would move that the present bill be laid aside until the gentleman would have a fair opportunity to pass his retrenchment bill. He never had voted for these objects, and never would. But the gentleman well knew that no such bill would ever receive the sanction of this committee. A majority here were for extravagant appropriations, and would at any time expend money for any thing that the wit of man might propose, even if they incurred a debt, and then distribute the \$9,367,000 besides, and wring the last cent from the productive industry of this country, for no other object than to divide the proceeds amongst their constituents. Many came here good opposition reform men, and continued to be so in words, for the first of the session, but in the last ten days, when it comes to voting appropriations, the gentleman would find them true to their interests, and voting millions upon millions, with *reform* upon their lips and extravagance in their hearts.

[Here Mr. BELL inquired if Mr. P. meant to include him. Mr. P. said, not at all; he meant the National Republican party from the middle and northern sections of this Confederacy.]

Mr. P. was afraid the majority here would not only take the \$9,367,214, but pass the extravagant appropriations again and again, and incur a debt too of \$20,000,000 without the slightest regret; and to effect their purposes, when objects of expenditure were exhausted, they would do as they had done before, propose to tack on to a bill containing large appropriations, a bill locating "marine hospitals" on the rivers and creeks of the far West, even beyond the settled country, where it would be difficult to fill them with inmates, unless they were to collect the bears and wolves of the forest for that purpose. This is what the majority have done and will do here. The Secretary of the Treasury last year estimated the wants of the year at \$27,000,000, which was about \$10,000,000 more than he ought to have asked, and yet what was the remarkable spectacle that this House exhibited? We not only voted the \$27,000,000, but \$33,000,000; about \$6,000,000 more than even an extravagant adminis-

tration asked for. This is your economy and reform. Mr. P. desired to hold back the fourth instalment, so as to induce gentlemen to retrench in expenditures, under the hopes that they will get the fourth instalment divided hereafter, if they will reduce the demands upon the Treasury.

The gentleman from Tennessee, (Mr. Bell,) Mr. P. continued, has maintained that the deposit act was a *contract* binding upon this Government; and, by consequence, that we were bound to make the distribution, whether we wanted it or not. Mr. P. said he could not thus view that act. He looked upon it as a deposit act, and not a distribution act—creating the States of this Union, for the time and for a particular purpose, branches of the Treasury of the General Government. This was the legitimate and only constitutional object of that act. We have no right, under the specific objects for which we can appropriate money under the Constitution, to give it to the States. Mr. P. then read the clause in the act regulating the deposits and the conditions as follows:

Sec. 13. *And be it further enacted*, That the money which shall be in the Treasury of the United States on the first day of January, eighteen hundred and thirty-seven, reserving the sum of five millions of dollars, shall be deposited with the several States, in proportion to their respective representation in the Senate and House of Representatives of the United States, as shall by law authorize their Treasurers or other competent authorities to receive the same on the terms hereinafter specified. And the Secretary of the Treasury shall deliver the same to such Treasurer, or other competent authorities, on receiving certificates of deposit therefor, signed by such competent authorities, in such form as may be prescribed by the Secretary aforesaid, which certificate shall express the usual and legal obligations, and pledge the faith of the State for the safe keeping and repayment thereof, and shall pledge the faith of the States receiving the same to pay the said moneys, and every part thereof, from time to time, whenever the same shall be required by the Secretary of the Treasury, for the purpose of defraying any wants of the public Treasury beyond the amount of the five millions aforesaid: *Provided*, That if any State declines to receive its proportion of the surplus aforesaid, on the terms before named, the same shall be deposited with the other States agreeing to accept the same on deposit, in the proportion aforesaid: *And provided further*, That when said money, or any part thereof, shall be wanted by the said Secretary to meet appropriations by law, the same shall be called for in ratable proportions within one year, as nearly and conveniently as may be, from the different States with which the same is deposited, and shall not be called for in sums exceeding ten thousand dollars from any one State, in any one month, without previous notice of thirty days for every additional sum of twenty thousand dollars which may at any time be required.

He then argued at length to show that it did not partake of the nature of a contract, but a mere regulation of the surplus that might be in the Treasury, so intended, and bearing that intent upon its face. The title of the act was; "A bill to regulate the deposits of the public money."

He was at a loss to conceive how this could be called a contract, which was intended as a direction to the Secretary of the Treasury. There was no specific sum named to be delivered, and, if a contract, from its face, no specific sum could be recovered. The gentleman had said that it was a contract stipulating the sum for the use and benefit of the States. There was no stipulation of the kind even named in the act. The words use and benefit did not occur. It was a branch of the Treasury which the States might control and dispose of at their own risk and responsibility. The only security required was their faith. The limitations in the act were limitations upon the Secretary of the Treasury, not to draw back any sums, except in a certain way, and under certain restrictions, but there was no limitation imposed by that act over Congress. Congress might call immediately for the whole amount by any appropriations they might make, but the Secretary could not; it limited him, but not Congress. Suppose we had been visited

with foreign invasion, do you suppose that we could not then withhold the fourth instalment, because we were bound by contract to pay it over? As well might it be said that the law regulating the Treasurer, and giving him funds under certain conditions, was a contract, and we were bound to give him the funds, whether in the Treasury or not. We had something of a contract with the United States Bank, created in 1816, by which we were bound to deposit the surplus with that institution, under certain conditions. Those deposits were seized and removed in defiance of a plain contract, and yet the gentleman, with his friends, I believe, sustained that withdrawal of the funds. And we are now to be told that we must pay over the fourth instalment, under a *contract*, even though there be no surplus funds. How absurd must our position be, to say that we must now, under contract, make this deposit, when by that contract, if contract it be, it can be immediately recalled for appropriations, and which even the Secretary of the Treasury is authorized to recall in different sums if needed for any appropriations made by law. This seems to be any thing but financial wisdom. If this had been a contract he, Mr. P. never would have voted for it. He was not for an entire postponement, but for disembarassing the Treasury at present, and enforcing future economy, so as to make the deposit or division hereafter. It was not the time for the South to run the risk of incurring a debt merely to distribute a few thousand dollars, while others would get millions. If it be a contract, show the bond, and he would comply, although it might take not only the "pound of flesh," but blood too.

#### REMARKS OF MR CUSHMAN, OF NEW HAMPSHIRE.

*In the House of Representatives, September 22, 1837.—*

Made in Committee of the Whole House on the state of the Union, upon the bill to suspend the 4th instalment of the deposit act of June, 1836.

MR. CHAIRMAN, considering the position which I occupied in the last Congress, relative to the subject now under consideration, I hope the committee will indulge me while I make a few remarks. The gentlemen who oppose the passage of this bill, do it upon the ground that the law of June, 1836, was a contract made by the United States with the several States, by which the General Government is bound to deliver to the several States, in four equal instalments, their due proportion of all the surplus revenue which should be found in the Treasury of the United States on the first day of January, 1837, save five millions. On the passage of the bill regulating the public deposits, I recorded my vote in the negative, therefore I shall be excused, if I shall contend that, both in letter and spirit, that law is merely to regulate the deposit of the surplus revenue of the United States, and not a contract by which the United States would be legally and morally bound to pay money to the several States, whether that money is in the public Treasury or not. If it be true that the United States are legally, as well as morally bound to deliver over the fourth instalment therein mentioned to the several States, according to the declarations which have been made, over and over again by gentlemen upon this floor, then I acknowledge that I have been wholly mistaken as to the provisions of that law. Gentlemen say that it is a contract which could be legally enforced in a court of justice, if the United States were amenable to civil process. If so, this bill to withhold the fourth instalment ought not to pass. Nay, more, sir; if there be any moral obligation resting upon the General Government to deliver over or deposit, this money to the several States, then it ought not to be withheld; for when we legislate, we should do it upon principles as far above all legal liabilities as the heavens are above the earth.

I contend, however, that the deposit act is not such a contract as has been pretended. It is mere a gratuity, which cannot form the basis of a legal contract. Neither does it lay the United States under any moral obligation to deposit money with the several States, which she does not now possess.



Suppose, sir, that one individual should say to another that he would make him a present of a certain article, at a certain time and place, and suppose, further, that before the time should arrive for the delivery thereof, that article should be accidentally destroyed; would that individual be under any legal or even moral obligation to perfect that benevolent design? No, sir, there is not a gentleman on this floor who will contend for the fulfillment of such a promise, upon the ground that it lays the foundation of a legal contract, which can be enforced by suit at law.

Again, sir; suppose one individual should say to another that he had in the hands of his agent the sum of fifty thousand dollars, for which he had no present use. This sum you may have, with all the benefits you can derive from it, until he should be under the necessity of calling for it; when he should return it to the owner. And it is further agreed, that the same shall be delivered over in four equal instalments, in one, two, three and four months. Now suppose, sir, three of the above instalments to have been delivered over agreeably to the above mentioned promise, but before the time arrives for delivering the fourth instalment, the gentleman who made the proposition is visited by some unexpected calamity; his property engulfed in the ocean, or fire may have consumed to ashes his dwellings, by which calamity he is wholly unable to complete his original design.

Is here such a contract as could be legally enforced in a court of justice? Would there be even the slightest moral obligation resting upon that individual, after having been providentially deprived of the means of fulfilling his design, to hand over the fourth instalment as above mentioned? No, sir, every gentleman must be compelled, if he intends to abide the truth, to answer this question in the negative. The person to whom such an overture was made, would not have the hardihood to assert any such claim. He could not look his friend in the face, and tell him that he was guilty of a breach of faith. No, he would blush to make a charge of that sort.

Mr. Chairman, in the case, as above supposed, I have given you, as I think, a very fair exposition of the deposite law of June, 1836. That law was to regulate the depositories of the surplus revenue of the General Government. Three instalments of that surplus have been delivered over to the several States, agreeably to the requisitions of that act; but before the time had arrived for transmitting to the States the fourth instalment, she finds her financial affairs in such a situation as to leave her without any surplus to deposite. How can there be any legal or moral obligation on the part of the United States to deposite a surplus revenue which she does not possess? It is folly as well as madness to make any such pretensions.

I will now bring to the consideration of the House what I consider to be a test question upon this subject. Let it be admitted that on the first day of January last, the Secretary of the Treasury, in pursuance to the requisitions of the deposite act, ascertained that there was then a surplus revenue of thirty millions to be deposited with the States. Now, suppose that on the day following, the whole of that sum had been annihilated? What then? Why, forsooth, according to the arguments of learned gentlemen upon this floor, the United States are not only legally, but morally, bound to incur a debt to that amount, for the purpose of fulfilling her contract with the several States; that is, the United States must create a debt, in order to create a surplus to deposite with the States. This would be an absurdity, for the creation of a debt shows the want of a surplus.

I entreat gentlemen not to compel the United States to borrow money to deposite. I implore them not to tax the people for any such unholy purpose. Is there an individual in the community who would be guilty of such gross folly as to borrow money of one bank for the sake of depositing it in another? No, sir, no one save a madman can be found. The same course by which a prudent individual would be governed in managing his financial concerns, should govern Congress in the present question. I again repeat, therefore, for the United States to borrow money

to meet the fourth instalment under the deposite act of June, 1836, would not only be an act of gross injustice to the people, but an act of the grossest folly.

### SPEECH OF MR. WALKER, OF MISSISSIPPI,

*In Senate, September 27, 1837—On the bill for the collection, safe keeping, and disbursement of the public moneys.*

Mr. WALKER said: the Senator from Kentucky (Mr. Clay) has just explained to the Senate the causes which, in his judgment, had produced the existing embarrassments. Among these causes, he enumerated the effort made last year in this body to reduce the tariff. This position appears to me most extraordinary. The manufacturing, as well as every other interest in the United States, had been greatly stimulated by the wonderful expansion of the bank paper system; and if it had been checked, as the Senator from Kentucky supposed, by that effort to reduce the tariff, the overaction of the manufacturing interest had been so far diminished, and the revulsion which followed must have proved less disastrous in its results. If, indeed, the artificial stimulus of an augmented tariff had been superadded to the expanding influence of the banking system, the manufacturing interest would only have been lifted for the time to a greater height of seeming prosperity, to have received, from the revulsive shock which followed, a fall more fatal in all its consequences. If, then, the manufacturing interest, as is clearly shown, received no injury from the effort in this body in February last to reduce the tariff, still less could that failure have affected injuriously any other great interest. It was sufficient, in answer to this argument of the Senator from Kentucky, to say, that this effort to reduce the tariff was unsuccessful. But if it had succeeded, I can not perceive how a reduction of the taxes of the people could have increased or brought on the present disasters. On the contrary, I shall endeavor to prove hereafter, in the course of this address, that the reduction of the revenue to the wants of the Government would have greatly alleviated, if not altogether prevented, the existing embarrassments. The money would have remained in the pockets of the people, and would not have gone into the deposite banks, to have augmented their funds, and increased that inundation of paper money, in the reflux of which we now find wrecked and stranded all the great interests of the country.

But the Senator from Kentucky, as the great and distinguished champion of the tariff policy, might well oppose the measure now under consideration. That measure was to continue, now and for ever, the existing separation between the banks and the General Government. This fatal union of bank and State, it seemed to have been overlooked, was clearly calculated to produce a powerful alliance between the banking and tariff policy. So long as the banks are continued as depositories of the revenues of this Government, it is their interest to increase those revenues, and thus augment their deposits and dividends. By increasing the tariff, the banks then increase our revenues, and augment their deposits and profits. Hence it is, that, with so few exceptions in this body, the friends of the tariff are found united in the effort to restore the former connection between the Government and the banks as the depositories of the public revenue. The re-alliance between the tariff and banking policy would be most formidable indeed, and should be resisted at every step of its progress by the great agricultural interest of the country. There was too much reason to fear that the great battle between the friends and opponents of free trade must be fought over again in 1842, when the tariff reached the lowest point in the scale of descending graduation. I look forward to that period as the most critical in the future history of the country. It would then, perhaps, be finally decided, whether the tariff should be permitted to remain at the revenue standard, or whether it should be augmented and enlarged, to advance one favored interest by spoliations com-

mitted upon another—by the collection of taxes beyond the wants of the Government. In looking forward to this period, and the final adjustment of this great question at that time, I can vote for no measure which would make it the interest of the banks to augment our tariff and revenues, with a view to the increase of their deposits and dividends. The banking interest of the country was already great and powerful. It consisted now of eight hundred and twenty-three banks, and what might be the number in 1842, if again stimulated by heavy deposits, no human foresight could predict or determine; but if, in the next five years, it augmented in the same geometrical ratio as the last, we should have in 1842 nearly sixteen hundred banks, with a capital approaching one thousand millions of dollars. Especially—judging of the future by the past—would this increase in the number of banks be greatly promoted by reuniting them with the Government as depositories of the revenue. And shall I, a Senator from a State raising now nearly one-fourth of the great staple of the South, and destined soon to stand at the head of the great exporting States in the Union—shall I aid, by my vote, in bringing either now, or in 1842, this great banking interest of the country in aid of, and alliance with, the tariff policy?

But if the re-alliance between the banks and the Government would consummate the union between the banking and tariff interests, the discontinuance of the banks as depositories of the revenue, under the provisions of this bill and its amendments, will make it the interest of the banks to oppose the augmentation of the revenue. By this bill, the banks are at once and for ever discontinued as depositories of the revenue; and by gradual and successive steps, commencing now, and going fully into operation in 1842, no bank paper after that period will be received in payment of the public dues; and consequently, after that date, these payments must be made chiefly in gold and silver. Now, the great argument of the friends of the bank deposite system is, that this bill will diminish the specie in the vaults of the banks, by substituting that specie for bank notes in revenue payments. So far as this effect may ultimately be produced partially by this bill, it will make it the interest of the banks to diminish the tariff and the revenue, so as to diminish the calls upon them for the redemption of their notes in specie, to be used in revenue payments. The smaller the amount of the revenue, the less will be the influence of this bill in diminishing the circulation and profits of the banks. Thus, if under this system the Government collected little or no revenue, the bill under consideration would have little or no effect upon the circulation of the banks; whereas, under such a tariff as that of 1833, the revenue from duties would amount now to nearly fifty millions of dollars, and produce a wonderful curtailment of the circulation and profits of the banks. The banks then, now, as well as in 1842, under the system we propose, would be directly interested in diminishing the revenue and keeping down the tariff.

Nor is it less obvious that, upon the same principles, the adoption of this measure would make it the interest of the banks to diminish the revenue from public lands, by a reduction of their price, and by confining the sales to actual settlers; for otherwise, the prodigious sales of the public lands for speculation, at existing prices, which amounted, during the last two years, to near forty millions of dollars, would produce such a presentation of the notes of the banks for specie to pay for the lands, as greatly to curtail the circulation and profits of these institutions. But if we continue the late system of bank depositories, and of receiving bank paper for the public revenue, it becomes the interest of these institutions, as was clearly proved in 1835 and 1836, to augment their deposits by increasing, through loans, the sales of the public lands. Indeed, under this system, nearly the whole of the public lands worth purchasing, would have passed, in a very few years, into the hands of speculators—whole townships and counties being covered at an entry, by quires of bank paper, to be redeposited in a few days in the banks which had loaned the money. As, then, this bill is calculated

to keep and bring down the tariff and the price of the public lands, and limit the sales to actual settlers, upon what principle can I refuse to sustain it? From the first moment of entering this body, I have invariably opposed the surplus distribution policy, in all its forms and under every aspect; and as invariably advocated the reduction of the revenue to the wants of the Government, by reducing the tariff, reducing the price of the public lands, and confining the sales to actual settlers or cultivators; and shall I now oppose a bill which must prove so powerful an auxiliary of these great measures?

Nor is it less obvious that the re-establishment of a great Bank of the United States as the fiscal agent of the Government, would be a still more powerful ally of the tariff policy. It would be equally its interest to increase the tariff, and thus augment its deposits and dividends. And if, as we are informed by its friends, it could become the regulator of the State institutions, existing, as Mr. Biddle has told us, by its forbearance, it could, at its pleasure, wheel into column this army of dependent corporations, as auxiliaries of the great bank power in augmenting the tariff.

But the Senator from Kentucky, among other causes, which he enumerated as producing the present disasters, was the veto of his land bill in 1832, by ex-President Jackson. Now, by the provisions of that bill, the nett proceeds of the sales of the public lands for the years 1833, 1834, 1835, 1836, and 1837, were to be distributed among the States. By a reference to the public documents, it appears that these sales amounted to about sixty millions of dollars. This sum was to be irrevocably distributed among the States, and was to be lost for ever by the General Government. Now we have already distributed twenty-seven millions of dollars among the States, and are compelled to make a temporary loan of ten millions of dollars, as authorized by the bill which has already passed this body, rendered necessary by a deficit in the public revenue. Now this bill of the Senator from Kentucky would have increased this deficit to forty-three millions of dollars, as proved incontestibly by the facts and documents now before us. This bill, then, would have reduced us to a most disgraceful bankruptcy. It would have involved us in a new national debt, and rendered an increase of the tariff inevitable. By this operation, the State of Mississippi, where it received one dollar, would have been compelled to pay back three, by the operation of the tariff, reducing the price of her staple, and depressing the great agricultural interest of the whole country. Such would have been the glorious effects of this measure—such the relief it would have extended to the community. Its relief would have been an immense national debt and oppressive taxes. In the session of 1835-1836, the Senator from Kentucky again advocated the passage of this bill, when I thought it my duty to oppose the measure, and point out the evil consequences which the result has shown would have flowed from its adoption. At the last session, the Senator from Kentucky again introduced a similar measure, grasping for distribution these sales of the public lands, for the past as well as for the future, and terminating only on the last of December, 1841. This measure would have reduced the Government to still more irretrievable bankruptcy. But the worst of its effects are yet to be told. This bankruptcy, and its associated national debt, would have occurred or accumulated at the commencement of the year 1842—the very year for the final adjustment of the tariff under what is called the compromise act, when this accumulated debt would have rendered it impossible to prevent an augmentation of the tariff.

Such would have been the effects of the various land bills of the Senator from Kentucky. But, if that Senator could have united with me in the support of the land bill introduced by me the session before the last, reducing the price of the public lands in favor of settlers and cultivators, confining the sales to them, the present disasters, in all probability, would not have overwhelmed us. We should have had little or no surplus. The enormous sales of public lands to speculators, amounting, in two years, to about forty millions of dollars, produced this surplus. These sales would have

been prevented by the passage of that bill. This surplus, as I took occasion then to predict, has been the potent cause of the present disasters; and the deposit—the fatal deposit distribution bill, with its no less fatal equalizing supplement, so strenuously opposed by me, precipitated the great catastrophe. This forty millions of surplus deposited with the banks has been regarded by them as capital, and upon it they have extended their issues to an extent unprecedented. This inflation of the currency caused overaction in all the departments of trade and business. The banks not only swelled their issues, but, as a necessary consequence, paper credit of every description increased to an alarming extent. Prices rose incredibly, and every thing found a purchaser, upon credit, at almost any price. Mercantile acceptances, founded not on money or produce, but on credit only, were augmented to an extent heretofore unknown. New York and New Orleans, being the greatest theatres of these operations, were the first to feel the shock—the first link in the chain of paper credit breaking at New Orleans, and the next in New York. These calamities, though no one could tell the precise moment when the catastrophe would come, were clearly designated in the report in favor of the land bill, presented by me two sessions ago. The means, also, of guarding against these calamities, were fully pointed out in that report. These means were, to pass the land bill at once, and prevent the accumulation of that surplus which afterwards rose to forty millions, and swept before it the banks, the Government, and the people. I will only trouble the Senate with one short extract from that report:

“It is, then, the interest of the whole Union that those monopolies of the public lands should be arrested, and that capital should continually flow in the various channels of productive industry. If, among other causes, the existing embarrassments are now greatly attributable to the speculating investment of millions, during the past year, in wild lands, what will be the result if the system is permitted to continue for a series of years unabated? Is it easy to foresee that the necessary consequence will be increasing distress and embarrassment, or at least a diminution of the national prosperity.”

At that session this land bill could scarcely obtain a hearing, and the predictions of the report, portraying the disasters that would occur from the refusal to prevent the accumulation of the surplus, were treated as wild and visionary. We were careering onward upon the tide of an unreal prosperity, and no one could be induced to look forward to that shore where the mighty vessel of the Government itself was destined so soon to be wrecked and stranded. But, at the next session, when, as the report had predicted, whole States had been covered by speculative entries of public lands, with bales of bank paper obtained by loans of this accumulated surplus, then, at last, when perhaps even then it was too late, this land bill obtained a hearing. It passed the Senate, but was, most unfortunately, defeated in the House, as also was the bill reducing the tariff; then, for the first time, we set seriously to work to reduce the revenue to the wants of the Government, and the new deposit distribution project of the last session was defeated, on my motion, by the casting vote of Vice President Van Buren. And shall we not all learn, from the catastrophe which followed the surplus, the fatal tendency of that policy, and that the only path of safety for us is to reduce the revenue to the wants of the Government.

The next great question presented in the address of the Senator from Kentucky, was the creation by Congress of a national bank, as the only measure, in his opinion, calculated to relieve the distresses of the country. Why then has he not favored us with his project of a charter, that it might be examined by Congress, and by the nation? This the Senator had not done, and his failure to present his plan, would be regarded in no other light than as an acknowledgment of the great and intrinsic difficulty involved in such a question. Surely that Senator could not ask the Senate to vote against the measures now under consideration, unless he proposed some substitute. None, he presumed, were so entirely confiding, as to take upon trust any and every

charter of a bank which that gentleman might think proper for the present contingency. Let us see the bill with all its specific provisions, that Congress and the country may compare it with the measures now under consideration, and decide between them with full light and knowledge upon the whole subject. However great the confidence which any portion of the American people might repose in Senators opposed to the administration, he hardly thought the nation would be carried away by any vague or indefinite proposition; any clamor, however loud, for a national bank—a national bank, when the charter was withheld from their consideration. I now call upon the Senators opposed to the administration for their specific plan of relief; for a view of their proposed bank charter; and if this were refused, it must either be conceded that they can present no practical project, or the charge of non-committalism, which had been so industriously circulated, but without the shadow of foundation, against the President of the United States, must recoil on those who made it.

But although the Senator from Kentucky had not favored the Senate or the country with the provisions of his proposed bank charter, yet he has designated the means by which at least a portion of the specie necessary to constitute a part of the capital of the bank, may, in his opinion, be obtained. He tells us that fifteen or twenty millions may be obtained from abroad, and that if we object to the supposed influence which the foreign stockholders would have in the institution, to prevent such stockholders voting in the election of directors. We have tried this heretofore, and it did not prevent this influence. The fact is, the ownership of so vast a portion of the stock of the bank by British lords and bankers, would necessarily give them a powerful influence over the institution, and enable them, by an alliance formed between the American and British banks to control the moneyed transactions of both countries, and to elevate or depress the price of property at their pleasure. The Senator from Massachusetts [Mr. Webster] had a few days since derived this power of creating a national bank from the authority given to Congress to regulate commerce; but were this position correct, which was not conceded, are we prepared to surrender this power of regulating commerce to any great irresponsible moneyed corporation—much less to such a corporation, composed in part of any portion of the British aristocracy—the hostility of so many of whom to our republican institutions was so well known, and clearly defined? To trust in whole or in part in their keeping the moneyed and commercial relations of this great republic never would be permitted by the people of the United States. Besides, were we willing thus to procure this amount of specie from England for these purposes—if the argument of the friends of a national bank in this body be true, that, what they have been pleased to call the forced importations of specie into this country, produced by the policy of the late administration, has caused a comparative scarcity in Europe of the precious metals, and partly occasioned their and our existing embarrassments, and the fall of cotton and of prices generally—what, we may ask, would, upon these principles, be the effect of this sudden and immediate demand upon England, at this period, for fifteen or twenty millions of specie? It is in vain to suppose that we could, at this period, put a national bank in operation, by borrowing in England fifteen or twenty millions in specie. No, we would have to look among ourselves for the stockholders, for the nation would permit no others; and the specie to put such a bank in operation must also be looked for among ourselves.

A national bank, capable, according to the theory of its friends, of regulating the existing State banks, including the regulation of their late alleged regulator the Bank of the United States, rechartered by Pennsylvania, must possess an actual capital, as I shall prove hereafter, of at least seventy millions of dollars, and so far as paid in, consisting of gold and silver. No one would propose a bank, whose capital was not paid up, for the bubble business of creating banks on the stock notes or credit of the stockholders, could have no advocates in this chamber. Such a bank must commence its ca-

reer on capital, not credit. Now, how is this capital to be obtained? Not as formerly by Government stock; for we have no debt to represent that stock, as we had in 1791 and 1816, when the first and second banks of the United States were created, and no one would presume to ask that the Government should be involved in a new national debt, (inviting a renewal of the tariff,) for the purpose of creating a national bank. In 1791, three-fourths of the capital of the national bank then created, consisted in the securities or funded debt of the United States, bearing a fixed interest, and redeemable from the public revenue at specified periods. A large portion of the capital of the second bank, consisted in five per cent. stock of the Government, representing a portion of the national debt, and redeemable at fixed periods. Of the thirty-five millions of capital of this bank, when all paid in, twenty-one millions consisted of this public debt. We have now no funded or other debt to assume the shape of public securities, and constitute any portion of the capital of a national bank. How then is the capital of a new bank to be paid in? It can only be paid in stock notes of the subscribers—or State bank notes—or gold and silver. No one would propose the first method, and, if proposed, it would give no real capital to the bank, but begin and end in bankruptcy. The second method of payments, none would propose, for the depreciated paper of broken banks would constitute no capital upon which the new bank could issue a paper convertible into gold and silver. The precious metals then, could alone constitute the sole capital of the bank. Now let us suppose the bank chartered, and with a capital of seventy millions. Where, at the present period, is this enormous amount of gold and silver, or any large portion of it to be obtained? Not from Europe, as we have seen; and if attempted now in this country, even to the extent of fifteen or twenty millions, it would prevent, by this new demand for the precious metals, the possibility of the resumption of specie payments by the banks, or cause them immediately to suspend again, if they should resume specie payment. The passage, then, of a national bank charter at this time, with an adequate capital, would greatly injure, if not entirely overthrow, the banks of the States, and render still more intense the existing distresses. But were all these difficulties removed, and were such a bank put in operation, by depriving the State banks of the means of obtaining the gold and silver necessary to resume specie payment, the emission of the notes of the new bank would still further depreciate the paper of the suspended institutions, and involve most of them, and large masses of the people, in one common bankruptcy. It is time, then, that those who look to the establishment at this period of a national bank, should awake to the reality, that such an event would, at this crisis, prevent the resumption of specie payment by the State banks, depreciate their paper, so as almost to drive it out of circulation, or at least render it not receivable in payment of debts, unless at a ruinous discount, and increase and prolong the existing embarrassments. Nor should it be forgotten, that even if the attempt were now made to procure from England the necessary specie to put a national bank in operation, at the very time when so many of the State banks are endeavoring to obtain it from the same source, both could not succeed; and the suspended banks, being the weaker power, would be broken down in the conflict.

But suppose the bank chartered and put in operation, with, for the sake of argument, the power claimed by the friends of the late Bank of the United States to regulate and control the State institutions. The capital of a new national bank, adequate at this period for these purposes, must consist, as heretofore stated, of at least seventy millions of dollars. The number of the State banks, when the late Bank of the United States was created, was usually estimated at two hundred, and their capital one hundred millions of dollars. The number of these institutions at this period is eight hundred and twenty-three, and their capital about three hundred millions of dollars. If, then, the augmentation of the controlling power is to bear any proportion to the increase of the number and capital of the institutions sought to be controlled, the capital of the new regulator must be at least

double that of the old one, which would make it seventy millions of dollars. But we must also consider that the new bank must not only have adequate powers to control the eight hundred and twenty-three State banks, but also to control the very power which is claimed to have regulated them, continued in existence by the State of Pennsylvania, under a charter which its very able president (Mr. Biddle) tells us renders that bank stronger and more powerful than it was under its former charter. The new bank, then, must be able to control the *regulator*, and the *regulated*; and as the former must have been more powerful than the latter, the capital of the new bank must be at least double that of the old one. Indeed it must be much greater, in the precise proportion in which the power of the old bank as a regulator exceeded that of the institutions over which it exercised a control. Seventy millions, then, is the least capital upon which the new bank can be asked to be created, with adequate powers to regulate the State banks, and control the currency. Under the old system, the late Bank of the United States was regarded by its friends as the sun of the moneyed system, and the State banks as stars revolving round the central power. This sun and those stars are still in existence, though all have been madly shooting from their spheres, and the new bank orb must have power enough to control and regulate the whole system, and to recall the greater and lesser lights from the eccentric orbits in which they are now revolving. And are we prepared to create a power of such great, such terrific magnitude—a power wholly irresponsible to us, or to the people, and greater than the Government itself? Is it not clearly seen, that an institution of such overshadowing power, with a capital of seventy millions, and regulating a State bank capital of three hundred millions, would not merely regulate the banks, and currency, and exchanges, but would also regulate and control agriculture, commerce, manufactures, and the price of all property and of all products throughout the whole Union. The prosperity of the whole country, and of the whole people, would be subject to its controlling power, and he who would be willing to create such a power, in the hope that it would be its interest and desire to promote the public welfare, must be prepared for a despotic Government, in hopes that the identity of interest between the monarch and his subjects would make him a kind and forbearing master. But, unfortunately, it is not always the interest of the mighty head of the banking system to promote the public welfare. On the contrary, when, from its anxiety to accumulate heavy dividends, it has expanded to the utmost point the bank circulation, and when the revulsion comes, as come it must, this mighty power must either fall itself, or in its efforts to sustain its credit by the recall of its issues, and the curtailment of its loans, spread ruin and dismay throughout the country. If any doubt the truth of this position, let them look back to the panic of 1834, when the late Bank of the United States curtailed its issues so many millions, within so short a period, and so nearly produced the catastrophe which now overwhelms us. Or, if any suppose that these curtailments were the necessary result of the conflict between the Government of the people and the government of the bank, let them look back to the period of 1818, 1819, when the relations of the bank and of the Government were of the most friendly character. Mr. Cheves, in 1819, president of the Bank of the United States, in his official expose, then published, tells us that the curtailments of the bank were "within the period of eight months, eight millions of dollars and upwards;" and yet it was brought to the brink of ruin. In the same official document, Mr. Cheves says: "On the twelfth of April, 1819, the bank had in its vaults but \$71,522 47, and owed to the city banks a balance of \$196,418 47; and its circulation was still "six millions." He concedes that the suspension of specie payment by the bank was considered nearly inevitable. Such was the condition of the great regulator in 1819, with one dollar in specie for every hundred of its circulation, and expecting every moment to be compelled to suspend specie payments. So far from being enabled to regulate the State banks, which almost universally

failed then, as now, this great regulator was brought to the brink of ruin. It was saved, and barely saved, by its successive curtailments; but the State banks were destroyed by the operation, and the country ruined. Speaking of that gloomy period, Mr. Niles in his Register of that date says: "From all parts of our country we hear of a severe pressure on men in business, a general stagnation of trade, a large reduction in the price of staple articles—real property is rapidly depreciating. Many highly respectable traders have become bankrupts; three per cent. per month is offered for the discount of promissory notes, which a little while ago were considered as good as old gold. There are 20,000 persons daily seeking work in Philadelphia; in New York 10,000 able bodied men are said to be wandering about the streets looking for it, and we add to them the women who desire something to do, the amount cannot be less than 20,000." Such is a picture of that gloomy period, as it will be found portrayed in all the public journals of that date. The whole country presented one boundless expanse of ruin and desolation. And how produced? By the enormous expansions, and as sudden contractions, of this great regulator, the Bank of the United States. The present Bank of the United States proclaimed by President Biddle to be stronger under its present than its former charter, has failed to regulate the currency even in the State of Pennsylvania; but this very bank, although conducted by one of the most remarkable financiers of this or of any other country, as well as the rest, has suspended specie payments. This same institution, under its late charter from Congress, failed to regulate the currency in 1819, when the local banks broke almost universally; and the old bank of the Union did not succeed as a regulator when, in 1808-9, during the existence and full operation of that bank, there was a general failure of the banks of New England, then being about one-third in number of all the banks of the Union. The attempt, then, to regulate the currency by a Bank of the United States, ever has been a splendid failure. The experiment failed in 1808-9, under the regulation of the old Bank of the United States. It failed under the dominion of the late Bank of the United States in 1818-19, and it failed again under the continued existence of the Pennsylvania Bank of the United States; substituting, as it did, agencies for branches in the various States, and stronger (as the distinguished banker at its head has told us) under the new than the old charter. At last, the mighty regulator has stopped itself; and, so far from aiding, opposes the efforts of the State banks of New York to fix an early day for the resumption of specie payments. But even in its prostrate condition, this mighty institution, under its new charter, is entering upon a new field of power and speculation. Heretofore it only professed to regulate the State banks, and exchanges, and currency; now it is regulating the price of cotton, and of all commodities affected by it. It has turned cotton broker, and recently purchased an amount of our great staple, usually estimated at three millions of dollars—purchased at a period of the greatest depression, produced, in part, by the panic appeals and gloomy pictures of its organs and advocates—and will soon sell out at an advance, only afterwards to depress the market again, and make new purchases and new speculations. Nor is this all: In addition to its agencies in the States, procured by the wholesale purchase of several of the State banks, and the employment of other dependent institutions, it has established one of its own officers as a permanent agent in England, with an immense salary, there to overshadow our Minister by the affiliated power of its British stockholders and British bankers, to control for ever the price of all our exports, and in fact our whole commerce. Thus may this formidable alliance, by periodical contractions of the paper system, and the panics which ensue, bring down the price of our great staple, and purchase the crop when it is low, only by succeeding expansions and a consequent increase of the price, to sell when it is high, and renew from time to time these ruinous expansions and contractions whenever it, or its British bank allies, now openly proclaimed and fully organized, think proper to renew the speculation. By this means, if this mighty bank power does not regulate



that slavery of the South, so much denounced by so many of its organs and advocates upon both sides of the Atlantic, it controls the value of slave labor and the price of all its products. Cotton rises or falls, as the bank desires to sell or to purchase, and so does every other commodity affected by the price of our great staple. And shall I, an advocate of free trade, an opponent of tariff or bank monopolies, be asked to place my constituents and their property beneath the control of this powerful institution, by giving it a new charter from this Government, or by making it a depository of the national revenue? And, if not, shall I be asked to create a still more powerful institution, to regulate more than eight hundred State banks—to regulate this very Bank of the United States—and control the price of all property and all products? Who does not see, that before a year, the president of the present Bank of the United States, with his great American and British allies and stockholders, would be at the head of the new institution, with increased and increasing power, and the old bank, and the dependent State institutions, all regulated by the new bank potentate, would be but the subjects, existing by the forbearance of the mighty paper monarch. And shall I aid in creating this enormous, this irresistible central power? Shall I give it this triumph over the people and over the States? subjecting the price of all their property, and all their products, to its expansions and contractions, and following, to some distant capital, the seat of the new moneyed power, with my constituents as captives, suppliant captives, in the triumphal procession of this more than Roman conqueror. No one acquainted with political economy can deny that the power which creates and regulates the issues of paper money, and augments or diminishes it at its pleasure, and thus makes money plenty or scarce, does control the price of all property and all products, and the wages of labor and industry. This is the very regulating power claimed for the bank and its advocates. The tariff controlled the pursuits and business of men—giving temporary and artificial success to one branch of industry, and one section of the country, by the entire overthrow of other branches of industry, and other sections of the Union. But this is worse than the tariff; for that at least was regulated by the representatives of the people and of the States, whilst this is a great irresponsible power, placed by its charter, for a series of years, above and beyond the people; its managers not chosen by the people, or subject to their instructions or recall, but electing its own officers, responsible only to the power of the bank itself, and deciding in secret conclave upon the destinies of the nation, and the price of all the products and all the property of every citizen.

And who will ask, not merely the re-establishment of a similar power and similar institution, but the creation of a new and infinitely greater power—a mighty institution, capable of controlling the former regulator, and all its dependent corporations? Who does not see that such a bank, with such regulating and controlling powers, would be stronger than the Government itself, and would control all its operations; either as its ally or conqueror? If it came as an ally—as it must be—of the Administration which created it, it would unite here the powers of the bank and the Government, and terminate in a sordid central despotism. Talk not of the President or Congress of the people, when such an institution shall have been created. Our real President would be the president of the bank—our real legislators the directors of that institution; and the States—the States, subdued by the same influence—would gradually sink as undiscoverable spots upon the orb of a resistless central power. An ambitious President, aided and sustained by such a terrific and corrupting influence, could indeed strip us in a few years of all but the forms of constitutional freedom; and the Government would be merged in the bank, or the bank be merged in the Government. This merger took place in France, in 1718, between the bank and the Government, and it has nearly taken place in Great Britain. Here the union would be inevitable, whenever the bank places a president in power, and succeeded, through him, in obtaining a charter.

Yes, the creation of this great bank power, to become the ally of the British bank and bankers, is indeed a question not only affecting the forms of our Government here, but a question whether these States shall be re-colonized—whether the English bank, and its American allies, shall regulate all our commerce, and the price of all our products. It is now boldly asked, that England should have a vast circulation of gold and silver, but that we should have very little silver, and no gold, and substitute bank paper, controlled by the power which retains the metals. That money should be debased in value here, to enable England to control our business and circulation—that England may sell her imports here at our paper prices, whilst she gives for our exports the diminished price arising from a metallic or chiefly metallic currency. No nation could long stand the operation of such a system; but the exporting States, the price of whose staple depends chiefly upon the English market, and not the amount of American paper money, would soon be reduced to absolute bankruptcy. With the expansion of the paper money here, every article the planter desires to purchase would be enhanced in price, whilst his cotton, regulated by the English market and currency, would remain nearly stationary; till soon the expense of raising cotton would be so greatly increased, whilst the price of the article remained nearly the same, that little or no profit would be derived from the culture. It is not the nominal paper prices of property here that gives real prosperity to the planter, but the net profit upon the staple he raises, in calculating which the expenses of raising the article, arising from the expansion of American paper money, is precisely so far a diminution of his profits. Upon the exporting States, then, is thrown nearly the whole burden of this system. They participate in all the evils of an explosion, and during the expanding process, whilst they give more for every article connected with conducting a plantation, their great staple experiences no correspondent rise, being governed by the less inflated European money market. To illustrate this position, suppose, from the absence of bank paper, the expense in Egypt, the East Indies, or Brazil, of raising cotton, including the interest on capital, was one cent per pound, whilst here, from the paper expansion, it was six cents per pound; how long could we withstand the competition—the cotton of all other countries bringing in Europe the same price as our own? Is it not evident, that a few years more of expansion of the American paper system would reduce the exporting States to absolute bankruptcy, and the whole country to the most abject dependence on the money power of England—selling high her imports here by the false standard of our paper money, and purchasing low all our exports at the price regulated by her less inflated currency? In this way, England would vastly retard our actual increase of national wealth, by selling her imports to us at our paper prices, for a vast amount, and giving us a less price for our exports, estimated by her nearer approach to a metallic currency. Is it not seen, in this exchange of imports for exports, we get, for the same money, fewer imports, and England more exports, by the precise ratio in which imports are raised in price here by our paper money, and exports depressed by being measured by a currency more nearly metallic, and thus the whole nation sustains a great loss?

It would be most curious and instructive to compare tables from 1800 to the present period, representing the prices current of cotton, of domestic produce consumed wholly in the United States, and the amount of paper circulation. These tables I have neither had the time or opportunity to prepare; but this much must be known to every Senator, that as the paper money, before an explosion, rose in amount, domestic produce rose also, whilst cotton at the same period repeatedly fell—being regulated by the European money market. One fact alone will be conclusive evidence of the principle, that whilst from 1815 to 1835 the prices of our cotton, including Sea Island, averaged eighteen cents per pound, from the latter period to 1835, inclusive, the average price was less than twelve cents per pound; whilst from 1815 to 1835, our paper circulation has nearly doubled. The price

of our cotton, then, instead of augmenting with the increase of our paper money, has *actually greatly fallen under the operation*. The expanded paper money system operates as a perpetual tax upon the planter; and nothing is more clearly demonstrable than that, if every expense attending the conducting of a cotton plantation, including the property itself, rose in the same proportion, for the next, as it had done for the last three years, whilst cotton remained stationary, we should be compelled to abandon the business as altogether unprofitable.

Nor will a national bank prevent these expansions in this or any other country. The Bank of France in 1718, so prosperous in the commencement of its career, was soon over-extended, and burst with a fearful explosion, leaving upon the hands of the people four hundred millions of worthless paper, spreading in every direction ruin and dismay, and convulsing the very foundations of the Government. Paper money was nearly abandoned in France for more than half a century; and when it rose again, out of the horrors of the French revolution, again it exploded, with consequences, if possible, more terrific than before; and now no bank note under one hundred dollars is issued in France; and more than three-fourths of her circulation is gold and silver. In this country, we see now the great Bank of the United States, proclaimed by its president more powerful under the new than the old charter, prostrate and suspended; we see the same institution in 1819 reduced to the verge of bankruptcy, with one dollar in specie for every hundred dollars of its notes in circulation; and at the same period, as well as in 1808 and 1809, we have seen the State banks failing under the regulations of the Bank of the United States. The defect is in the system; for it is alike the interest of a national as of State banks, to expand their issues, with the view of augmenting their profits. Expansion is the vice of the entire system; contraction must soon follow, and suspension terminates the scene; and when a national bank suspends, associated as it must be with the Government, and connected with all the pursuits and interests of the people, the catastrophe must be great and overwhelming. The Government which created such a bank, might be held responsible by the people for the dreadful calamity; and amid their agony and despair, they might seek relief in revolution. Let us be most thankful that we were saved, as it were, almost by a miracle, from the failure of the national bank in 1819; and let no friend of this Union ever desire to subject it to a similar hazard.

But we are told that the State banks, or nearly all, bear evidence to the regulating powers of the United States Bank, and desire its recharter. It is interest that prompts this action on the part of the banks, because, by the creation of a national bank, they are enabled to conduct their business with less specie, and, consequently, with more profit. Let us illustrate this by a few examples. Without a great overpowering national bank, substituting its paper for specie, the banks of New Orleans and Natchez must keep in their vaults a larger specie basis, to supply the demand of the up-country traders and producers, who, upon their return to their respective States, take home these balances in gold and silver. To meet this demand, these banks must, in the absence of a national bank, issue less paper, or keep on hand a larger supply of specie. If, then, we look to the period when the Bank of the United States was in successful operation in the southwest, their banks are found to possess very little specie, and much less specie, as shown by their returns, in proportion to their circulation, than at the present period. And why is this? The circulation of the paper of the Bank of the United States, in addition to the amount in the possession of the State banks, constitutes their basis of operations, and is substituted for the specie in their vaults. In the mean time, the paper of the national bank is substituted for specie in the general circulation. It expels the specie from the country, or prevents its importation, by preventing the use of and demand for it to settle balances due in the different States. Never, then, can we hope to have, under such circumstances, as all experience has proved, any great amount of

gold and silver in the country; for the national paper, which is the cheaper currency, expels the specie, which is the more valuable. In pursuance of this universal law of the monetary system, we have seen that, at the period of the veto of the United States Bank, there was but about twenty millions of dollars of specie in the country, and now there is eighty millions, which, in the absence of a national bank, must and will go on augmenting. But, it may be asked, why should the State banks desire the creation of a national bank, by the augmentation of its circulation to usurp the channels of circulation, that might otherwise be occupied by the State banks? Because the paper of the national banks, whilst it diminishes the specie that must be kept on hand by the State banks, enables them to make more money on a less actual specie capital. But this is not all: with the issues of paper by the national bank, added to the State bank issues, there is, till the explosion comes, a temporary rise of property; thus requiring more money in circulation to meet the augmented price of property. I have called it an augmentation of the nominal price of property, but it is in fact no increase of its real value, but a sinking, a debasement, of the value of money, arising from the augmented circulation requiring larger nominal amounts of bank paper to make purchases and conduct all transactions. No addition is made to the real wealth and real capital of the nation; the only addition is to the dangerous amount of bank paper circulation and the increase of bank dividends. Hence it is that the State banks desire a national bank, not as a regulator to contract their issues, but in order to issue more paper on a smaller specie basis, and thus enlarge their profits. Hence it is, also, that with the enlargement or contraction of the issues of the national bank, the State banks generally enlarge or contract also, the national bank paper being substituted in place of a specie basis. Hence it is, that, were a national bank created as our fiscal agent and depository, it would be the interest of all the State banks to augment its deposits by increasing the tariff, and thereby augment its own circulation, so as to diminish the demand upon them for specie to redeem their paper. It is interest, then, and not a desire to be controlled or regulated by a national bank, that urges the State banks to desire the establishment of a national institution. And had it been established, and continued to this day, we should have had in the country but twenty millions of specie only, and with a paper circulation greatly expanded, and based, not upon specie, but upon national bank paper circulation, and when the convulsion came—as come it must—the State banks could not have existed for a moment, having little or no specie.

With the general crash and universal extinction of confidence, the United States Bank must have fallen, (as its successor has lately done,) and the suffering would have been more intense, and of longer duration. If any doubt this latter statement, let them look to the period of 1818, 1819, when, on account chiefly of the enormous over-issues by the national bank first, and State banks afterwards, the crash came; the United States Bank, reduced to one dollar in specie, for every one hundred in circulation, was barely saved from suspension; but, in saving it, the State banks and people were ruined, and the most intense suffering and prostration of business prevailed during a period of three years. Now, even since the Message was published, confidence is already reviving, depreciated bank paper has risen—stocks have risen, and business is recommenced. Why this difference between the pressures of 1818, 1819, and of 1837? The eighty millions of specie, around which public confidence can rally, creates the difference, as constituting the great basis for the resumption of specie payments; whereas, had a great national bank been in existence, and substituted its paper, as it would, by expelling the precious metals, when the explosion came, the very existence of this national paper currency would, as it did in 1818 and 1819, but increase the catastrophe, by the effort, which the great national bank did then, and must ever make in such a convulsion, to save itself by calling in its issues, by curtailing and necessarily fortifying itself with specie drained

from the State banks, which fall immediately beneath the pressure. This whole pretence of regulation of the State banks by the United States Bank is founded on the following by-law:

ARTICLE 25. "The offices of discount and deposit shall at least once every week settle with the State banks for their notes received in payment of the revenue, or for the engagements of individuals to the bank, so as to prevent the balance due to the office from swelling to an inconvenient amount."

Now this regulating article could have none or at least a very trifling effect upon the distant banks, whose paper does not reach the office of discount of the Bank of the United States. And even as regards the banks affected by this article, are they by its terms or directions to settle these balances in specie? No, there is no such payment required, and in point of fact, it is rarely, if ever, made, and therefore does not compel the State banks to enlarge their specie, and check their operations; on the contrary, these balances are settled by drafts on other banks, and redrafts from them, often mere bank kites, founded on mere credit arrangements between them; or by exchange often composed of mere accommodation mercantile acceptances endorsed by the State banks; and thus, or by other credit accommodations, these balances are settled, but not a dollar of gold or silver is seen in the whole transaction. And why is it that these State banks (which Mr. Biddle tells us existed only by the forbearance of the Bank of the United States) are not pressed to pay these balances in gold and silver? The great regulator dare not do it. It would break some two or three State banks; confidence would vanish; runs would be made on many other State banks, which, having little or no specie, pay out till they break; the notes of the United States Bank are then poured in upon it for specie, and it must break all the banks, and ruin the country by pressure and curtailments, or suspend also. The whole system is founded, not on a specie basis—for it is not there, in any of the banks, State or national—but upon confidence that all these notes are convertible into specie upon demand; and whenever a convulsion comes, this confidence in all bank paper is shaken; it is presented for redemption in specie; it cannot be redeemed; the delusion vanishes, and ruin ensues. This state of things will be constantly recurring under the dominion of a national bank as well as without it. But if, when after the veto, and when this eighty millions of specie was coming into the country, the paternal recommendation of President Jackson, to abolish all bank note circulation under twenty dollars, had been heeded, and this policy adopted by the States, we should now be prosperous and happy, with at least forty millions more of gold and silver, and greatly less bank paper; and until this and other necessary reforms of banking abuses are established by the States, a resumption of specie payments will be but the signal for new and successive explosions, approaching nearer and nearer in time, and augmenting in extent and intensity of suffering. Silver will never circulate to any extent, where notes under five dollars are permitted; and gold will never circulate to any extent, where notes under twenty dollars are issued. This is taught us, not only by the soundest philosophy, amounting to absolute moral demonstration, but also by the experience of every nation of Europe and of the world. This, then, should be the commencement of the great reform, to be carried onwards and upwards, by the States, by every constitutional means, as rapidly as can be done by wise, cautious, gradual, and successive movements, uninfluenced by passion or prejudice, up to the point of absolute security. Great will be the resistance of the banks and banking power, but greater still should be the efforts of a disinterested people. The continuance of such a system renders all the toil, and labor, and products of industry perfectly useless, for, when the balance returns in our favor from abroad, even in gold and silver; it is only to find its way into the vaults of the banks, that these our paper masters may make these metals the foundation of new emissions—new over-issue and new explosions. If any can doubt this last result, let them reflect upon this, which is

a fixed law of the monetary system, that when great expansion of bank issues, whether in the paper of National or State banks, takes place here, prices of all products or articles consumed here rise also; exports remaining unaffected in price by this event. And what follows? Why the value of money being less here, and prices higher than in foreign countries, where no expansion of the currency has taken place, the course of exchange rises against us in nearly the ratio in which specie, the universal standard, will buy more in the foreign country than in our own; specie comes not here, for it is sunk here to the level of our yet convertible bank paper. But prices of almost every article being much higher here than abroad, vast importations, beyond the power of the country long to consume, necessarily ensue; our bank paper is forced upon the banks for redemption in specie, to be shipped abroad, where it is more valuable than here; and explosion soon follows. So certain and unerring is this rule, that instead of there being written on the face of all our bank notes a promise to pay in specie on demand, the promise should be, if truth were consulted, not to pay on demand in specie in the contingency above described, and shown to be inevitable.

A national bank, we have seen, can neither regulate nor control the system. It can only banish specie from this country, and make the banks weaker when the explosion comes, and in such a crisis will ever be found endeavoring to sustain itself, by crushing the State banks and the people.

It was with no ordinary pleasure, that I hailed the vote of yesterday in this body, rejecting, by more than two to one, the proposition to create any Bank of the United States. With equal pleasure I have seen the vote of the House, virtually rejecting, by a majority of thirty-three, the same proposition. I congratulate the country upon this great and glorious result. It is the triumph, we trust, the final triumph, of liberty over bank panics and bank power, and is worthy to be proclaimed from this chamber. It is the great, the real relief measure of this session; and now when the battle by the friends of a bank is fought and lost, if they, on their return to their constituents, will tell them, and tell them truly, that there is not, under any circumstances, the slightest hope of procuring the establishment of a national bank—that no panics or pressures can produce this result—that the continued agitation of this question can only prove injurious to all classes, and especially to that great interest by which chiefly this measure has been so strongly pressed upon us—they will give repose to the country, and the light of returning prosperity will soon dawn upon us.

There was one remark made yesterday by the Senator from Kentucky, which I heard with peculiar pain and mortification. He told us that the question that Bank or no Bank of the United States, was a question of union or disunion. And has it come to this, that the bank power, having failed by panics and pressures to extort a charter from an oppressed community, now openly threatens, in this chamber, the Union of the States? Are we to be told, that a bank is necessary to the existence of this Union; and that, unless a bank is chartered, the Union will be overthrown? And is it indeed a fact, that the conflict must come between the friends of a bank on one side, and the friends of the Union without a bank, on the other? Let that contest come when and where it may, I shall be found in the ranks against the bank, and in favor of the Union, supporting the flag of my country, and preferring rather to perish among its friends, than survive and conquer among its enemies. The bank power has now assumed a new and imposing attitude—the attitude of menace and defiance; proclaiming in this Senate chamber, through its able and distinguished champion, that a bank must be established, or the Union will be dissolved. No, sir, no. This Union fans the vital spark of liberty itself; it is the very breath in the nostrils of this Republic; and no bank power can shake or destroy this great confederacy; and, if it could, the argument against the creation of such a power, which could hold in its grasp the existence of the Union, would become more potent and irresistible. If the bank power be indeed equal to the

power of the Union, then to create such an institution, is confessedly to transfer to its keeping the existence of the Government itself. And here I cannot withhold the expression of my astonishment, that the Senator from Kentucky, who, whatever political errors in my humble judgment he may have committed, has always, and especially upon two critical occasions, signalized his patriotism and devotion to the Union, should now menace that Union with overthrow, if we do not take to our embrace the banking power.

[Mr. CLAY here arose and said, that the respectful manner in which his name had been introduced by the Senator from Mississippi, induced him to explain to that Senator that he had not proposed the re-establishment of the present Bank of the United States, much less had he uttered any menaces against the Union; that he had only expressed the opinion that the failure to establish a national bank, which alone could supply a sound and uniform currency, might endanger the Union.]

Mr. WALKER said: I did not state that the Senator from Kentucky had proposed the recharter of the Bank of the United States, for he had proposed generally the creation of a new national bank; nor did I intend to say, or wish to be understood as stating or believing, that the Senator from Kentucky desired a dissolution of the Union; far otherwise; but that Senator had declared that the question of establishing a national bank and a sound currency, was a question of union or disunion. This was his very language; for I was startled and astounded by the declaration, and could view it in no other light than as an open declaration by the great national banking power that it was necessary to the existence of the Union; and, consequently, could uphold or destroy it at its pleasure.

The Senator from Kentucky had informed the country, that during the period of the late administration, every thing but the mere forms of free government had been sacrificed to the Executive will. He told us that the Jackson party in Congress would not have governed the country so badly, had they not yielded their own views to Executive dictation. Among the evidences enumerated by him in proof of this position, he was pleased to allude to the case of Mr. Dallas. This gentleman, we were told, had in 1832, introduced and sustained here the bill rechartering the Bank of the United States, and after the veto went home to Philadelphia and addressed the people in favor of the veto and against the bank, and now held the appointment of Minister to Russia. I know Mr. Dallas, and every Senator knows that in his own native Pennsylvania his name is a passport for all that is honorable in principle, exalted in talent, estimable in benevolence and virtue, and elevated in moral purity of character; and I cannot but regard the assault now made upon him in his absence as the representative of our country at a far distant court, as most unjust and ungenerous. Mr. Dallas is the distinguished democratic son of an equally distinguished democratic sire, and neither of whom ever bent the knee to Executive or any other power than that of the God that made them. In his statement, the Senator from Kentucky omitted to mention, that when Mr. Dallas introduced here the bill rechartering the Bank of the United States, he stated his opposition to any movement upon the subject at that time, and referred to the instructions of the Legislature of his State in favor of the bank, as constituting the ground of his action. True it is that Mr. Dallas had been at one period favorable to the recharter of the bank, with what he deemed proper restrictions and limitations, and so was his State then, as indicated by unanimous instructions; but when the bank, after the veto, openly came into the field with a candidate, or as a candidate for the Presidency; when it entered the arena of politics as a champion, and sought, by its enormous powers, a conquest over the Government and people of the Union, Mr. Dallas abandoned it to its fate, and did address the people in opposition to its recharter; and if Mr. Dallas changed his views with regard to the bank, it was after the bank changed its position, and assumed a new and hostile attitude to the Government and to the people; and Mr. Dallas was followed in this change by the great mass of the people of Pennsylvania, and of the Union. Why,

had the Senator from Kentucky referred to Mr. Dallas's course on this subject, and his subsequent acceptance of the office he now holds from his personal and political friend, President Van Buren? Did not the Senate, at the time, hail this appointment with instantaneous and unanimous approbation? And in abandoning a most lucrative practice for this station, no sordid or sinister motives could have influenced his choice. The Senator from Kentucky should have seen, in all this, nothing which rendered Mr. Dallas's conduct a just subject for commentary or reproach upon this occasion; and permit me to say, that the Senator from Kentucky is the last man in this house, or in this country, who should allude to any change of opinion by Mr. Dallas in regard to the Bank of the United States; for had not the Senator from Kentucky changed his own views upon this subject, and once denounced the bank in his well known and eloquent address in this body as most inexpedient, most dangerous to liberty, and grossly unconstitutional. And let me further add, that, if the Senator from Kentucky thinks it a matter of reproach than any individual should have changed his views in regard to the bank, or a Bank of the United States, he will embrace in this censure nearly every eminent statesman in America, including the Senator from Kentucky himself, and nearly every member of this body. To have supported at one time the recharter, with adequate limitations, of the Bank of the United States, ere it had entered the arena of politics, and to have abandoned that support when the bank let fall the curtain which concealed its dangerous powers and alarming tendencies, is certainly not one of those extraordinary cases which could justify the Senator from Kentucky in bringing into this debate the name of Mr. Dallas. That gentleman has sustained at all times, from his youth upwards, the democratic party of his State and of the Union; and there is nothing at all remarkable in his going with that party in 1832, in support of the bank veto of ex-President Jackson.

But the Senator from Kentucky has also told us, that, after anxious consideration, he believes that the great measure of relief would be a change of rulers; and he seems especially opposed to the reelection to the Presidency of a certain incumbent, whom he describes as five feet eight. No doubt, if another gentleman of six feet one, a gentleman of captivating eloquence, and many excellent social qualities and fine genius, was substituted in place of our present Chief Magistrate, it would be a certain relief to the numerous friends of that gentleman, and a great consolation to himself.

The Senator from Kentucky strongly objects that the President has pledged the veto in certain cases. These cases are the vetoes upon abolition, and a Bank of the United States. These two promised vetoes are the great ramparts of the Constitution and of the Union. Yes, abolition and the bank are to share the same fate from the President's veto. He has so declared it, and those who heretofore most unjustly represented him to the public as concealing or withholding his opinions, now charge that he expresses his views in advance. Well, sir, the charge of non-committalism, so often and so unjustly urged against Mr. Van Buren, is thus openly abandoned—there is no non-committalism in the Message, but all is clear, bold, manly, and direct.

And now, having discussed the question of a national bank, its dangerous tendencies, and its inapplicability as a measure of relief for the present—that measure having, at all events, been voted down by a majority of more than two to one in this body—no bank charter being presented by its friends for our consideration, and no one asserting, not even the Senator from Kentucky, that we ought to degrade this Government, by placing it in the attitude of a suppliant for the aid and patronage of the Bank of the United States—the question recurs, what must be done? That something must be done as regards the receipts, safe keeping, and disbursement of the public moneys, all concede; for since the repeal of the deposit bank system by the failure of the banks to redeem their notes in specie, and pay the Government demands, a contingency upon which the express provisions of the law require that the system should cease, the whole public moneys are left to the unregulated control of the Secretary

of the Treasury. That this state of things can be permitted to continue, is denied by all. What, then, is the remedy, other than the system proposed in the bill and amendment now before us? But one other alternative is offered, and that is the currency bill, proposed as a substitute by the able, patriotic, and distinguished Senator from Virginia, (Mr. Rives.) But here permit me to remind that gentleman that his bill does not meet the case; it makes no provision for the present; it makes no provision for any definite period; it leaves a blank for some day in the year 1838, when the bill is to go into effect; and not certainly, but upon the doubtful contingency of the resumption of specie payments by the banks. Then his system is to apply to the banks resuming specie payments by some unknown day in the year 1838. To my mind the objection to the bill is decisive, that the event contemplated by the bill may never take place, and that, in the mean time, it leaves the Treasury Department and the public moneys unregulated by law, and necessarily in hopeless confusion. We must make present, substantive, certain regulations; and if it be ever proper to support the bill of the Senator from Virginia, it will be at some future period, when the banks shall have resumed and the measure can go into operation. But I have higher and still stronger objections. I am opposed to re-uniting the banks and the Government; and here I shall recur to the facts on this subject. The currency bill now introduced by the Senator from Virginia, (with the exception of one very material modification as to the banks to be included or excluded by the operation of his proviso,) is substantially the same bill which received the sanction of the great mass of the friends of the administration in this body at the last session. The bill was regarded by me, and so declared by me at the time, as supplemental in its operation to the fifth section of the deposit act of June, 1836. That section prescribed that no note of any bank issuing notes under five dollars should be received in revenue payments. The currency bill extended the exclusion to "all banks issuing bills or notes of a less denomination than twenty dollars." No one then proposed the abandonment of the banks as depositories; and I conceived that the currency bill, so long as the deposit bank system was adopted, would, if carried into operation, have the wholesome effect of excluding all bank paper of all banks issuing notes under twenty dollars from revenue payments, with the hope of enlarging greatly the specie, and diminishing the paper circulation. Indeed, I voted for an amendment to the fifth section of the deposit law of 1836, having a similar object in view, when that bill was passed, as appears by the Senate journal, as follows: "June 13, 1836.—The deposit bill being under consideration: On motion of Mr. Benton to amend the reported amendment, by inserting, at the end of the fifth section, the following: 'and, in selecting and continuing banks as depositories of public money, a preference shall be given to the banks of good credit which shall relinquish the circulation of all paper currency under twenty dollars, and which shall enter into arrangements to promote the circulation of gold.'" My vote is recorded upon the journal in favor of the amendment; but, unfortunately, it did not prevail. The currency bill I considered as aiming at the same object, and, in that view, it received my support.

The deposit banks were then proceeding in full and successful operation, were highly recommended in the President's Message, and no one proposed their abandonment at that time as depositories. But does the Senator from Virginia fail to observe that this union then existing between the deposit banks and the Government has been dissolved, and that they have all most lamentably failed, and reduced themselves and the Government to bankruptcy? It is the banks that have changed their course as fiscal agents of the Government, and not those who now oppose the re-union. And here let me ask the opponents of the administration, who so long and loudly denounced the deposit bank system, when it was successful, why have they now changed, and when the system has failed, now yield it their support and countenance? Let me also ask them another



question. The national bank project has been voted down in this body by more than two to one, and the question now is between the divorce bill, and the re-adoption of the deposit bank system without a national bank. Now these gentlemen have repeatedly told us that, without the regulation of a national bank, State banks must fail, and fail incessantly. I ask them, then, as patriots, are they prepared to surrender the destinies of their country, and all its resources, to the safe-keeping of banks which they themselves admit must and will fail, and of course reduce the Government again to bankruptcy? And is any Senator prepared to readopt this system? What assurances can he give, that before another year we may not again be called here by the same causes which have now assembled us, viz: the failure of the banks and bankruptcy of the Government? Sir, if we renew this system, instead of our issuing commissions of bankruptcy against the banks, the banks can issue a commission of bankruptcy against this Government at their pleasure, or even against their consent by a forced suspension. But what is infinitely worse, our national honor may be tarnished, and our Federal Government disgraced, whenever the Bank of England, by successive expansions of American credit to American houses, produces overtrading and overbanking here, and then, by a sudden withdrawal of that credit, causes first mercantile, and then bank failures, and thus arrests the operations of the Government.

The history of one bank panic proves this important fact. When the currency has been inflated by the banks here, and our credit pushed into England, and importations made to an extent heretofore unknown, the Bank of England interposes—it suddenly withdraws the accustomed facilities from the great American houses. The English private and joint stock banks, and the money lenders, follow in the wake, and American stocks can no longer be sold, as formerly, in the English market, or American bills discounted. The Bank of England goes on curtailing; there is a terrific fall in the price of cotton, and a pressure for money ensues in England. The letters of credit given by the English to American merchants are withdrawn, and the latter is thus deprived of the expected facilities of meeting his acceptances at maturity; one of his bills is at length protested, and the failure here of some great mercantile firm is announced to the world; another, and yet another follows; confidence vanishes; a panic ensues, credit is destroyed; the distrust becomes general; the most solvent merchants cannot negotiate even the best securities; more bills are protested; the panic goes on augmenting; there is a general fall of the prices of all property and all products; the mercantile failures become almost universal, the failure of a few firms bringing down many others, and all the endorsers for them. The banks which had discounted so many fictitious mercantile acceptances, can no longer procure payment. The suspicion extends to them; there is a run upon them for specie; it continues and increases; some one of the banks suspends specie payments; there is a run upon all, and finally all join in the general suspension. Specie rises in price, and bank notes depreciate; capital retires during the general panic; specie is hoarded, and no one will lend money to any one, except a few brokers and shavers at exorbitant and ruinous discount, and property and products can scarcely be sold at any price for cash. And now hundreds who so lately in their paper credit balloons, had been traversing both continents, the wonder and envy of the world, are seen thus suddenly to fall from the heavens, without even a parachute to bear to the earth these most unfortunate aeronauts. This is the history of a real bank panic, and it continues, till labor and its products come to the rescue, and gradually repair the injury which over-trading and over-banking had done. The banks now call in their issues, and by the ruin of thousands, are at length enabled to resume specie payment; the solvent banks and individuals are separated from the bankrupt; confidence is gradually restored; the banks begin to reissue their paper; prices rise slowly at first, but at length more rapidly; the banks, eager to increase their profits, overissue again; over-

trading ensues, till a reaction takes place as before, and the same disasters follow. Such is, and will be, the history of successive bank panics. And is the security of the people's Government to depend upon the fluctuations of such a system as this? Must the Treasury become bankrupt, and Congress be convened, whenever the banks think proper to suspend specie payments, and withhold the Government deposits? Is the credit of this Government to rise or fall with that of the banks, and the Treasury be reduced to bankruptcy, whenever the banks so determine, or rather, when the Bank of England so determines? For we have seen that this bank, by stimulating at one time the credit of the English houses and bankers connected with the American trade, and then suddenly withholding that credit, can produce extensive failures here, and the suspension of specie payments by the State institutions. And can any patriot be willing that this Government should owe its revenue, its very existence, to the Bank of England, or even to our own banks? Let commercial credit rise or fall as it may; let the banks lose or maintain their credit, this Federal Government, the only bond of our Union, should never be permitted to fail, whenever bank panics or pressures assail us. Nor should it be forgotten that the danger increases at every step of our progress—that every epileptic fit renders the banks weaker and weaker, and public confidence more tremulous, and must necessarily render these bank failures more and more frequent and extensive, until soon, under the continuance of the existing system, Government and bank failures will become as frequent as mercantile failures, and our credit will be no better than theirs. And if the danger is great in peace, how infinitely greater in war? Who can reflect with complacency, that but a year or two past we might have been engaged in a terrible conflict with one of the greatest powers of Europe, and at the same time the failure of deposit banks might have deprived this Government of the means of raising and equipping our forces, either by land or sea, till our coast was ravaged, and our cities and capital reduced to ashes. In peace we should always be prepared for war, and we can not thus be always ready, if our money is placed beyond our control, loaned out by banks that cannot refund when the Government most requires it.

But we are asked to try this experiment again, by endeavoring to confine the deposit banks, and all others whose notes shall be received in revenue payment, to the issue of no notes under twenty dollars. By striking out twenty, and inserting five dollar notes, this would be but trying again the same experiment which has already failed. The fifth section of the deposit bank law confined the issue of the notes to five dollars. It failed; and now, when we can not, by the mere incidental effect of our Treasury regulations, succeed in enforcing and maintaining the five dollar principle, how could we hope for such influence over the banks as to induce them to abandon the circulation of all notes under twenty dollars? To their masters and creators, the States, we must look for a reform of the system.

But the Senator from Kentucky tells us that the bill under consideration would increase Executive patronage. Now the bill creates no additional officers; it gives to the President no additional control over the existing officers; it merely imposes additional duties upon existing officers, requiring them not only to receive, but to keep safely, without use or loan, till the period of disbursement, the public moneys. I can see here no increase of Executive patronage. But this question must be examined by comparison with the proposed substitute, namely, a re-adoption of the deposit bank system. Now, no argument has heretofore been more strongly urged by the opponents of the administration, than the vast and increasing patronage the deposit bank system would confer upon the President of the United States. These banks were denominated pet banks, the President's banks, and again and again was it said that the late President desired to retain the surplus in these banks, (these miserable deposit banks, as they were then expressly called by the Senator from Kentucky) with a view to influence the approaching election. Nor was this argument con-

fined to this chamber; but, in the House of Representatives, at the last session, a committee was raised by the opposition to prove, among other things, the corrupt and corrupting influence of the deposit bank system, as connected with the agent of that system, and the Treasury Department. It would be really amusing to read some of the speeches of the opposition members at that period, denouncing the corrupting influences of the deposit bank system, and the vast patronage it conferred upon the Secretary of the Treasury. I have not time to read these speeches to the Senate, but, from the documents presented by this committee, I will refer to two letters by them published. The first is from the cashier of the deposit Bank of Burlington, Vermont, under date of January 25, 1836. The cashier says: "Being located in the same place where a branch of the United States Bank was established, and, as we are a deposit bank, when the branch here discontinued its operations, the public seemed to expect that we could at once afford the same facilities and accommodations that they enjoyed when the branch was doing business. There has been, on the part of our directors, a desire to meet this expectation; and the consequences has been that a very sensible change has taken place, politically, in favor of the Government; and, as it is our desire to strengthen that sentiment, we feel that it is important to afford our farmers and merchants, the coming spring, a pretty extensive accommodation, in anticipation of the wool clip."

Here the sensible political change in favor of the Government produced by this bank depository, is clearly stated, and the importance of augmenting it by enabling the bank to discount more freely on the Government deposits, is strongly urged by the cashier of the bank. I might detain the Senate for weeks by quotations from similar letters; but only make one other reference. It is to the letter of the president, directors, and cashier of the Seventh Ward Bank of New York to the Secretary of the Treasury, dated December 16, 1833, and is as follows:

"We the subscribers, officers, and directors in the Seventh Ward Bank, in the city of New York, friends of the administration, and of the revered chief at the head of the Government, do solicit a portion of the FISCAL PATRONAGE of the United States Treasury, for the Seventh Ward Bank; the terms as those most favorable to the Government."

Can any man peruse this letter without feelings of loathing and disgust; yet it is from fourteen of the most respectable bankers of our great commercial metropolis. Does it not demonstrate the dangerous tendencies and influences of this deposit bank system? an entire bank, through all its officers and directors, soliciting, "a portion of the fiscal patronage of the United States Treasury," on the grounds that they were "friends of the administration!" This report, published in March last, containing these documents, I never perused till after the close of the last session of Congress. The deposit bank system, it is well known, in Mississippi, was in its origin no favorite measure of mine; in fact, it was the first measure of our patriotic President to which I had ever expressed any dissent, and I only afterwards gave it my reluctant assent, as an alternative to what the developments of the spring of 1834 demonstrated to be a greater evil, and still more dangerous measure, the establishment of any Bank of the United States. But who can peruse these letters, and deny in the face of the American people, that this deposit bank system did enormously increase the power and fiscal patronage of the Government, and that in the hands of a corrupt Secretary, and aspiring President, it might be made a political engine of the most dangerous and alarming character? That it was not so used or attempted to be used by our venerable President, or incorruptible Secretary, is proved by the documents accompanying the reports to which I have referred; but that it was susceptible of such abuse is also as clearly demonstrated. And what is the extent of this "fiscal patronage?" Why, by the last return of the Secretary of the Treasury we see, under the last law, the number of deposit banks increased to 89, with upwards of eighty millions of capital, and discounts of notes

and bills of exchange, amounting to one hundred and thirty millions of dollars—and this immense moneyed power was subjected to the influence and control of the Secretary of the Treasury; for the whole bank correspondence will clearly demonstrate that many of these banks, from time to time, owed their very existence to the forbearance of the Secretary of the Treasury, and that often a Treasury draft or transfer warrant would have reduced them to a state of bankruptcy. True it is, that all of the deposit banks could not thus have been destroyed by the Secretary, yet the profits of all would be greatly influenced by the amount of revenue he deposited with, or withdrew from them. What, then, was this power? It was a power over eighty-nine of the strongest confederated banks in the Union, with this enormous amount of loans and capital, and with stockholders, debtors, and customers, at least one hundred thousand in number, all affected by the movements of the Secretary of the Treasury in the distribution or withdrawal of the deposits. In May last, the Secretary of the Treasury had necessarily distributed among these institutions more than thirty millions of public deposits. What a tremendous extent of power and patronage! Why, sir, it was almost the lever of Archimedes; and if this system had gone on progressing and augmenting, soon, very soon, the banks by their power must have controlled the Government, or the Government controlled the banks. And now when the President proposes to surrender all this money, and power, and patronage, to dissolve this dangerous connection between the banks and the Government, shall he be opposed in this measure by those who so lately denounced the whole deposit bank system as the very climax of political corruption? And what do we see now? Why, this career of illimitable discounts by banks on Government deposits is closed for the present, and the still more dangerous attitude is exhibited, in which it is but too probable that very many of the banks may soon be sued by the Government to recover the public moneys, or rather the States that own in whole or in part so many of these banks, and the debtors that owe them; for, as the banks can only collect their moneys by suits against their debtors, to sue the banks at present, is to sue the people. It was in view of this state of facts that I succeeded a few days since in prolonging the time given to the deposit banks to make payment to the Government, from two, five, and eight, to four, six, and nine months, being the longest extension I could obtain for them; and upon payment of the first instalment, the two last ought to be, and I hope will be, still further prolonged at the next session. But I could not but feel humiliated by the reflection that so many of my most worthy constituents—including two of our largest State institutions, and the State itself the principal proprietor of one of them—should be placed in a position in which a suit against any of them could in any event be resorted to—a position arising out of this most unholy connection between the banks and the Treasury—a connection of unmixed evils, disastrous to the banks, the States, the people, and the Government.

Well, then, may the Senator from South Carolina, (Mr. Calhoun,) who has on this floor so repeatedly opposed the augmentation of Executive power—well may he support the bill now under consideration; because it not only adds nothing to Executive patronage, but takes from it that alarming patronage and power that it could have acquired through the deposit bank system. Sir, the Senator from South Carolina is right, and I hail him back with pleasure, on this question, to the ranks of the democracy, of which he was so long the pride and ornament, when in March, 1824, I assisted in the great democratic convention of my native State in nominating him upon the Jackson ticket for the second office in the gift of the people. Sir, if he can go no further with us, let him at least aid us in breaking down this overshadowing Executive power, this dangerous and corrupting fiscal patronage, growing out of this unhallowed confederacy of bank and State, throwing aside all other considerations, and sacrificing his personal prejudices on the altar of his country's good. Sir, I have heard much about Executive patronage as lurking

in some of the features of this bill; but if it be so, it must be deeply concealed indeed, for no one has pointed out how it is accomplished. Vague and general denunciation we have indeed had, but how one iota of power or patronage will be conferred on the President by this bill, in addition to that which he already possesses, has not been designated; but were it so, the bank patronage, of which this bill deprives him, would be infinitely greater. The receivers, who are made depositories for safe-keeping only until disbursement, were already depositories until the transfer of the public moneys to the banks; and this bill only dispenses with one class of this double set of depositories, the banks. The machinery was thus made more complex and dangerous. The money collected by the Government from the people, was not loaned out to the people who paid it, but deposited with banks, to be loaned out by them to bank votaries, and to increase the dividends of a few corporated stockholders. The people were taxed for revenue, to be converted into bank capital, stimulating their over-issues, and rendering their condition more fluctuating and precarious. The fluctuation of banking business is bad enough under any circumstances. Why, then, should we augment their natural tendency to over-issue by Government deposits? Will not the banks issue enough of paper without this artificial stimulus? Why, then, should the Government inflate their issues, and drive them on more rapidly to explosion? Why not let them bank upon their own capital and their own credit, without depending upon the Government for both—for capital in Government deposits, and for credit in Government endorsement for all their notes, as receivable in revenue payments? Is it not seen that the most insolvent bank in the Union might thus be puffed by the Government into great and extensive temporary importance, and then, when the Government patronage was withdrawn, their depreciated paper fall dead and worthless in the hands of an unsuspecting community?

The President's Message is against the extension of Executive patronage. Its cardinal doctrine is this: "A limitation of the expenses of the Government to its actual wants, and of the revenue to those expenses." This, then, is the President's doctrine, openly avowed in his Message—reduce your expenses, reduce your revenues. This was the bag under which I have fought ever since entering this chamber; it is the flag under which I opposed your extravagant bills for local and sectional improvements; it is the principle I espoused at the first session of my service, contained in my resolution to reduce the revenue from the tariff and public lands to the wants of the Government. It is the great principle contained in the land bill proposed by me, reducing to settlers the price of the public lands, and confining the sales to them; it is the great principle upon which I relied for the reduction of the tariff, and especially the abolishing of the duty upon salt, that most odious duty upon light and heat, in forming salt from solar evaporation; and lastly, it is the great principle upon which, at the first as well as the last session, I opposed, in every form, the surplus distribution policy, that mother of tariffs, banks, and of the very catastrophe which now overwhelms us. Reduction of the expenses and of the revenue, economy in all public expenditures; and no "interference with the pursuits of the citizen." "No special favors to individuals or any classes of them, to create systems of agriculture, manufactures or trade." These are the doctrines of the Message, and do they enlarge Executive patronage? How is Executive patronage enlarged? It is chiefly by extending the powers of this Government, and augmenting its revenues; for every increase of the powers and revenue of the Government, is an augmentation of the power of the Executive functionary. This the message avoids; but what measures would the Senator from Kentucky give us to reduce Executive patronage? His policy would give us a quadruple alliance between the surplus, the bank, the tariff, and internal improvements, all certainly tending to, and terminating in a national debt, to create a new tariff. The tariff to regulate the whole industry of the whole people of the Union, and build up vast manufacturing

establishments by the extension and perversion of the taxing power of this Government. A great national bank, to grow rich upon the revenue deposited from the proceeds of the tariff, deriving its profits from Government moneys, and of course the ally of the administration which feeds and created it. The internal improvement policy, growing and extending with the increase of the tariff, and making roads and canals in some favored States, by taxes collected from the whole people; and lastly, to give universality to the principle, the surplus—the annual surplus for distribution, from sales, by townships and counties at an entry, to speculators in the public lands—a system calculated to debauch and corrupt the States, to break down every feeling of State independence, to feed them annually, from the public Treasury, mere stipendiaries upon our bounty; supporting even their State Governments and State officers from the revenues of this Government. And at the head of this mighty system, this consolidation of all powers in this Government, would stand the executive of those powers—the President of the United States, a MONARCH in every thing but in name. And, sir, this league of State banks, confederated by the Government, and fed by the tariff, increasing its deposits and profits, would be the next most potent ally of these systems. It would station some hundred bank fortresses throughout the States, armed and equipped by Government deposits, and extending Executive power and influence. All this President Van Buren would avoid. No, sir, no; it is not the principle or policy of this administration—Give us patronage and we will make ourselves popular.

But it has been said that this bill establishes, in fact, a Treasury bank. And why? Because, although these depositories can neither use or loan the public moneys, where disbursements are to be made at distant points, to avoid the expense and patronage arising from a new army of officers, constantly engaged in transporting the specie, drafts in payment of its dues may be drawn by the Government on these distant depositories—drafts drawn on actual deposits of gold and silver; and this is called a Treasury bank, and that too by the advocates of the deposit bank system, by which Treasury drafts, checks, and warrants upon and by the banks may be drawn upon and by the deposit banks in the transactions of the Government. It is true these drafts will constitute the best exchange in the world, and thus far operate incidentally for the great convenience and benefit of the people; but this is no objection to the system, for the Government neither loans nor discounts, but simply pays the public creditor in gold and silver, or an order upon a depository, on which he receives the specie.

But it is said this bill, separating the Government from the banks, will divorce the Government from the people. Are the banks the people? No, sir; this bill will elevate the people, and the Government of the people and of the States, above the banks, and prevent them from arresting the Government, as they now do, by withholding the public revenue. It will have a still greater tendency to elevate the people above the banks, by diminishing, by its incidental operation, the amount of bank paper, and increasing the circulation of gold and silver—for the payment of it into the Treasury will be as constantly flowing out, enriching and fertilizing the whole country.

But the Senator from Virginia (Mr. Rives) says this bill will furnish one currency for the Government, and another for the people. Is it contended that the Government should take and pay out the broken bank notes and local shin-plasters, because the people take them? No: the Senator from Virginia does not propose this, but only that we should receive the notes of banks that resume specie payments under the existing law. Now, what is that law? I find it embraced in the Senate journal under date of the 6th of April, 1836, as follows:

"The Senate resumed the consideration of the bill entitled 'An act making appropriations for the payment of the revolutionary and other pensioners of the United States, for the year 1836.'

The following amendment, proposed by Mr. BENTON, being under consideration:

SEC. —. And be it further enacted, That no bank

note of less denomination than twenty dollars shall hereafter be offered in payment in any case whatsoever in which money is to be paid by the United States or the Post Office Department; nor shall any bank note, of any denomination, be so offered, unless the same shall be payable, and paid, on demand, in gold and silver coin, at the place where issued, and which shall not be equivalent to specie at the place where offered, and convertible into gold or silver upon the spot, at the will of the holder, and without delay or loss to him."

This provision was adopted, and is the law: the vote in the Senate being ayes 22, noes 13, my own vote being recorded in its favor. Now this is the law, and the Senator from Virginia does not propose to change it. Now, are these bank notes that the Senator from Virginia would permit the Government to pay out and receive, actually "equivalent to specie, and convertible into gold or silver on the spot at the will of the holder, and without delay or loss to him?" Then the result of the law, as that Senator would have it remain, is the same in its operation in this respect as the bill now before us: gold and silver, or its full equivalent, being the effect of either system. But if this be not so, and these bank notes be in fact a baser currency than gold or silver, what right or power has this Government to force this baser currency upon the people by public disbursements, when this Government can make nothing but gold or silver a legal tender in the payment of debts? No, sir: the operation of this bill will be to improve the currency of the whole people by its incidental effects in diminishing bank paper issues, and enlarging, at least to that extent, the general circulation of gold and silver. But the deposit bank system will, indeed, force a doubtful and uncertain bank paper circulation upon the people, convertible into specie one day, and inconvertible and depreciated to-morrow.

We have been told that the terms divorce of Bank and State, as reminding the people of the divorce of Church and State, are popular catchwords. I have not used these terms, although I firmly believe that the union of Bank and State would soon prove as fatal to liberty as the union of Church and State; but, let me ask, are not the terms used upon the other side—one currency for the people, and another for the Government, and the terms separating the Government from the people, mere popular catchwords which, will not bear, as we have seen, the slightest examination. It is said this bill will destroy credit, by impairing confidence in banks. Have not we had too much confidence in banks, and have they not proved the greatest and universal destroyers of all credit and all confidence? Yes, these very banks, by their expansions, contractions, and failures, destroyed all confidence and all credit, not only in themselves, but also between man and man, and almost between nation and nation. It is the banks that render prices, confidence, and credit, fluctuating and uncertain; and, before their existence, the page of history tells that confidence and credit, between man and man, were infinitely more universal, and that protests of bills of exchange and mercantile tile failures were then almost wholly unknown. Specie was not hoarded, nor credit withheld from honest industry, but universally extended, unchecked by that overthrow of all confidence, and all credit, arising from expansions, contractions, and explosions of the bank paper system. We are told that confidence, confidence, is the magic word, and the Government has only to breathe into these banks the breath of confidence, and all will be well. Sir, if these banks, limited and restrained by the State Legislature, ought to be continued, I would rather, by the ultimate incidental operation of this bill, push a little more of their paper out of circulation, and much more specie into the vaults, than all the false and delusive confidence that could be excited by the Government's endorsement of eight hundred and twenty-three suspended State banks.

This Government's endorsement, with its mighty surplus deposited in State banks, has been the fruitful cause of nearly all our disasters, and I shall never attempt to renew them by re-adopting the system from which these evils flowed. The danger is not of our having too few banks, and too little paper, but precisely the reverse. To repress this evil tendency, should be the ultimate aim of every patriot statesman. It is too many banks, and too much paper, that has involved us in too much debt, and more banks and more bank paper would only aggravate the evils.

The State banks, so far as regards their mere discountance immediately as Government depositories, will be precisely

where they were before the removal of the deposits. And as to the exclusion of bank paper from revenue payments, it takes effect only in full on the 1st of January, 1842. The bill proceeds, as regards its operation on bank paper, by wise, salutary, cautious, and progressive steps, keeping in view the existing difficulties, and the necessity of abstaining from any measure calculated to injure or embarrass the people. The operation of this measure upon the banks, is much less than is generally supposed. It is much less than the regulating and checking power claimed for the U. States Bank; for that, if faithfully executed, would demand weekly balances in gold and silver, or its equivalent, from all the State banks, not only for "their notes received in revenue payments," but also for "their notes received for the engagements to the bank," creating thus a double check upon their issues.

I have shown that this article never was or would be faithfully executed; but the precise ultimate effect upon State banks of this measure will be this: Supposing the annual public revenues to be twenty millions of dollars, of which six millions would be the average amount in Treasury depositories received for public dues, the banks would be required to check their issues so as always to be ready to furnish six millions of specie annually for revenue payments. Now, the entire moneyed transactions of this country in a year are estimated at twelve thousand millions of dollars, so that if the demand of the Government upon the banks for six millions be the criterion, it will be equal only to less than one per cent. of the moneyed transactions of the whole country; or if twenty millions, to less than two per cent. of these transactions, leaving all this vast field of trade and business open for the action of the banks. They lose the Government deposits and Government credit, and are left to bank as they ought, on their own capital and their own credit. But what is most important in separating the banks and the Government, is the separation of money, business and politics, the fatal union of which must always be the fruitful source of panics and pressures.

Whilst, then, this measure, I sincerely believe, will have a most beneficial effect on the whole country, it is to me an inexpressible gratification, that to the sunny south it will prove a fountain of wealth and prosperity. The war of over-expanded credit upon labor and its products, aided by a great National Bank at some distant capital, or by the concentration at or near the same point of the great northern banking capital, sustained by the Government deposits and endorsements, must cease, and paper credit and the products of labor left a fair field, without artificial aid, will find labor and its products rising in the scale of importance and influence, and leading the great staple States a fair opportunity of carrying out their own exports, and introducing their own imports, and the balances in gold and silver, the real, solid, substantial business of their banks, being more safely augmented than all the ruinous aid they can ever receive from Government patronage. And now, sir, if the distinguished Senators opposed to the administration on this floor will go home to their constituents, and explain the full and precise effects of this measure, they can, in aiding the establishment of a sound credit on sound principles—aiding in inspiring a just confidence in the relief this great measure will ultimately extend to all the great interests of the country—they can have almost a moneyed millennium dawn upon the country at once. I appeal to them, then, as patriots, with hearts overflowing with sympathy for the distress of the country, as we have so repeatedly heard on this floor, to unite with us in producing this great, this glorious result; and the thanks of millions of grateful freemen will give them more real happiness, more genuine consolation, and more true and durable applause, than all the party triumphs that could adorn the proudest political conquerors. Let them imitate the noble example of the distinguished Senator and statesman from South Carolina, in laying down, in support of this bill, his personal and political prejudices, as a burnt offering upon the patriot's altar of his country's good, and for them, also, the swelling heart of a mighty nation will throb with love and gratitude. But should they esteem it their duty to determine otherwise—should their inspiring eloquence and great intellectual power be exerted in appeals to the people against this measure—should it be represented as a tropical tornado, about to sweep, in its destructive career, over all the great and cherished interests of our common country, panics and pressure may follow for a time; but soon, yes, very soon, the great principles involved in this bill must and will triumph, and it will then go forth with healing on its wings, hailed by the approving voice of the people. The measure itself will be justly viewed as a third declaration of American independence, and the day of its passage be celebrated in all time to come as a great and glorious national jubilee.

#### REMARKS OF MR. HAYNES, OF GEORGIA,

In the House of Representatives, October 3, 1837—  
On the Mississippi Election.

MR. HAYNES said that, until particular circumstances had called his attention to the subject of discussion yesterday, he had not intended to participate in it.

In proceeding to examine the claim of the sitting members from the State of Mississippi to seats in this House, two points were presented for consideration. The first and most important is, did such a vacancy exist in the representation as to authorize the Governor to issue his writ of election for filling it? and the second is, admitting such vacancy to have existed, how far is the validity of the election affected by its being limited to the present extra session of Congress by the proclamation of the Governor?

In considering the first question, the question of vacancy, and in the various definitions which honorable gentlemen had given of that term, he thought they had confined themselves to too nice and rigid a technicality. In the clause of the Consti-

tution which confers upon the Governor of a State the right, and which imposes on him the duty, to order an election to fill a vacancy in this House, no term of limitation is used restricting that right and that duty to any particular set of circumstances whatsoever. The words of the Constitution are: "When vacancies happen in the representation of a State, the Executive authority thereof shall issue writs of election to fill such vacancies." Could language be more broad than that employed by the federal convention in empowering the Governor of a State to fill vacancies in this House? It certainly could not. But in arriving at a conclusion upon the subject of vacancy or no vacancy, it appeared to him that gentlemen had carried to the consideration of the causes which might produce such vacancy, the same narrow and erroneous notions which had governed their interpretation of the term vacancy itself. They had confined those causes exclusively to the act of the individual incumbent, or the providence of God acting upon him, when it should have been equally applied to those whose duty it should be to see that no vacancy should be suffered to exist without having it immediately filled.

To enable us to arrive at a just conclusion of what was meant by the federal convention in conferring upon the Governor of a State the power of causing vacancies in this House to be filled, it is necessary to inquire into the motives of that body in organizing the Congress of the United States. And what was that motive? In announcing that motive, he would place himself upon ground which he was very sure no gentleman would contravert, that in creating the House of Representatives, as well as the Senate, it was the purpose of the convention, in each case, to create a perpetual office. That this was the office, is the necessary consequence of their high purpose to create a perpetual Government. They gave to the Senators the term of six, and to the Representatives the term of two years. But as a consequence, too obvious and inevitable to be contested, of creating a perpetual office to carry on a perpetual Government, the succession must also be perpetual. In proof of such intention, various considerations of a character too irresistible to be denied, may be presented to the consideration of the House. In setting the new system in motion, its operation commenced on the 4th of March, 1789; thus fixing the time from which the constitutional term of the members of the Senate and House of Representatives should be computed. All the elections to Congress were completed in anticipation of it; and on that day, if he was not greatly mistaken, was the first session of the First Congress commenced, thus fixing the starting point for calculating the commencement of every successive term of service in this House.

In ascertaining the intention of the parties to a contract, whether public or private, we might derive instruction from a reference to their practice under it. There were thirteen States concerned in forming the Federal Constitution, seven of which, together with two others since formed of portions of them, Maine, Massachusetts, Vermont, New York, New Jersey, Pennsylvania, Delaware, South Carolina, and Georgia, now keep up a perpetual succession in this House, sending here one hundred and eighteen out of the one hundred and seventy members who represent the old thirteen States. The intention to preserve the perpetual succession already adverted to, is as plainly indicated in the power conferred upon the Governor of a State to fill vacancies, and that reserved to Congress to legislate in default of State legislation, as it well could have been, so far from there being such repugnance between them as gentlemen have contended for.

The language of the Constitution is, "the times, places, and manner of holding elections of Senators and Representatives, shall be prescribed in each State, by the legislature thereof; but the Congress may at any time, by law, make or alter such regulations, except as to the places of choosing Senators." For what purpose could the power be reserved to Congress over time and manner of choosing Senators, and time, manner and place of choosing Representatives, and the power to fill vacancies conferred on the Governors of the States,



unless it was for the purpose of keeping those offices constantly filled? It would seem to be impossible to forego the conclusion that this was the purpose of the convention, and no other. In considering this point, gentlemen seemed to him to have erred in taking it for granted that Congress and the States had done every thing required of them by the Constitution, when there had, according to his view of the subject, been a glaring omission by both, in all cases in which the election of Representatives in Congress has been postponed beyond the day on which the constitutional term commences biennially, counting from the 4th day of March, 1789. He therefore came to the conclusion, which he did not believe a proper examination of the subject could resist, that a perpetual office having been created, perpetual succession must follow as an inevitable consequence; and whenever such perpetual succession is broken, either by the act of the incumbent, or the constituent body entitled to fill it, a vacancy existed in the contemplation of the Constitution, which it is the right, and not only the right, but the duty, of the Governor to cause to be filled, by issuing his writ of election.

But to show the mischievous consequences of the opposite doctrine, it would be sufficient to state, that there was an actual House of Representatives in existence, on the 4th of March last, by the previous election of more than one hundred and forty members, making a constitutional quorum for the transaction of business. Suppose some great national contingency had then made it the duty of the President to convene Congress at the earliest practicable period? There was a constitutional quorum for the transaction of business in existence; and no one can deny the constitutional power of the Executive, under the contingency supposed, to call them together. But although a quorum might have been so convened, and might constitutionally have proceeded to transact the public business, a majority of the States would have remained unrepresented for months, unless their respective Governors had issued writs of election, according to the plain intent and meaning of the clause of the Constitution requiring them to issue writs of election for filling vacancies in this body.

But there is another view of the subject which bears upon this question. It has been contended, that as the States are only required to elect representatives once in two years, the time of election is, with them, wholly a matter of discretion. But this is certainly an erroneous view of the subject, as that discretion was plainly intended to be limited by the necessity of the case; the necessity of keeping a perpetual succession unbroken and entire. By the Constitution, no day was fixed for commencing the operations of the new Government. That was settled by an ordinance of the Congress which ceased to exist the moment the Federal Constitution went into operation; and the 4th day of March, 1789, was the day appointed by them. As the Constitution fixed the representative term at two years, and as that term was to date its commencement at the 4th of March, the elections in the several States were intended to conform to it. If this principle should not govern, and a majority of the States postpone, as they now postpone, their elections beyond the day on which the term commences, their representatives are not elected for the term prescribed by the Constitution; and hence we arrive at the result, that in all such cases there is a vacancy, and such a vacancy as is contemplated by the Constitution in the clause empowering and requiring their Governors to fill vacancies. If, then, by the negligence of those States and of Congress, the perpetuity of the succession has been broken, how can that deprive a Governor of his constitutional right, or excuse him from his high constitutional obligation, to see that the vacancy shall be filled? There is certainly no conflict between the rights of the States or of Congress on the one hand, and the Governor on the other, under this view of the subject. It was made the duty of Legislatures of the States, and in default of them, of Congress, to keep up a perpetual succession in the representative body; and in the failure of either to do so, the right and the duty of the Governor of a State requires of him to supply the omission. Nor is this view derogatory to the rights of the people,

but in support and affirmance of them. In the case already supposed, or a convention of Congress at the commencement of the constitutional term, according to the doctrine advanced by those who oppose the regularity of the Mississippi election on the ground that there was no vacancy, a majority of the States, under their present election laws, might remain unrepresented for months, and their constituency unheard in this body. But, according to the view presented by him, every State in the Union would be represented with no more delay than might be necessary for their Governor to convene the electors by his proclamation. The conclusion of his argument was, that as the representative office is perpetual, and as that carries with it perpetual succession, if the State Legislature shall so leave it that on the fourth of March, corresponding with the biennial commencement of the representative term in this House, any State shall be unrepresented, a vacancy has happened, on which arises the power and the obligation of the Governor to cause it to be filled. He said he was aware that this might be considered a novel doctrine; but it was the legitimate consequence of his original proposition, the *perpetuity of the representative office*, and its necessary result of a *perpetual succession*; and he had already shown that the people were deeply interested in the establishment of the doctrine. If, then, his premises and conclusion were legitimate, there was a vacancy in the representation of the State of Mississippi, requiring of the Governor to issue his writ of election for filling it; that such writ had been issued; the people had assembled at the places, and held the election in the manner required, and as a consequence, the honorable gentlemen claiming seats in this House as representatives from that State, are as clearly entitled to them as any members belonging to it. In regard to the second point in the case, the limitation attempted to be imposed by the Governor upon the term for which members were to be elected, it seemed to him to be waste of words to discuss it. There was a vacancy, and a vacancy running to the close of the Congressional term. The Governor was not only authorized, but required to issue his writ of election to fill it. He did issue that writ, and because of the attempt to limit the term to the present session, will any one seriously urge that the whole proceeding is vitiated by it?

For whose benefit was that election ordered to take place? For the people of Mississippi. By whom was it conducted? By the people who were interested in it. And so far as we are informed, the whole canvass was conducted with a perfect understanding, that the election would cover the remainder of the term of the twenty-fifth Congress. And more, the canvass was animated, the election was full, and decided by a large majority. Who then will have the hardihood to say, because the Governor in performing his constitutional duty of ordering an election to fill a vacancy, attempted to limit and control the duration of that vacancy, that the full and free expression of the public will of the State of Mississippi shall pass unregarded in this House? For his own part, in every question involving the rights of the people, he should always be found in support of those rights to the best of his ability.

#### REMARKS OF MR. PARMENTER, OF MASSACHUSETTS,

*In the House of Representatives, Wednesday, Oct. 4, 1837—On the bill to authorize the issuing of Treasury notes.*

MR. SPEAKER: I have listened with great interest to the observations of my honorable colleague who has just taken his seat (Mr. Fletcher) as I always have elsewhere, when I have had an opportunity, from my great respect for his high moral worth and distinguished talents, but entertaining somewhat different views from those presented by him and other gentlemen on the same side of the question, I will with your leave state the grounds upon which I dissent.

My colleague assumes two conditions which he considers as indispensable prerequisites to the propriety of supporting the bill under consideration,

which are: first, that the Treasury is in need of the money; second, that the proposed mode is the best one for raising the money. On the importance of establishing these points, I agree with him, and shall endeavor to show why I consider the present bill necessary, and the best calculated for the convenience both of the Government and the people.

It has been remarked by several gentlemen during the debate, but not by my colleague, that they did not clearly comprehend the report of the Secretary of the Treasury, and they have avowed their inability to come to any definite conclusion, as to the real state of the Treasury. This opinion was expressed and urged, immediately upon the report being laid upon our table, by members usually ardent in their political predilections and prejudices, quite as soon as it could be expected that so voluminous a document, embracing views of finance and public policy, as well as various statistics, could be examined.

Having long entertained the most favorable impressions of the superior talents of the Secretary of the Treasury, whose ability and assiduity in the duties of his high stations, have been almost proverbial in the nation for many years, I read his report with great attention, and discovered, as I thought, a plain, lucid, and perspicuous view of the finances of the country. I put down, therefore, in my own mind, the attacks upon him as the effusion of political opposition, without any more meaning than the general dissatisfaction of those who disagree with the present administration. I am the more confirmed in this impression, because, since the first few days of this session, after an opportunity of full examination, all this hostility to the report of the Secretary has ceased, and it appears to me to be generally considered a correct, able, and interesting exposition of the finances and financial concerns of the country. I find by this report that there will be, in all probability, at the end of the year 1837, if there should be no deductions from the outstanding appropriations, a deficit of about twenty-two millions of dollars; but if, as the Secretary of the Treasury supposes, fifteen millions of dollars of unexpended appropriations may pass over to the year 1838, then there would be an absolute deficit of seven millions of dollars, to meet which, and for contingencies, and for the purpose of having a balance in the Treasury, on the first of January, 1838, this bill proposes an authority to the Treasury Department to issue ten millions of dollars of Treasury notes. This amount would have been nineteen or twenty millions of dollars, if the payment of the fourth instalment of the surplus revenue had not been postponed to January 1st, 1839; and it will be seen by the conditions of the postponement bill, that the Treasury is entirely cut off from getting back any of the twenty-seven millions distributed among the States, which by the original law the Secretary would have had a right to call for.

Now, sir, my respected colleague would appropriate the nine and a half millions in deposit banks, and four and a half millions standing to the credit of disbursing officers in said banks, or as much as may be necessary to meet the wants of the Treasury. If this could be done there would, of course, be no need of issuing Treasury notes. But have we not a bill now before us, giving the deposit banks from four to nine months for the payment to the Government of the balances due? Is it not agreed, on all hands, that the security of the debt, the welfare of the people of the States interested, require an accommodation? Has not one of the Representatives of a State in which two of the deposit banks, having a large balance, are located, said on this floor that it would be impossible for the banks to pay within the time proposed by the bill now before us, and that he should ask for more time? Is there the slightest doubt in this House that the bill from the other branch, now before us, must pass, or, if amended, by showing greater indulgence? This resource will then fail. As to the amount of four and a half millions in the hands of disbursing officers, there must always remain from three to five millions of dollars in their hands. All experience has shown such amount to be necessary. These sums are drawn to pay contracts actually fulfilled, and always be-

long to the creditors of the Government, and are, of course, entirely useless for a supply to the Treasury. Unless the operations of Government totally stop, it must be obvious that there always will be some few millions of dollars in the hands of the disbursing officers of army, navy, Indian department and other objects of expenditure, awaiting the call of creditors of the Government. He also thinks that it would be proper to sell the bonds of the United States Bank of Pennsylvania, which are held by the Treasury Department. It appears to me that there are to this proposition several objections. I am not certain that it would be exactly proper to put those bonds into market. It might, by possibility, have an injurious bearing upon the institution. If so, it ought not to be done, as an act of justice. It is not like an ordinary mercantile transaction. The directors of the bank undoubtedly had some object in view, in fixing annual payments; and I hope the Government will never give a cause of complaint to this institution, of the slightest character. Where will these bonds be sold? My own opinion is, that the bank would purchase its own bonds. It appears to me it would be unwilling to multiply and vary its obligations in the stock market. It has already post notes on the London Exchange; and it appears to me, it would be unwilling to have these bonds there. If, then, these bonds should now go into the market, and the bank should think proper to purchase them, the debtors of the bank must necessarily be called upon, and thus distress the commercial and trading community to that amount. If sold in Europe, London most probably, it would, to the amount of six millions of dollars, afford facilities for again over-trading, instead of being employed to relieve our own country. I do not believe that at this time there is a very large unpaid amount of good debts from American to English merchants. The fall in exchange and specie shows that it is very much diminished, and it appears to me, we ought to avoid any course which would tempt to excesses in our foreign importations in the slightest degree. But the objection of substituting the sale of these bonds for the Treasury notes is still greater in another view. It is an object to make this issue of Treasury notes incidentally beneficial to the community, by furnishing a means of remittance and one of a very valuable character. The Treasury notes would flow from the disbursing points to the communities who may want them for remittances. The West and South would receive them in payment of debts, or for the sale of their cotton and other great products, as well as for lands held by individuals and companies. They would find their way back to the Atlantic cities, forming a highly valuable circulating medium perhaps until the time arrives, which cannot be very far distant, of a resumption by the local banks of specie payments.

It has been argued, that it would be preferable to authorize a loan in the form of certificates of stock. This appears to be liable to exceedingly strong objections as any which would apply to the sale of the bonds of the United States Bank. So far as it relates to the incidental benefit to the commercial community, it would be a sluggish operation. The stock would be all taken in the large cities, and the proceeds pass directly to the Treasury, where it would remain until called for by the Government creditors, and perform none of the offices of a means of remittance. But my colleague and other gentlemen say, you do not need Treasury notes, because you can continue to make your Treasury drafts, and they will hereafter answer as they have heretofore. If these drafts were, in every particular, as beneficial as Treasury notes, they would be objectionable, inasmuch as they go to the world with the stamp of dishonor upon their face; they carry with them, as they pass from hand to hand, an indelible record of the discredit of the bank upon which they are made, and are therefore to be shunned and discarded as soon as possible, as offensive to the merchant who has a just sense of the importance of credit and punctuality. They are, moreover, inconvenient in amount, and unsuited to the habits and usages of the people.

My colleague objects to the bill, because no rate

of interest is specified; and he cannot give it his vote until he knows precisely what the obligations of the Government are to be. It appears to me, that this is one of the most valuable provisions of the bill, because the rate of interest can be so fixed all the way from a very low rate to the maximum of six per cent. and that the Secretary of the Treasury will put it at the most advantageous rate for the Government and for the community. And, it appears to me, the rule would be a very plain one, to place the rate so that they would not be hoarded by the capitalist, or fall below par in the market, however small the demand for Government dues. And although, as has been strongly urged, there is very small probability that, under almost any circumstances, they would be below par, yet it is better, in my judgment, to leave the whole matter to the discretion of the Secretary of the Treasury, who will understand best what the wants of the case may require.

It is objected, that the issue of Treasury notes is unconstitutional; that they are bills of credit, and prohibited by the Constitution of the United States; that they were never issued in but one instance, and that during the war with Great Britain, when it was difficult or almost impossible to obtain a loan. If it were unconstitutional to issue Treasury notes, the fact that we were at war, and it was difficult to obtain a loan in any other manner, would not have made it constitutional. I come to the conclusion myself, that Treasury notes were issued, at that time, for the same reason as now, because they are the most convenient to the Government and to the people.

I have not entertained the opinion, Mr. Speaker, that the present embarrassments of this nation have arisen from what may be properly called general distress. I believe, and think I shall be sustained in the opinion by the sentiments of many men of business in the commercial cities, that the stoppage of specie payments was owing to the alarm excited in the community, which caused a rush upon the banks for the precious metals, and thereby materially lessened their means, and by the imprudence and extended speculation into which the debtors of these institutions plunged. Had it not been for these circumstances, the suspension would not have taken place; and but for them, before this time, specie payments would have been resumed. It is true that the consternation was universal—the panic was overwhelming; but that the evil was not deep rooted, and that there was not in reality a scarcity of the precious metals in the commercial world, is shown by various facts. Contrary to the expectation of most persons in this country, the Bank of England continued, and still continues, specie payments, and money is abundant, and there is no want of coin and bullion for all purposes. The speculations and investments in lands, amounting to many millions of dollars; engagements in novel manufacturing concerns; building of railroads in all parts of the country; and establishments of every variety which ingenuity could invent—a few of them useful and profitable, but many, very many, most sorrowfully ruinous in their results—all tended to produce the mischief. The ordinary means of the banks were probably equal to their liabilities; but the inability of their debtors, in consequence of their imprudent and indiscreet course, crippled these institutions, and brought on the calamity of a suspension of specie payments—an evil which, while it continues, will blight every effort of enterprise and industry.

The amount of specie within the control of the banks of the country was equal to their wants, greater than it has been in many instances and at many times, but unsafe and improvident men obtained access to their resources; not that I mean to censure the managers of the moneyed institutions more than I would individuals, and copartnerships, and corporations, for every body was infected with the mania of speculation: the whole atmosphere of the business world was filled with it. It drove people to the pine forests of Maine, to the town sites on the Gulf of Mexico, to every stream and river through the whole Republic, to the new cities of the West, and to engagements in manufactures, mechanic arts, and discoveries of all kinds, in most instances lamentably unsuccessful.

My colleague objects that the bill is deceptive; that under the guise of authorizing an issue of Treasury notes, it effects a loan. It undoubtedly is an use of the credit of the country, to obtain means of extinguishing some of its liabilities, and in that sense is a loan. But there is no deception about it. Notes payable are never issued in money transactions, excepting for the purpose of substituting credit for money, or promising it, and therefore always directly or indirectly operate as a negotiation for a loan. What difference does it make as to the matter of borrowing, whether the money be obtained by one person of a third, and paid to a second one, or the note be given directly to the second person? In both cases, it is obtaining means on loan; in one instance directly, in the other indirectly. Banks borrow continually, by their bills or notes, money of the community. Now, sir, as Treasury notes can be issued for no other purpose than to procure money or means on the credit of the United States, the bill cannot be deceptive, because, as it can have no other object, every body understands it.

I am in favor of the bill as it now stands, without any of the proposed amendments, particularly those which propose the sale of the bonds of the United States Bank of Pennsylvania, and to the striking out the provision, authorizing the Secretary to pay interest, when, in his opinion, the good of the country may require it. It certainly appears to me, that there can be no possible objection to that provision. It will guard against the possibility, although I admit it is not a strong probability, that they will be at any considerable discount, under ordinary circumstances. But we all know the nice calculations of dealers in money; and I should be exceedingly sorry to hear the cry which has so frequently sounded in our ears of depreciated currency, applied to any of the issues of the Government.

I have confined myself strictly to the consideration of the bill now before the House, which appears to me to be so absolutely necessary, that it is almost a matter of surprise that so much time should have been employed in discussing it. It is called for by the Government, to enable them to comply with the requisitions of the public, and it is required by the people, as being the best mode by which their interests can be subverted.

The other bills before the house for deferring the payment of rebonds due from merchants and granting additional credit, as well as giving a credit on cash duties, it is universally conceded will pass, and I trust with few dissenting voices. For one, I feel strongly disposed to afford every facility and practice every forbearance, which the most liberal legislation will warrant; and it would seem that the administration, whose friends are so generally in favor of this forbearing course, and who are so willing to grant every indulgence to those who have the funds of the Government directly in their possession, or indirectly by want of punctuality in their own obligations and liabilities, should not be unnecessarily embarrassed in their measures, but should be met in a kind spirit by their opponents.

I have no fears in common with some gentlemen, that the issue of a limited amount of Treasury notes, for the present relief of the immediate wants of the Treasury, involves any objectionable principle. No apprehension was felt when the issue to a very great amount was made during the war with England, and it appears to me that the imagination must be exceedingly active which can discover danger in this simple process of anticipating the future means of the Treasury by a convenient and beneficial financial operation.

#### REMARKS OF MR. BOON, OF INDIANA,

In House of Representatives, September 6, 1837.—On Mr. Boon's resolution that in the election of Printer to the House, the vote of the members shall be given *via voce*.

MR. BOON said that he had no apology to make to the gentleman from Georgia, (Mr. Dawson,) or to the House, for having introduced a proposition.

25th Cong....1st Sess.

Postponement of fourth instalment—Mr. Holsey.

H. of Reps.

that in the election of public printer to the House of Representatives, the votes of the members shall be given *viva voce*. In this simple proposition, no charge, either directly or indirectly, was made touching the motives of any gentleman. Mr. B. said the proposition he had submitted to the House was not a novel one. It was in strict accordance with the true principles of republicanism; and he wished to know the gentleman, if such a one there should be in this House, who stood opposed to a full exposition of all his public acts being made known to his immediate constituents and the country at large. Mr. B. was not only in favor of the *viva voce* principle being applied in the election of public printer, but like the gentleman from Virginia (Mr. Patton) he was in favor of extending the same principle in the election of all the officers of the House. These were questions on which the votes of each member should be given in such a manner as to leave no doubt as to how, or for whom, he did vote.

The people are ever jealous of their rights, and, who, I would ask, will deny their right to know how their representatives vote on all questions, as well in the election of public printer, and all other officers of the House of Representatives, as on other questions connected with their public duties. Why should a part of the public acts of the people's representatives be conducted in a public manner, and part thereof be conducted in a secret manner? Such a practice Mr. B. considered anti-republican, and at variance with professions made by gentlemen on the floor of the House of Representatives, who are in the habit of declaiming in favor of the rights of their constituents. Mr. B. said that he had not risen to make a speech; his only object was briefly to express, in a very words, his preference in favor of the proposition which he had submitted to the House, and being desirous to know who, and how many gentlemen were opposed to the resolution by him submitted, he would conclude by asking that the question be taken by ayes and nays.

#### REMARKS OF MR. HOLSEY, OF GEORGIA,

*In the House of Representatives, Friday, September 22, 1837—On the bill to postpone the fourth instalment of deposit with the States—*

Mr. HOLSEY of Georgia said he was in favor of the bill under discussion, so far as it proposed to withhold the fourth instalment from the States. A crisis has arrived (said Mr. H.) when this Government has need of all its treasure. It has no longer the ability to dispense bounty to the States in the form of deposit of a surplus fund. It has no surplus. Nay, more, sir, if every dollar of the fourth instalment be withheld; if it were all available in the hands of the Secretary of the Treasury, it would not enable him to defray the necessary expenditures of the current year, and provide a proper fund for the use of the Mint and contingent calls upon the Treasury. But one year since, sir, the coffers of this Government groaned beneath their superabundance, and your councils were perplexed as to its disposition. The stream of your revenues, instead of being confined within the channels marked out by the hand of the Constitution, has overflowed its banks with a flood that could not be drained by the widest and most extravagant appropriation. It was diverted to the States, to be again returned, when demanded by the exigencies of the nation. But, before the last portion of the surplus has reached its destination, the fountains of your prosperity have been dried up; your accustomed supplies are cut off; the wheels of the Government revolve slowly on their axles, and unless that portion of the revenue originally designed for the States be now brought to bear upon them, will soon come to a pause—a pause, Mr. Chairman, which no man who loves his country can for a moment contemplate, and which must inevitably happen, but for the adoption of the measure now under consideration.

Sir, we have strong appeals to the faith of this Government to fulfil the expectations of the States, founded upon the deposit act of 1836. I deny the

obligation. I can safely appeal to the virtue and intelligence of the people, and ask whether they desire for State purposes the money collected by this Government, when it is necessary for Federal purposes? Is the fund necessary to meet the wants of the Government? This is the question. Let us refer to the report of the Secretary. This report has been condemned by the opponents of the bill as mysterious and incomprehensible. Be this as it may as to the details, the aggregate of means and liabilities is set down so plainly that "he who runs may read."

The amount of means in the Treasury for the current year, in round numbers, is twenty-six millions of dollars, exclusive of the nine millions due under the fourth instalment, and which is not a part of the income of the present year. The amount of expenditure, by virtue of appropriations, is thirty-two millions, leaving a balance of six millions against the Treasury, or a deficit to that amount. This debt of six millions cannot be paid except by a resort to the fourth instalment, or to those transfers which have already been made with the States. Shall we give them the fourth instalment in the left hand, and draw from them with the right, under the provisions of the deposit act? It is more easy to deposit money with the States than to collect it from them. Sir, the process of collection will be fraught with delays, dangers, collisions between the two Governments, which will leave the Treasury totally unable to pay the appropriations. It is already announced in this hall that the deposits with the States are a gift to them. Many of the States have made permanent investments of this fund. Some have deposited it with banks, to be loaned to the people. All will feel reluctant to return it. If we might judge from the tone of debate, some of the States would, as their representatives have done, attempt to "argue the seal from the bond," and prove the loan to be a gift. The difficulty is inherent in the nature of demands upon political bodies; the same which existed under the Confederation. Some will refuse to pay under colorable pretenses, and none will pay without all will pay. We must, therefore, discard the idea of drawing upon the States for the funds already on deposit with them. The only expedient left is to arrest the nine millions due under the last instalment. This amount in the deposit banks will not, in all probability, cancel the debt of six millions. Indeed, the general and signal failure of those institutions to comply with their engagements renders it doubtful whether any considerable portion of it can be collected. But as far as this fund can go to defray the expenses of the Government, it should go. It is not legitimate to divert it to any other object. But six millions of excess of expenditure is a minimum point; one to which all will, and, I believe, have agreed.

But the honor of our arms must be sustained in Florida, and its bleeding inhabitants protected against their savage enemies. One million and a half of dollars is estimated for this purpose during the present year. The present session of Congress will cost half a million. These two amounts are not put down in the report, and increase the excess to eight millions. If to this you add four millions at the end of the year, for the use of the Mint, and contingent calls upon the Treasury, you have an excess of expenditure and liabilities amounting to twelve millions of dollars. Can any gentleman equalize the income and expenditure of the present year? Will he strike a balance between the means and liabilities of the Treasury? The gentleman from Tennessee (Mr. Bell) has indeed discovered a new and singular method of replenishing an exhausted Treasury—by considering the money in the hands of disbursing officers (five millions) as an increase of the means of the Treasury beyond the items already enumerated in the Secretary's report. I am surprised that a gentleman of his experience in financial matters should fall into such an error. At the commencement of the year, the Secretary, being required to calculate the amount in the Treasury, found forty-two millions remaining after reducing the outstanding appropriations to sixteen millions. The money then in the hands of disbursing officers was then justly considered as money paid out of the Treasury, and reduced the outstanding appropriations precisely that amount,

which otherwise would have been twenty-one millions, supposing five millions to have been in their hands. Of the forty-two millions, there are nine millions remaining for deposit with the States, five millions reserved, one million six hundred and seventy thousand received from banks, and twenty millions from lands and customs.

The account will then stand thus:

Means—		
Remainder of the surplus	-	\$9,000,000
Reserved for use of Mint, and on 1st		
January last	-	5,000,000
Returned from banks	-	1,670,000
From lands and customs	-	20,000,000

Making an aggregate of	-	\$35,670,000
Liabilities—		
Fourth instalment to the States	-	9,000,000
Appropriations for 1837	-	32,733,000

Making an aggregate of - \$41,733,000

The excess in round numbers is six millions of dollars. Now, the argument of the gentleman from Tennessee would add the five millions in the hands of disbursing officers to the means of the Treasury already enumerated, and increase them to forty millions. But all the possible sources of revenue have already been placed in the account, and the money in the hands of disbursing officers, instead of swelling the amount, only shows where it is. As well might the gentleman add to the means of the Treasury the funds in the hands of collectors, receivers, and the officers of the Mint, and the whole amount to the credit of the Treasurer in the deposit banks. The truth is, that the aggregate means of the Treasury is one thing, and the manner in which they are kept or disbursed is another. The one gives you the whole amount of revenue; the other tells how it is disposed. But the gentleman from Tennessee complains of the extravagant expenditure of thirty-two millions for the present year. He has been requested by the gentleman from South Carolina (Mr. Pickens) to bring in his bill to repeal the objectionable items. The request is reasonable. Does the gentleman from Tennessee expect, by a general denunciation of those appropriations, to alter the data upon which the income and expenditure of the Government are founded, and thereby to lessen the acknowledged deficit of six millions? The Secretary of the Treasury, in obedience to a call from the House, has already stated that an exact and scrupulous investigation has been made in relation to such appropriations, the execution of which might, consistently with the public interests, be deferred until the ensuing year, and that the amount thus deferred is fifteen or sixteen millions of dollars, leaving the necessary and indispensable expenditures of the present year, as stated in his report, thirty-two millions, and the outstanding appropriations sixteen millions.

It has already been shown by the gentleman from North Carolina (Mr. McKay) that the increased amount of expenditure for the present year is owing mainly to extraordinary, but necessary, objects of appropriation: such as the Florida war, the increase of the pension list, and the execution of treaties with various tribes of Indians, among which is a treaty with the Cherokees which will probably demand, within the present year, one million of dollars. The gentleman from Pennsylvania (Mr. Eiddle) has taken occasion to strike this item from the list, upon the ground that it was appropriated for the last, not the present year. Why, sir, does not that gentleman perceive that it matters not when the appropriation was made, so far as the argument is concerned. It is not the time of appropriation, but of expenditure. The appropriations may have been made one, two, or four years back; but if their execution fall upon the present year, they are properly chargeable to it. The gentleman from Tennessee, who, on this occasion, stands forth the advocate of retrenchment, will not reduce even the basis of calculation, until he can lay his finger upon the items, and embody them in the form of a bill, for their repeal. Vague surmises of prodigality in an administration are at all times insufficient as a basis of legislative action: they are peculiarly so after "an exact and scrupulous investigation" into objects that may be dispensed with by the officer charged with the inquiry. Much, then,



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as the gentleman from Tennessee has held out reinforcement as an argument to show the ability of the Government to meet its necessary expenditures, and, consequently, to defeat the passage of this bill, I am persuaded that the lines of a strong necessity are drawn around the thirty-two millions assigned for the present year, and that reform will be driven to the field of outstanding appropriations to fight her battles. In such a field, neither her alarms, her victorious shouts, nor her dying groans, will affect the exigencies of the present moment. They meet us every where, in a form that none can palliate or deny; and it is our duty to the Constitution and the country to meet them by a prompt application of the revenues yet in our hands. But, Mr. Chairman, it has again and again been reiterated in debate, by gentlemen who have opposed this bill, that the deposit act of June, 1836, was a compact with the States which this Government is bound to fulfil. Although I repudiate the doctrine of legislative contracts, except in cases where it is expressly so stipulated on the face of the act itself, or vests the rights of property by grant, yet I am willing, for the sake of the argument, to consider it a compact. I adopt the fundamental rule insisted upon by all who have argued this question—the intention of the contracting parties. But I insist that the act of June was founded upon the idea of a surplus beyond the wants of the Government. The Congress which passed the act, intended only to deposit a surplus revenue. The States intended to receive it only as a surplus. This feature is stamped on the act by its history—by the declaration of many of those who passed it, often repeated on this floor. Sir, believe me, the American people consider it in no other light; not as a specific amount, regardless of the wants of the Treasury, but simply as a transfer of the public treasure from the banks to the States, as being safer depositories of so large an amount of the public money. Contracts are made in reference to the *existing state of things*. That state of things, in this instance, is the existence of a surplus in the Treasury during the whole time of the execution of the act itself. But, sir, the surplus is gone, and the obligation to deposit must go with it. There is no proposition more fixed than that the revenue of this Government is first to be applied to its ordinary operations. It was collected for this purpose; and we are forbidden to make any other disposition of it whilst the Treasury is unable to meet the demands created upon it by law. Other gentlemen have varied the form of the argument. It is said the deposit act was a promise given and accepted. I grant it. But not unconditionally given or accepted. It has, at all times, been subject to be defeated by the contingency which has already happened—of a deficiency of the revenue to meet the wants of the Government. The gentleman from Ohio (Mr. Loomis) demands, for his State, payment of the fourth instalment, in order that she may carry out her system of policy in regard to education. He requires the money of the people, raised for the use of this Government, to be paid to his State for the purposes of education. He expects it under the promise. Suppose we give it to him. What shall we do to defray the current expenses of this Government? We are told by others to issue Treasury notes. These notes must be paid. And by whom, sir? The burden must fall most heavily upon that section which pays the most taxes. And that is precisely the section, Mr. Chairman, whose interests I am sent here to defend. It is no less than a proposition to tax the cotton fields and sugar plantations of the South, two-thirds of the amount of the portion of Ohio in the fourth instalment, to carry out her system of policy. Sir, the proposition is not only at war with the Constitution, which forbids you to tax the people to raise money to deposit or distribute among the States, but it is odious for its inequality. It is one to which I can not, and will not, accede.

But, sir, another doctrine more indefensible than all others, set up in relation to the surplus revenue, is, that the money already on deposit with the States is a gift to the States. This I understand to be the position assumed by the gentleman from Kentucky. (Mr. Underwood.)

[Here Mr. UNDERWOOD said that he had re-

marked that although the States did not, or could not, have an absolute title to the fourth instalment, yet they had an equitable title to it.]

The gentleman's statement corresponds with my recollection. The argument is still the same. Kentucky holds, in common with the other States, the bond of this Government, which is the act of 1836, to pay the fourth instalment. When it is redeemed by payment, the title of the States to the money paid is complete. Sir, this is in effect an avowal of the principle of distribution. I know the doctrine is openly avowed. Had this principle been asserted either in the act of deposit, or by those who brought it forward, the mark of the first murderer would have been stamped upon its forehead. Every man's hand would have been against it. The act purports upon its face to be a deposit act. It is the first rule of construction that "*you are not allowed to interpret that which has no need of interpretation.*" The gentleman from Kentucky, versed as he is in legal learning, can find no rule in the books by which he is authorized to construe a loan for a term of years, or at will, to a gift in fee simple. It would be directly in the teeth of the instrument, and unhinge the foundations of all human agreements. But if the act itself condemns such an interpretation, equally strong is the argument from the certificates of the States, *pledging their faith* upon the face of those instruments to pay the amounts received according to the terms prescribed in the deposit act. If any argument could be adduced stronger than another to justify this Government in withholding the fourth instalment, it would be difficult to conceive one more so than this assumption on the part of the States. They renounce the treaty so far as their obligations are concerned, and yet claim its execution as to ours. Even if the deposit act were in form a treaty between the Government of the United States of the one part, and the respective States on the other part, signed and sealed by their mutual plenipotentiaries, and ratified by their respective sovereigns, a renunciation by one party would justify a renunciation on the part of the other. *Renounce a treaty, and yet claim its fulfilment!* I ask for that part of the laws of nature and of nations which sanctions such a principle! Sir, I have thus far treated the act of June, 1836, as a compact, and attempted to show that, according to every rule of sound construction, this Government is not bound further to execute the agreement. I shall now consider it as a mere act of legislation which this Legislature is competent to repeal. The doctrine of *vested rights* under legislative enactments, or of *property in the laws*, has already assumed a portentous aspect, and threatens, unless speedily checked, to bind one section of the Union to the car of the other, to prostrate the dearest rights and interests of the people, under the tread of privileged monopolies, and to chain succeeding generations to the crimes and errors of the present. It is by virtue of this doctrine, sir, that the agricultural and consuming States of this Union are held to a ten years' term of service to the manufacturing. Every effort which has been made to change this state of things has been met by a charge of violation of the compromise of 1832. For five years longer we are called upon to keep the faith and fulfil the obligations of that act, by submitting to a system of taxation which draws from the pockets of the people more money than is demanded by the necessities of the Government, and that, too, in a manner marked by the most odious inequality and injustice. You can pass no law which may, in any degree, affect the interests or pursuits of any individual, or class of individuals, without a claim upon the Government of establishing, or a charge against it of infringing, *vested rights*. It is an inadmissible idea that *laws are contracts* with those who are benefitted by them. From the days of Cicero to Blackstone, and from that time to the present, it has been an axiom in politics that one Legislature is competent to repeal the acts of another. I will not deny that there are cases in which a Legislature may vest rights which a succeeding body cannot divest. Those cases depend upon the authority of the Legislature to enter into the bargain, and it must clearly appear upon the face of the law, that it was considered by both

parties as a contract, irrevocable but by the consent of both. Is the fourth instalment a case of this kind? Does it form an exception to the general law of legislative repeal? I think not. In the first place, Congress has no authority to borrow money, or tax the people to place on deposit with the States, when not demanded by the wants of the Government. In the second, there are no words implying a compact on the face or in the terms of the act. The ordinance of 1787, in relation to the Northwest Territory, is an instance of legislative compact; it is so expressed in the law. It is not so here; and if it were, it would be void as being without authority. For these reasons, Mr. Chairman, I am in favor of withholding the fourth instalment from the States.

## REMARKS OF MR. BOULDIN, OF VIRGINIA.

*In the House of Representatives, Thursday, September 26, 1837—On the bill authorizing an issue of Treasury notes.*

The question pending being the amendment of Mr. UNDERWOOD, to authorize the Secretary of the Treasury to dispose of the bonds of the Bank of the United States, to supply any deficiency there might be, if any, in the Treasury of the United States; and the amendment thereto by Mr. PATTON, directing the Secretary of the Treasury to draw drafts on the deposit banks for the balances due the Government in favor of public creditors, and directing the Secretary also to receive such drafts in payment of all dues to the Government.

Mr. BOULDIN rose, and addressed the House as follows:

MR. SPEAKER: I will not detain the house with apologies for doing that which is the duty of every member of this house, as well as his privilege,—I mean, to express his opinions to the house and to his constituents. I would not, however, trouble the house with any remarks of mine, were it not for what the honorable gentleman from New York, the chairman of the Committee of Ways and Means (Mr. Cambreleng) had said in regard to those who might vote for this amendment. He said, sir, if I understood him, that any man who might vote for it, and, at the same time, being a hearty opponent of the Bank of the United States, was wanting in sagacity. Sir, I mean to vote for the amendment of the gentleman from Kentucky, and also for the addition to that amendment offered by my colleague; and I thought I had sagacity enough to know that it will have no tendency to recharter that bank. If it has any such tendency, I would be glad to be informed how, and will go against it. The gentleman from New York has not shown how. He has shown that if any profit can be made, the Bank of the United States of Pennsylvania will make it. This I knew. If there be any profit to be made of consequence, that bank, or some bank, or some capitalist, or some association of capitalists, will make it. But that is not a re-charter of the bank.

Sir, I am against a Bank of the United States, from the heart outward. I am not one of those who would have the constitution altered to allow one. I am not one of those who, while they are against a Bank of the United States, will ransack new and old—heaven and earth—to find reasons to show we cannot do without one. I am opposed to it on the ground of unconstitutionality, for reasons often urged, familiar, and not necessary to be repeated here. I am against it, because I am against privileged orders in this country. I am not willing to give any heartless corporation the right and the power to raise the price of property to what it pleases, and depress it to what it pleases, without the consent, or even the knowledge, of the owner. This corporation, the Bank of the United States, certainly had this power, and as certainly exercised it, by expanding or contracting its issues. Issue a great deal, property sells high; contract a great deal, property sells for nothing, or next to nothing. Sir, I listened with the attention due to talent and character to the gentleman from Pennsylvania (Mr. Sergeant) as I had opportunity for several days. I did so, with that pleasure that a display of talent always gives me. He spoke with great earnestness of the condition of his constituents, who, it seems, are mostly merchants, and it made me feel more sensibly for my own.

He spoke of their enterprise and perseverance, skill and success in trade, and I feel a pride in their character as citizens of my own country. Sir, I knew that they had taken to themselves wings and flown to the uttermost parts of the earth, and over the most dreary and dangerous regions of the sea. He said they were in great distress, and I was sorrowful to the heart that they should be so. I have inquired into the cause of that distress, and understand that, in a regular course of trade, they endeavored to purchase the produce of the farmer and planter—of my constituents, who are farmers and planters—at a price at which they could make a profit, and behold they made a loss, and were obliged to sell for half what they gave. If they had made a profit, as they anticipated, we should have heard nothing of their afflictions; they have made a hard bed for themselves, and their faithful and talented representative argues, as I understand the effect of his proposition, to have a United States bank, or, rather, the same one rechartered, to take his constituents off that hard bed and put mine on. Now, sir, I have regard for the merchants, as I have for all the citizens of the United States: but when the question is simply, whether his constituents shall lie on this hard bed of their own making, or mine shall; when the question is simply between his constituents and mine, which shall be in affliction, I prefer mine should not be.

Sir, I have listened to the various arguments coming from a certain large portion of this house; friends of a bank of the United States; and they appear to resolve themselves into this, "there is no other name given under heaven whereby a man might be saved," excepting only by and through a bank of the United States! Sir, if I believed that it would relieve the people, or even the merchants and not hurt the other people, and was not unconstitutional, I should be greatly tempted to go for it; for it gives me pain to see any suffer. But, sir, I cannot believe it will relieve the people in general, or fail to ruin a vast proportion of them—whatever it may do with the merchants.

Its paper, truly, might enable the merchants to pay their debts in Europe. But how? By restoring specie payments. And how is this to be done when there is, proportionally to the engagements now due, or to come due shortly, from the banks and their customers, scarcely any specie in the country? Sir, it must be by substituting the paper of the United States bank for that now in circulation. How can they pay specie without reducing the quantity of paper circulation? This might enable the merchants to pay their debts in bank notes of the Bank of the United States; and probably would, if they be prudent, without trouble. But what would become of my constituents? Sir, they would be put upon the hard bed, and those of the gentleman from Pennsylvania, (Mr. Sergeant,) be taken off it. Mine would be sold out, instead of his, to raise this specie—to make a currency to pay debts abroad. To make a fit currency for a man to travel from one end of the world to the other without suffering discount, wearing their pockets out with specie, or be troubled with changing notes. Sir, my constituents owe no debts abroad beyond seas, and few of them travel beyond their own credit; much fewer beyond the credit of their own bank paper. Why then should they, or I for them, take steps that will reduce all their paper contracts to specie settlements, and thus sell themselves out? Sir, it was against the wish and will of the people that banks, such as we have them, were created. They were made by their agents, and they with their love of peace and order submitted, and submit to it.

The people were then compelled, by the laws of the United States, to make their contracts, in effect contrary to the Constitution of the United States, and to that of every State, in paper. Sir, the contracts, whether cash or credit, are all in paper prices. If you have your gold, and I have my paper, and you bid and I bid, my paper fixes the price, unless the paper is above par with the gold. All contracts, executors' bonds, guardians' bonds, and all, are in paper valuation; and, while a man has money out on loan, and thinks himself safe, he may be sold out; his bed may be sold from under his wife, to pay off some security debt in gold and silver, for a debt contracted as security for some prudent man possibly some twenty years since; and when a debt, when contracted, was contracted in paper. Or it might possibly be, as security for some guardian of an infant, having the utmost confidence in the prudence of the guardian,

as well as of his solvency and integrity, who might be himself a money lender, and who, with the consent of the security, had received the sales of produce on property, all at paper prices; and, however worthless and extravagant the ward might be, the guardian and security, both money lenders, both prudent men, might be sold out to raise specie, if suddenly called upon, to make a better currency, or, for other reasons, just as this ward came of age. A public creditor, in order to get his money in United States Bank notes, liable neither to discount nor overburthen a man, to the amount of a thousand dollars, may, and will find, in many instances, his bed sold from under him to pay some other contract made, perhaps, years ago, either his own, or as security for some one, who, let things go on gradually, could pay. Many a man, to save five or ten per cent. discount, on the transfer of a note from one distant State to another, would have me vote for an United States Bank, when, were I to do it, and mine were the casting vote, it would, for other contracts made at paper prices and resolved into specie settlements, now when there is a great debt beyond the seas, sell the bread out of the mouth of his children. I think I know a case of this sort. Sir, I am against selling the people out in this way, either by the help of a Bank of the United States, or without it, in order to make a better currency for merchants and travellers, or for the next generation.

As to banks, I never would have originated them, and would get rid of them all, if I could do so without ruining the people or greatly injuring them. They came on gradually. Let them go off gradually. If one lose 5 per cent., and another the like, until the bank note is lost, it does not press as hard as for one to lose all, and be sold out. Let them go off by depreciation by degrees, as it came on by appreciation by degrees.

Sir, I view a bank of the United States compared to a State bank, as a royal Asiatic tiger to a cat. The same in species, nature, and manner of doing mischief; differing only in the power. They have, generally, as far as I have looked into their charters, this other odious exclusive privilege. The property of the stockholders is exempt from execution by a creditor or a bank, while a co-partner of a mercantile company, or an individual, is liable in his property to the last cent, and his body liable to be incarcerated, put in prison. This, then, may happen: a stockholder in one of these banks may buy your whole estate, worth one hundred thousand dollars, and take possession of it and hold, and, together with his brethren who may have done the like with others, declare the bank broken, taking care to have no tangible property, and leave you with their notes. You cannot touch them or their property. Nay, worse. The one that bought your property and holds it in defiance of you, may, with one of the notes of this bank, have bought your bond for a thousand dollars, more or less, and put you in jail for it, and, sir, walk at large himself. Sir, they have, at this time, the hitch upon us; not we upon them. Much as I dislike such exclusive privileges and monopolies, and unjust advantages, I am not willing to sell the people's beds from under them for the benefit of one of them, to the exclusion of all the rest, or to spite them all by requiring settlements of paper contracts now in existence, at specie prices now when there is none in the country, or next to none. Sir, I understand that, in a very short time past, forty millions have been laid out in land in the wilderness; that, clear of interest on the purchase money, will not yield forty cents profit to the present holders in forty years to come. That something like fifty millions are lost on the last crop of cotton, and proportionally in tobacco and rice, amounting, in the whole, to something like one hundred millions. This, of itself, has created a great debt abroad, and a consequent demand for specie at this time, and must put our banking institutions to much difficulty, in relation to specie, without any thing else. Authorized as they are to issue three or four, or more times as much in notes as they have specie in their vaults, it is obvious, if they do any profitable business, and are tried by their ability to pay debts on demand in specie, they are broken from the first. Their solvency, in that view, depends on the accidental circumstances of their creditors all coming at once. If too many do not call at an unlucky time they can pay in specie. Otherwise not; so that our security depends wholly, in good times or bad times, upon the accidental circumstance of all their creditors; or even of less than a moiety of them, call-

ing upon the banks all at once. When, then, there is such a demand for specie to pay this great debt abroad, and when there is one great corporation with such vast resources, still clinging to the name of Bank of the United States, endeavoring to convince us by all possible means—I will say all proper means—that she alone can keep on a good currency; and when there is a powerful party fully persuaded, and by all laudable means endeavoring to show that this Administration has produced, and is producing confusion and mischief in all our fiscal concerns, is it strange that so many should call at once that these banks cannot pay specie for their notes? Certainly it is not; and the people do not consider it strange. Their notes, in their respective districts, will buy more property than specie would have bought last year. This shows the people are not surprised or alarmed at the fact of their stopping payment of specie. Yet, we are told by gentlemen, that there is great distress, and it is intimated that there is no relief but by a Bank of the United States. Where is the distress? What is it? These land speculators and merchants have bought at high prices and sold at low prices. They have often bought at low prices and sold at high prices, and have stopped payment, and the banks stopped paying specie, but not making money by shaving the people. Travellers are pestered with shin-plasters; yet, the bulk of the people are yet unhurt, except by the dread, that, by a Bank of the United States being created, or in some other way, their paper contracts will be forced to be adjusted in specie, and thus sell their property for little or nothing, as was done in 1818, 1819, and 1820, and to make a nice currency. Sir, the Bank of the United States then made it, but how and at what expense? It was my hard fortune to taste some of the bitter fruits of relief then offered and now offered, by a Bank of the United States. Having encouraged speculation in that day, as banks have done in this day, so much that the president was so disapproved of that he was dismissed and another one chosen. That bank began to make a good currency; such an one as is now offered us, having less specie than almost any other bank of any credit in her vaults; but, backed by the Congress of the United States, and the receipts of the revenue of the United States, to the amount of some twenty or more millions, she required all other banks, but herself, to pay specie, needing not to do it herself except nominally, because she had the receipt and disbursement of the revenue. Her stock stood at something like an hundred and fifty; and that of a bank, having more specie, and under better management, sunk to sixty. Then it was, sir, that the State banks, being called on to resume specie payments, which could be done in no way but by drawing in their own notes to give place for some few in proportion of the United States Bank, that I tasted the full, no sir, not the full, for others got greater benefits and relief than I did—then it was that I myself enjoyed a portion of the relief now offered by the Bank of the United States and its friends, having just before purchased property, land, at the previous paper prices. To make a good currency for travellers and merchants, the relief I obtained was that I found infinite difficulty of getting either specie or paper to meet these engagements. Others of my friends, more prudent but less fortunate, had their property sold out entirely to meet engagements which were as prudent and circumspect, but for this relief, as could well be,—then it was that a vast proportion of the land-owners on the Roanoke, from the mountains to the ocean were relieved of the further trouble of their estates which had been in the hands of them and their forefathers for ages before. Some had bought an advancement for a child; some owed a small store debt; some one small matters and some another, nothing unusual; when this relief came and they enjoyed the whole benefit of it by being, with their families, turned adrift upon the world, to make a good currency for others. Sir, a traveller is a good deal plagued to change his money, and it is very comfortable to have money that is not heavy and will pass any where if convenient. It is not so wonderful, considering the nature and frailty of man, that such men should be willing to give every thing up to the control of a Bank of the United States, for convenience. A man goes to a certain place hereafter, which from all accounts is not desirable for convenience, he cannot deny himself the present gratification to avoid the distant but great evil before him. Interest never carried a man there; but what think you, Sir, of a man who has

no occasion to travel, no debts beyond the seas, nor out of his neighborhood, no debts at all; suffering all these privations and sacrifices, availing himself of this kind of relief and begging his whole family and his neighbors. This may happen to a man out of debt. There are few who have not been guardian or executor, administrator or security, for some of them who may, though ever so prudent, be called on to suffer this kind of relief. I cannot speak for days, I leave statistics to periodicals, and details to those who may choose to indulge in them; but I submit to you [Mr. Speaker,] whether the previous banks that have been chartered, and especially the Bank of the United States, have not taken the people rather by surprise? Whether the people have not, when they were informed that one was contemplated, generally refused to elect men who went for them? I will not assert that is true in every case, but I believe it to be true generally.

To come more closely to the amendments now under immediate consideration. Having said enough, I hope, to satisfy any one that I have not only voted and spoken hitherto against a Bank of the United States, but am against it. I have little veneration for our banking institutions of any sort. I will now come more closely to the consideration of the amendments immediately before us. Sir, I said, a few days ago, that I preferred to make sale of these bonds due for the stock of the Bank of the United States, as a means of raising money, but did not think there was any chance to get it through this house. I am for it still; I am for getting clear of all the money in the Treasury not necessary. I want as much there as is necessary and no more. I want the administration to have its constitutional patronage and no more.

Sometimes it seems we have millions on millions; then we have none; which is it, sir? If these bonds are of no value, let them go; do not tantalize us with them as means. If our deposits in the State banks are of no value, let us know it; if they are, let us use them. They are certainly considered as of value; for the bill to withhold the payment of the fourth instalment put every State in the Union, as it appears to me, in a state of duress but a few days ago. The money being, in any way, under the control of the Executive to such an amount is dangerous in the extreme. The mere supposition that it is there, should it not be really there, is capable of producing all this duress and confusion. Let us, in some way, get clear of it if we have it, and of the mischievous delusion if we have it not. If we sacrifice some of it, it is the people's own money, and they can better bear this sacrifice than the sale of their property or taking more money out of their pockets.

I have said nothing, sir, in regard to the particular merits of the bill, but only of some of the amendments, and have availed myself of this opportunity to throw out some of my opinions generally in regard to the means of relief from the present difficulties. I will go a very little further, and trouble the house no longer. In my opinion, the whole difficulty arises from our having, or having had, or having supposed we had, and still supposing we have, too much money in the Treasury. Remove this, and all is simple and easy. I agree perfectly with the President of the United States in believing we have nothing to do in providing a currency, further, or other, than as the constitution literally mentions. That instrument fixes a standard to be used when debtor and creditor come to points and cannot agree as to what the debt shall be paid in. The debtor can get clear by offering, and the creditor can require, if he pleases to do so, this specie which is the standard. Congress cannot add to, nor take from, this privilege, in regard to either. Every law about money, without saying more, refers to specie only. Every judgment; every execution for money, without anything more said in relation as to that point, is for specie of course. The Treasurer and Secretary of the Treasury have, by the constitution, the control of the money belonging to the United States to a great extent. You may shelter them by authorizing them to place the money in this or in that bank. But you cannot make them more responsible.

I heard, sir, a great man, I admit him to be so, proving that somehow the notes of a bank which did not pay specie were paper money, but that the notes of a bank that paid specie, at the pleasure of the holder, were not paper money. The notes of banks last year were not paper money! The notes of the same bank this year are paper money! Yet the same notes this year will buy more property

than the specie they promised to pay, had it been got; would have bought. Paper money this year then is better than specie last year. Make a law directing the officer to place his money in a specie paying bank; it is grounded on distrust of the officer. If he be not honest, I say it shatters him; for he may take witnesses, and demand specie for perhaps a note of one hundred dollars, and get it, and then deposit five hundred thousand under the law, and he and the bank may divide it in specie, and stop specie payments.

There is no getting round it. Put the money in an iron chest, and who is to keep the key. Defend it with bayonets, and who is to keep the bayonets off it? There is no way to keep such vast sums safely out of the hands of the immediate owners.

But stick to the simplicity of the constitution. Collect money for the only legitimate object for which you have the right to collect it. Let the law call for money, and nothing more; and direct money to be paid, and nothing more—I mean, naming the amounts, to whom payable, &c.

If the public creditor demand specie, by the constitution he must have it. If he should not, the collecting officer being, as he should always when he can be, the disbursing officer, the thing is settled naturally and easily in the usual way, in any money that is current at the time. How simply and easily this thing is exemplified in the case of sheriffs, constables, and such like officers in the collection of private debts, and the revenue of some of the States. Very little money is lost in their hands. None are very jealous of their power and station. Ten times the amount of the proper revenue of the United States is thus collected of private claims and demands, with very little loss in the course of the year.

All these judgments and executions, &c., or scarcely with any exception, are for gold and silver, and yet they produce little or no difficulty or alarm. And why, sir? It is, that there is a creditor, or plaintiff, watching and ready to receive his debt in any current money, and specie is not either demanded, or expected to be demanded. So it always has been, and will be, with the Government, when it had no more money than it needed, and did not attempt, by bank or otherwise, to regulate the currency. If the Government have a little more than it can immediately pay out, and lose some by depreciation or otherwise, it will be but small in all probability, and they ought to lose it as others are liable to do. As to large surpluses either here, or lodged about among the States, I would as soon undertake to administer medicine to the dead as to produce a cure for the evil effects while the fact remained.

These operations, sir, are simple and easy in my estimation; but let the sheriffs and constables, banks and the like, undertake to regulate the currency and demand specie, and insist upon it whether the creditor or debtor wanted either to receive or to pay it or not, you would have trouble enough. No man would venture to inflict this generally. Few men fail to adjust these things to the satisfaction of the people if possible. It is only in a roundabout way through a bank, as it was done in 1819-'20, and about that time, that this cruelty can be extensively inflicted.

To conclude then, sir, I will vote for the sale of these bonds, or any other funds, belonging to the United States, with a view of getting clear of all surpluses, real or supposed. I want to square off. The more we are entangled with or without money, the more likelihood there is that we may at last have to open the doors to this bank, which, with its old name and old propensities, is just at the threshold waiting for a chance to enter. It has been often said that that bank makes no application here at this time, but waits for the proper time. And when is the proper time? Just, I suppose, when it has thrown so many difficulties, and obstacles, and arguments, and objections in the way of every thing we can propose or offer that we are willing to call on them. They do not bring in any bill truly, but they endeavor to drive out all bills until some one shall bring that in. It appears to me impossible that a man should not feel himself besieged here by that corporation from year to year. It has been the case ever since I came here. The stages were broken down, and wrapping paper reduced in price from four cents a pound to three, with melancholy and alarming representations of evils that never have happened. I have voted for measures, I expect again to vote for measures I do not alto-

gether like, for fear that, at last, that institution should be rechartered, which I view as injurious to the whole Union, and, particularly, destructive to the prosperity of the South. Sir, why is it that New Orleans, exporting as she does, an amount of produce far more than any one State in the Union, even than New York, should not be able to import directly any thing worth speaking of from abroad? It is not because she wants currency, either in paper or specie; she has that which is better than either—cotton, that will buy any thing in any market. I cannot but believe that it is owing to the concentration of moneyed capital, produced in the North, by the former Banks of the United States, trading upon that which is our own money; (for cotton, tobacco, and rice, amount to eighty out of one hundred millions, and in that proportion of all the exports of the whole United States,) the profits from which, must pay for all the imports, if they are ever paid for, into the United States, in that same proportion; and these banks must have been the cause, in some degree, if not mainly, of that unnatural and apparently unaccountable fact.

## REMARKS OF MR. TOWN<sup>S</sup>,

OF GEORGIA,

In the House of Representatives, September 29, 1836.—Upon the Mississippi Election.

MR. SPEAKER: I concur with the honorable member from Tennessee, (Mr. Turney) who has just taken his seat, that much respect is due to the will of the people of Mississippi, as expressed at their late election. I will not yield to that gentleman, or any other, in giving effect to the popular will, when I can do so, consistent with the high obligation I owe to the Constitution and laws of the country. Nor do I admire less than the gentleman the course of the sitting members in meeting promptly, and without reserve or concealment, the question raised on the first day of this session by the honorable member from Virginia, (Mr. Mercer) affecting their right to a seat on this floor. Whatever may be the decision of the House, I am free to admit—I am gratified to say—that the deportment of the gentlemen from Mississippi (Messrs. Claiborne and Gholson) throughout the investigation, has been characteristic of an elevated feeling, a high sense of honor, and a thorough conviction, on their part, that they are duly authorized to discharge the duties of representatives on this floor.

Mr. Speaker, my situation is somewhat peculiar, in reference to this subject. I was one of the committee to whom this question was referred, and one of the minority of that committee, who dissented from the report of the majority. A duty I owe myself, as well as the House, requires that I should distinctly state the grounds of my opinion. Let me premise, sir, that I claim but little weight for my opinions. I have at best but little relish for the discussion of a purely legal question. But, sir, when I say this, I should add, that the honorable gentlemen from Mississippi are my personal and political friends, than whom there are none more entitled to my regard, or enjoy my good opinion in a higher degree. Sir, I will go further: it is due to candor, that I should state that my feelings have been with the sitting members, while my judgment has been against them. Having said this much, I will at once proceed to the question.

The fourth section of the first article of the Constitution of the United States provides that "the times, places, and manner of holding elections for Senators and Representatives, shall be prescribed in each State thereof; but the Congress may, at any time, by law, make, or alter such regulations, except as to the places of choosing Senators." This provision of the Constitution imposes an obligation on the States of the Union, to fix by law "the times, places, and manner of holding elections" for representatives to the Congress of the United States, but in the abundant precaution of the framers of that instrument, in order to guard more effectually the right of suffrage to the people, should the legislative authorities of the respective States fail to discharge their duty, the latter part of the clause expressly reserves to Congress the power to regulate, make, or alter, the legislation of the States, should it at any time be deemed necessary. It is



worthy of remark, that the Constitution of the United States, so far as can be gathered from the instrument itself, nowhere, but in the section under consideration, enjoins the performance of a specific duty on the State Legislatures, while at the same time, it retains to Congress the power to do and undo, at pleasure, the very duty required of the respective States. The irresistible conclusion to be drawn from this fact is, that the framers of the Constitution regarded, with intense interest, the necessity and propriety of organizing the legislative department of the Federal Government according to some uniform rule of law in each State. The legislative department of Government, so essential to the happiness of the people, so indispensable to regular government, we can well imagine, justly claimed from the great men who gave birth to our Federal Constitution, their most undivided and patient consideration. Upon the organization of the representative branch of Congress essentially depended the great experiment of free government. However wise the balance of power, as respects the Judicial and Executive departments of the Government, however restricted and regulated by constitutional law, the framers of this instrument could but have foreseen the necessity of leaving nothing to chance as relates to the formation of the popular branch of Congress. In submitting these views, I claim no more for this section than was asked for by my friend from Virginia (Mr. Pennybacker) for the 2d section of the same article. If, then, sir, we go by the letter or the intention of 4th section, it seems to me equally clear that, in that section, and the laws of the respective States passed in pursuance of the same, are we alone to find the true channel through which all members composing this House must enter. But, sir, it is not alone the mode by which members are to come here, that has been cautiously prescribed by the Constitution; they must also have certain qualifications after getting here, without which, however regular their election, they cannot exercise the right of a representative on this floor. Sir, the Constitution provides that "no person shall be a representative, who shall not have attained to the age of twenty-five years, and been seven years a citizen of the United States, and who shall not, when elected, be an inhabitant of the State in which he shall be chosen." Will it be contended by any one that we can disregard either or all of the above qualifications? Could we, sir, say, by a decision of this House, that a member returned here not twenty-five years of age, should be recognised as a representative of any portion of the people? I apprehend not. If it, then, be true that we cannot discard the qualifications prescribed by the Constitution, can we disregard the mode prescribed with equal certainty in the same instrument? If the qualification of age and citizenship be necessary on the one hand, on the other of how much more importance is it that the law prescribing "the times, places, and manner of holding the elections," should be complied with? If public policy and the good of the people required that their representatives in Congress should have attained the age of twenty-five years, it seems to me the same considerations would apply in enforcing the laws of the respective States. It should be remembered, sir, that the laws of the States regulating the times, places, and manner of holding elections, are made by the very people who are mostly interested in their execution; and if you do not permit the people to act under them in choosing their representatives, you, in effect, say they are not capable of judging of what suits themselves. But this is not all. What, sir, let me ask, gives official character to the members of this House? What is it that gives them the power of speaking in the name and in behalf of the people? Why can they speak authoritatively, and bind not only their constituents, but those who are to come after them? It is because we stand here under the qualifications prescribed in the Constitution, selected, chosen, and sent here as directed by that instrument; and then it is that the official character attaches to the person of such member, and our acts are binding upon our constituents. If, sir, we come here without the requisite qualifications, or in a manner different from that prescribed by the Constitution, and the laws of the States passed

in pursuance thereof, we are not here as representatives of the people, but as private individuals, unauthorized to speak in their name. The acts we would do, would be our own—not binding on us, much less upon the people. Sir, it would have been worse than folly to have thrown around the person of the representative, the qualification of age and residence, in order to insure discretion and community of interest between the constituent body and the representative, unless you steadily adhere to that portion of the Constitution, which, according to the letter and spirit, intends to give notice to the voter of the time, manner, and place, he may exercise the right of suffrage.

Mr. Speaker, from what I have said, it seems to me I have established that the object of the fourth section of the first article of the Constitution, was the establishment by law in each State, of a time certain, places public and notorious, and a mode steady and uniform, whereby the qualified voters of the most numerous branch of the State Legislature, could exercise the right of voting for members of this body, as secured to them under the Constitution.

This brings me now to the inquiry whether the legislative authority of Mississippi has enacted a law in conformity with that clause of the Constitution establishing the times, places, and manner of holding elections for representatives to the Congress of the United States.

Yes, Mr. Speaker, the Legislature of Mississippi has passed a law literally complying with the Constitution, fixing, as the time of holding elections for members of Congress, the first Monday and the day thereafter in November, 1823, and the same days every two years thereafter; under which law, the first Monday and day thereafter in November next is the only time known to the statute book of Mississippi for holding an election to this Congress. Under this statement of the case, two inquiries present themselves to the mind: first, has the law of Mississippi been complied with? secondly, if not, what is the reason? To the first inquiry, it is not pretended that the sitting members were chosen by virtue of an election held in pursuance of the law of Mississippi; but, on the contrary, in direct contravention of, or, at least, non-compliance with, that law. Well, sir, what is the excuse for this violation, or rather disregard, of the law of Mississippi? Why, sir, we are told that a vacancy had happened, and that my honorable friends are representatives on this floor, because they were elected to fill vacancies. This is the broad ground taken by a majority of the committee in their report, and to which I will now invite the attention of the House.

Mr. Speaker, it is due to candor to admit that if a vacancy, in the meaning of the Constitution, has happened in the representation of Mississippi at the time Executive of that State issued his proclamation, ordering an election on 1st July last, then in my opinion, if the election was valid, the sitting members are clearly the representation from that State for the whole of the 25th Congress. The proclamation and writ of election of the Executive of Mississippi, it is true, restrict the term of service to 1st November next, the time by law of holding the regular election. But, sir, I am not aware of any power in the Governor of Mississippi, conferred by the Constitution or laws of that State, authorizing him to change, in any respect, the tenure of office of a Representative to Congress. Such assumption of power has never been attempted before, that I know of, by the Executive of any State, and I trust will never again be attempted. All the Governor of Mississippi could do, under the Constitution, was to order an election to fill vacancies, and the unexpired term, of whatever duration, constituted the period of the official service of the incumbent thus to be elected. If, sir, the Governor of Mississippi could, by his gracious writ of election, divide the congressional term of service into two distinct parts, from 1st July last, to 4th March, 1839, I do not see why, by the same rule, he could not favor us with at least one dozen different Representatives before the close of the 25th Congress. I will not trouble the House but with one or two remarks more, on this branch of the subject. Of the motives of the Exe-

cutive of Mississippi I know nothing; but, sir, I must confess, no matter what the decision of this House may be, that I am at a loss to understand why he should have adopted the course he has thought proper to pursue, full of danger, as he must have foreseen, when he had at his command a remedy adequate to the emergency.

Mr. Speaker, I will return to the consideration of the latter part of the second section of the first article of the Constitution, relied on by the friends of the report. Let us examine this provision of the Constitution. It reads as follows: "When vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies." Sir, you have heard much said in debate as to the true significance of the word "happen." I will not pretend to take part in this contest. I will leave it for other gentlemen to consult the lexicographers of this or of another age, as to the true meaning of the word "happen." To my mind, sir, it is of no consequence whether the one or the other of the views of the gentleman from Virginia, (Mr. Pennybacker,) or the gentleman from Tennessee, (Mr. Maury,) be correct. I shall meet the question broadly, disclaiming any distinction between a vacancy that may happen, or one that exists. My remarks shall be directed to the inquiry whether, in point of legal fact, a vacancy existed at the time the election for members to the Twenty-fifth Congress from the State of Mississippi took place. If, sir, it be true that a vacancy at that time existed—I mean a vacancy in the representation from Mississippi, under the Constitution of the United States, and the laws of said State, passed in pursuance thereof—then the right of the honorable gentlemen (Messrs. Gholson and Claiborne) to a seat on this floor can not be questioned. But, on the other hand, if no such vacancy existed, they have come to this hall, not in pursuance of law, but against law. Let us, sir, look for a moment to the express language of the Constitution, "when vacancies happen in the representation from any State." Can language be more explicit? Is there a man whose mind has not been crowded with too much learning, that can doubt as to the distinct idea, intended to be conveyed by the framers of this instrument? Does it not mean precisely what the ordinary acceptance of the words conveys to every intelligent mind?

Mr. Speaker, I may be too old fashioned in my notions on this subject. It may be that the language of the day when this instrument was framed, is not the same of the present day. It may be, sir, that when the framers of this instrument said one thing, they meant another; but for one I shall take what they did say, as the best evidence of what they meant. Then, sir, they have said, that when vacancies happen in the representation from a State, "the Executive authority thereof," shall perform a certain duty. What is understood by the term representation from a State? Does it mean the office of representative? Or does it mean the persons who may be chosen as representatives? Who, sir, constitute the representation from the State of Georgia in this House? Nine individuals, and these nine individuals compose the representation from the State of Georgia. How is it that those nine individuals compose the representation from Georgia? When, sir, they were duly elected members of the 25th Congress, under the law of Georgia fixing the times, places, and manner of holding elections for members of Congress, they assumed an official character, and then it was, and not until then, that they collectively constituted the representation from Georgia. Well, sir, having shown what is meant by this term, "representation," as thus used in the Constitution, it remains only to be shown what is meant by the word "vacancy" in the same clause. If, sir, I am correct in what I have said of the true meaning of the words representation from a State, it will follow, as a necessary consequence, that the word "vacancy" has a direct reference to the representation thus regularly selected, and out of which, from some cause, either from death, resignation, or otherwise, the functionary ceases. Whenever, from any cause, a representation from a State, in a part or in the whole, shall cease to exist, it is then competent; but on no other contingency, for the

Executive authority of a State to order an election to fill such vacancy, or vacancies, as the case may be. The very word "vacancy" presupposes an office once filled, but now vacant. But this is not all. The clause under consideration not only means that there must be a vacancy in the representation, but that it must "happen," thereby absolutely excluding the idea that the vacancy here alluded to was to be the result of the regular operation of law, but something unforeseen and unexpectedly happening, which, when occurring, should be provided for by the power vested in the Executive authority of the State. But, sir, if the words be not sufficient to give us the most unerring indication of the true meaning of the framers of the Constitution, I ask gentlemen to consider the fourth and second sections of the first article of that instrument in connection; and no one, it seems to me, can doubt but that the fourth section was intended to prescribe a rule by which alone the House of Representatives was to be elected, and that the second section was only intended to provide that, should a vacancy happen by the death, resignation, or expulsion of a member by the House, such vacancy could be filled by the Executive authority of the State. This construction, Mr. Speaker, gives full effect to every portion of the Constitution, and, I may also add, gives harmony, beauty, and strength, to the whole plan of representation.

But, sir, if it be insisted that the case of these gentlemen, (Messrs. Claiborne and Gholson,) from the facts submitted, constitutes a vacancy, in the meaning of the Constitution, you then, by such construction, put to rest, for ever, the fourth section of the first article of the Constitution, in order to sustain the second section of the same article. Sir, one of the best rules of construction for the liberty of the people that this instrument can receive, is that which will harmonise the whole with all the parts—sustaining all, giving effect to all, to the degree which the plain and ordinary acceptance of the words used would indicate. Do this, sir, now and hereafter, and the institutions of the country are destined to flourish, and become more solid from age.

Mr. Speaker, what are the arguments of gentlemen against the construction I contend for? The gentleman from New York, (Mr. Bronson,) insisted that there was a vacancy, in the meaning of the Constitution, from the 4th of March last up to the 1st of July, the time of the election of the sitting members. He contended, and properly, too, that the time of service for the members of the Twenty-fourth Congress expired on the 3d of March last. Thus far he was right; but his conclusion from these facts that there was a vacancy, is not authorized.

Sir, even if it was true, it would not help the gentleman, unless he intends to prostrate, at one blow, the portion of the Constitution which requires the State Legislatures to fix the times, places, and manner of holding elections. Whatever is certain, uniform, and regular, cannot be said to be accidental, casual, or to "happen." But, sir, the law of Mississippi absolutely prescribes the first Monday in November, biennially, as the time of holding the election for representatives from that State; and yet, when that law was passed in Mississippi, it was as well known then as now that the term of service of members expired on the 3d of March anterior to 1st November, and that the State from that time would have no representation in the House; and yet, sir, Mississippi had nothing to fear, under ordinary circumstances; for the time of the regular meeting of Congress was fixed to the first Monday in December, every year, until otherwise changed by law, which has not been done. To this I may also add, that the power of the President to convoke Congress on extraordinary occasions was doubtless known to that Legislature of Mississippi which fixed on the first Monday in November, biennially, for holding elections for members of Congress. Yet, Mr. Speaker, with all these facts before us, with a full view of the power of the President under the Constitution, the Legislature of Mississippi, to whose control alone, under the Federal Constitution, was properly entrusted this subject, has thought proper to select, as the time of holding elections

for representatives to Congress, the first Monday in November. And now, this House is called upon to sustain the right of the sitting members to their seats on this floor, on the ground that a vacancy had happened in the representation from that State. If, sir, the seats of the honorable gentlemen from Mississippi are to be sustained, on the ground that a vacancy has happened, I do not hesitate in saying, as the result of a deliberate conviction, that such a decision will annul the 4th section of the 1st article of the Constitution, and, perhaps, what is not of less consequence to the people of Mississippi, their own State laws, securing to them the free exercise of a right—dearer to freemen than all others—the right of suffrage. What, Mr. Speaker, is the apology for this ruthless assault upon the Constitution and laws of Mississippi? Why, sir, we are told that each State shall be represented, and that the qualified voters of Mississippi have enjoyed this privilege in the selection of the sitting members. This is true; and so far as the people are concerned, what they have done is most creditable to them.

But, sir, that is no argument for this House. Our duty is to inquire whether the sitting members come here, according to the form and ceremony of law; for if they appear on this floor, otherwise than by the ceremony of law, they have no official character. And if we are true to the interest of the people of Mississippi or any other State, no gentleman should be permitted to speak in their name, who was not returned here, in pursuance of their own State regulations. For although a temporary inconvenience may result to them in the present instance, yet the evil, if the principle be once established, may subject them to bitter disappointment hereafter.

Let us look little more closely to this subject. Gentlemen in support of their views of the majority, admit that, but for the extra session of Congress, no vacancy, under the Constitution, would have "happened." Look, sir, at the magnitude of this proposition. Is it possible that the mere act of the President can unsettle the law of all the States regulating the elections? Not only unsettle the law of the States, but absolutely change the Constitution of the United States, under which the laws of the respective States are authorized, and which enactments of the respective States are the law of this House in settling such questions? Sir, the proposition is monstrous. Give this power to the President, and, I ask, of what materials might not this House be composed? Let it be once admitted that the mere will of the President, in convoking Congress, constitutes a vacancy in the States that may not have elected their representation, and who will pretend to foretell the disasters that will befall this country? No, sir: the President has no power to vary or change any provision of the Constitution, or any law of a State passed in pursuance of that instrument, and the laws of the United States. His duty is to enforce the law, to see it faithfully executed, not to annul or suspend it. Nor can the Executive of any State, of his own good will and pleasure, defeat the regular operation of election laws passed in pursuance of the Federal Constitution, though his only motive may be no other than to secure to the qualified voters of his State a free and full opportunity of selecting their representation in this branch of Congress.

Mr. Speaker, having shown that there is no power either in the President, or in the Executive of Mississippi, to suspend or alter, to enlarge or contract, either the Constitution of the United States or the laws passed in pursuance thereof, I will now give an example which it seems to me cannot fail in putting this question to rest. Suppose, sir, that there had been no call of Congress by the President, that the members present had been elected by virtue of a proclamation of the Governor of Mississippi, ordering the election to take place on the 1st Monday in July last, and that on the first Monday in November next, in conformity with the laws of Mississippi, an election is held for members to represent that State in strict compliance with the laws of Mississippi, and that election different individuals should be returned as having received a majority of the quali-

fied votes of the State: I ask, sir, what would be the decision of the House in that case? Is there an honorable member in this hall who could doubt as to which representation would be entitled to their seats on this floor? It seems to me that but one opinion can be entertained; and if the representation chosen 1st November next, would be entitled to their seats, as against the rights of those chosen on the first of July, under the authority of the Governor's proclamation, I ask gentlemen to point out the difference between the case supposed, and the present. Sir, the principle would be the same, unless there be a magic power in the proclamation of the President, when he convokes an extra session of Congress, whereby he can cause the law and Constitution to sleep, until the Executive of Mississippi can order and hold elections to fill vacancies, where vacancies did not exist. The President and the Governor of Mississippi, by their joint action, would have the power, under this view of the subject, to set aside the law of elections of the State of Mississippi, provided the principle contended for by the report of the committee be correct.

Mr. Speaker, my honorable friend from Virginia, (Mr. Pennybacker) in his very able speech on this question, objected to a literal construction of that part of the Constitution which says: "when vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies," on the ground that if we adhere to the letter, should a vacancy happen, there is no power in the Executive to fill such vacancy. I believe, sir, that there are cases in the books where their construction of penal laws, involving the life and liberty of the accused, would sustain the principle insisted on by the gentleman. But before the gentleman can make good his position, he should at least show that this clause of the Constitution falls within the reason of the decisions upon penal laws; a task I apprehend my honorable friend will not attempt before this House. But, says the honorable gentleman, in settling upon the rights of the members to their seats here, we should take an enlarged and comprehensive view of the whole ground, having constantly in mind that the boasted right of freemen is a representation of their own choice. And, sir, the honorable gentleman from New York, (Mr. Bronson,) with like feelings with the gentleman from Virginia asserted "that the interest of Mississippi was to be sacrificed upon the mere play of words." I hope that I should be among the last, now or at any other time, to sacrifice the interest of any portion of the people of this Union upon technicalities, much less the high-minded and patriotic citizens of Mississippi. But so long as I advocate the supremacy of the law, whatever inconvenience to the people of Mississippi, or their most deserving and talented representatives on this floor, may be the consequence, I shall feel that I deserve from their hands the respect due to all whose acts are alone prompted by honesty of purpose. Sir, the construction for which I contend, will never mislead or deceive the people, but will at all times enable them to know the "times, places, and manner" of choosing their representatives to Congress. Whatever inconvenience may attend the people of Mississippi, or the honorable members now here, is the fault alone of the Governor of that State; who, in my opinion, has utterly mistaken his duty to the people of his State, by ordering an election; instead of calling the Legislature together, to alter the time of holding that election.

Sir, to show that I am not mistaken in the views I have presented, I think I may safely affirm, that in all the reported cases of contested elections that have fallen under my notice, in none of them do I find a single decision contravening the election laws of the States prescribing "the times, places, and manner of holding elections;" but, on the contrary, whenever the question has been whether the election law of the State has been complied with or not, in every instance, so far as I have examined, it has been considered necessary.

Now, sir, in answer to so much of the argument of gentlemen who have advocated the right of the sitting members on the ground that the true

intention of the Constitution is that each State should be represented, and that a decision against their right would be productive of great inconvenience and hardship to the people of Mississippi, I beg leave to give one or two rules of construction laid down by Mr. Livingston in his able speech on the subject of the Turkish mission. "I consider (said Mr. L.) it (meaning the Constitution) as I would any other written instrument, by its words when they are explicit; when there is doubt, by the context; by the plain object of its framers, by a view of the evils it intended to remedy." Again; "I must not be understood as saying that an inconvenience attending any construction is sufficient to show it to be false, or that to be the true reading which avoids it. When the words are express, when the intention is evident, however inconvenient, they must be obeyed." Here, Mr. Speaker, with these rules to guide us, might I not rest the case.

Mr. CAMBRELENG here moved the orders of the day, Mr. T. yielding the floor.

### SPEECH OF MR. BUCHANAN, OF PENNSYLVANIA.

*In the Senate of the United States, on Friday the 29th September, 1837—On the bill imposing additional duties, as depositories in certain cases, on public officers.*

MR. PRESIDENT: It cannot be denied that the commercial and manufacturing classes of our people, throughout the Union, are now suffering severely under one of those periodical pressures which have so often afflicted the country. Neither has the agricultural and other interests escaped without injury; although they have not suffered to the same extent. The exhaustion of the human system does not succeed a high degree of unnatural excitement, with more unerring certainty, than that a depression in the business of the country must follow excessive speculation. The one is a law of nature, the other a scarcely less uniform law of trade. The degree of this depression will always bear an exact proportion to the degree of overaction. As many degrees as the system has been elevated above the point of healthy action, so many degrees must it sink below, after the effects of the stimulus have passed away.

What has been the history of the country in this respect? One of constant vibration. I can speak positively on this subject in regard to the period of time since I came into public life. What has been will be again. The same causes will produce the same effects. We can cherish no reasonable hope of a change, unless the State legislatures should take a firm and decided stand. The history of the past will become that of the future. This year we have sunk to the extreme point of depression. The country is now glutted with foreign merchandise. There will, therefore, be but few importations. All our efforts are now directed towards the payment of our foreign debt. The next year, the patient will begin to recruit his exhausted energies. Domestic manufactures will flourish in proportion as foreign goods become scarce. The third year, a fair business will be done. The country will present a flourishing appearance. Property of all descriptions will command a fair price, and we shall glide along smoothly and prosperously. The fourth or the fifth year the era of extravagant speculation will return, again to be succeeded by another depression. At successive periods the best and most enterprising men of the country are crushed. They fall victims at the shrine of the insatiable and insatiable Moloch of extravagant banking. It is an everlasting cycle. The wise man says there is no new thing under the sun; and we are destined, I fear, again and again to pass through the same vicissitudes. The aspect is perpetually changing, but is never new.

Senators have pined themselves, and their admirers throughout the country have applauded them, as being wonderfully sagacious in their predictions. Their respective partisans are ready to exclaim—

"The spirit of deep prophecy he hath.  
Exceeding the nine Sybils of old Rome;  
What's past and what's to come he can descry."

But no deep penetration into futurity was required to make these prophecies. Until existing causes shall be removed, the future must be the counterpart of the past.

Whence this eternal vicissitude in the business of the country? What is the secret spring of all these calamities? I answer, the spirit of enterprise, so natural to American citizens, excited into furious action by the stimulus of excessive banking. It operates as does the inhaling of oxygen gas upon the human mind, urging it on to every extravagance and to every folly.

I do not deny that several subordinate circumstances have operated in unison with this grand cause to make the present catastrophe more severe than it otherwise might have been. Still it is the root of all the evil. It is the chief and almost the only source from which the existing distress has flowed.

I was not a member of this body when the discussion took place on the veto of the bank charter, or the removal of the deposits. Although both these measures received my cordial approbation, yet I refrain purposely from replying, at this late period, to the remarks which have been made on these subjects. They have already passed into history, and been sanctioned by the public approbation.

Amongst these subsidiary causes of the existing distress may be enumerated the destruction of capital by the great fire at New York in December, 1835: The wild speculations in public lands, and in splendid towns and cities, upon paper throughout the western States, which withdrew capital from the commercial cities, where it was most wanted, to portions of the country where it was not required; and the specie circular, if you please, which, however wise it may have been in its origin, ought not, in my opinion, to have been continued in force, after it had performed its office and had checked the wild speculations in public lands. I voted in favor of the bill at the last session which repealed this circular; and, under the same circumstances, I would again act in the same manner. But permit me to say that its effects have been greatly exaggerated. It did not carry to the west any thing approaching the amount of gold and silver which Senators have estimated. According to the report of the Secretary of the Treasury, all the specie in all the western deposite banks, including Michigan, but little exceeded four millions of dollars at the date of the suspension of specie payments; and in the southwestern deposite banks it did not amount to one million two hundred thousand dollars. I shall not stop to inquire how much less gold and silver there would have been in these depositories had the specie circular never existed. Certain it is, that the comparatively small amount of specie, which came into these banks in consequence of this circular, could have produced but an inconsiderable effect on the business of our commercial cities, and still less upon the suspension of specie payments.

These causes may have made the revulsion a little more severe; but had they never existed, still it must have come with desolating force.

Senators have attributed some portion of the existing distress to the act of 1834, regulating the standard of our gold coins. They have not told us, and they cannot tell us, how this act could have produced such an effect. It was no party measure, and upon its passage, there were but few, I believe seven, votes against it in the Senate. It was a measure of absolute necessity, if we desired that our own gold coins should ever circulate in this country. Before its passage, a half eagle, as an article of merchandise, was intrinsically worth about five dollars and thirty-three cents in silver, whilst its standard value, as currency under our laws, was only five dollars. It is manifest, therefore, that eagles and half eagles never could have entered into general circulation, had it not been for the passage of this act, which is now condemned. It was a mere adjustment of the relative value of gold to silver, according to the standard of other nations; and, if I am not greatly mistaken in my memory, conformed exactly in this particular with the laws of Spain and Portugal.

I have been utterly at a loss to conceive the cause of the hostility of Senators to this necessary measure, unless it be from a feeling similar to that which, it is said, made a distinguished gentleman desire to kill every sheep which came in his way. He could feel no personal hostility to these innocent and harmless animals; but was such a violent anti-tariff man, that the sight of them always reminded him of our woollen manufactures. Certainly no gentleman can entertain any objection to the eagles and half eagles themselves; but they may remind Senators of the efficient and untiring exer-

tions of the Senator from Missouri (Mr. BENTON) to introduce a gold currency into circulation. As gold, they may like these coins; but as Bentonian mint drops, they are detestable.

Senators have also contended that the present depressed condition of the country has been produced, in some degree, by the large importations of specie which were encouraged by the administration of General Jackson. I shall not be diverted from my main purpose by answering this objection in detail. Even if their position were correct, which I by no means admit, that more gold and silver had been forced into the country than our necessities demanded, or the fixed laws of trade would have justified, still the effect would have been transient and trifling. It would have immediately flowed back through the channels of commerce to the places from whence it came, until the par of exchange had been restored. This is one of the fixed and invariable laws of trade, from the obligation of which we can never be released.

The Senator from Kentucky, (Mr. CLAY,) in the course of his remarks upon this subject, involved himself in a strange contradiction. At the commencement of his speech he deprecated, with his usual eloquence and ability, the policy of the past administration in forcing specie into this country contrary to the laws of trade. Towards the conclusion, when his fancy became excited by the contemplation of the splendid bank of the United States which it was his purpose to establish, he seemed entirely to have changed his opinion. In order to obtain the necessary amount of specie capital, he proposed that some twenty or twenty-five millions of this bank stock should be transmitted to Europe and sold to foreigners in exchange for gold and silver. It was a violation of the laws of trade, which must recoil upon us, to force a greater amount of specie into the country than our just proportion, for the purpose of putting it into circulation among the people; but when the purpose is to furnish a specie capital of twenty or twenty-five millions for a new bank of the United States, then all difficulties vanish from the mind of the gentleman.

No, sir, said Mr. B., without the agency of any of these secondary causes, the present distress must have come. It was inevitable as fate. No law of nature is more fixed, than that our over-banking and our over-trading must have produced the disastrous results under which we are now suffering.

Is there now, in any of our large commercial cities, such an individual as a regular importing or commission merchant? I mean a merchant who is content to grow rich, as our fathers did, by the successive and regular profits of many years of industry in his own peculiar pursuit. If there be such persons, they are rare. No, sir, all desire to grow rich rapidly. Each takes his chance in the lottery of speculation. Although there may be a hundred chances to one against him, each, eagerly intent upon the golden prize, overlooks the intervening rocks and quicksands between him and it, and, when he fondly thinks he is about to clutch it, he sinks into bankruptcy and ruin. Such has been the fate of thousands of our most enterprising citizens. It is enough to make one's heart bleed to contemplate the blighted hopes and ruined prospects of those who have fallen victims to the demon of speculation. Many of them have been the most promising, and, but for this fatal error, would have become the most useful citizens of our country. Under the influence of this feeling, they not only risk their own all, but often the all of others which has been confided to them; not, as I firmly believe, with any deliberate purpose of being dishonest, but in the confident but delusive hope that fortune may smile upon their efforts and enable them to meet all their responsibilities.

Far be it from me to utter one word against the profession of the merchant. By their ability and enterprise our merchants have cast lustre upon the character of our country throughout the world. They are amongst our most useful citizens. They are agents for exchanging our productions with distant nations and among ourselves. Commerce is the handmaid of agriculture and manufactures; and Heaven forbid that I should be the instrument of exciting hostility between them. Again: I am the last man in the country who would crush that spirit of enterprise and of untiring effort which belongs to the American character. It has produced miracles. It has covered every sea with our flag. With a rapidity unexampled in the history of the world, it has converted the wilderness into fruitful fields and flourishing towns and cities. It has erected splendid improvements of every kind. It



has covered and is covering the face of our vast country with rail-roads and canals, and has enabled a nation, centuries behind in the start, to surpass all her rivals in the career of internal improvement. If I had the power I would regulate this spirit; I would limit it within proper bounds; God forbid that I should destroy it.

It is impossible that manufactures and commerce can flourish to any great degree in this country without the aid of extensive credit. I would not, therefore, abolish banks if I could. A return to a pure metallic currency is impossible. To make such an attempt would be ruinous as well as absurd. It would at once diminish the nominal value of all property more than fifty per cent.; and would, in effect, double the amount of every man's debts. It would enrich creditors at the expense of their debtors, and thus make the rich richer, and the poor poorer. It would paralyze industry and enterprise. I would give enterprise wholesome food to feed upon; but would not drive it into mad speculation, by administering unnatural stimulants.

What power does this Government possess to regulate the banking system of the country? None—comparatively none. It belongs to the States. We shall soon see whether they will exert this power in a wise and beneficial manner. Every obstacle has been removed from their course by the general suspension of specie payments. But the banks are all powerful. Their presidents, their directors, their cashiers, their stockholders, and their agents, pervade our whole society. They are spread over the land. A common interest will unite them in a solid phalanx for the purpose of making a common effort. They will invade our halls of legislation, and exert all the influence which they may possess with every department of our State Governments, for the purpose of preserving their exorbitant privileges. The people may now establish these institutions upon a stable and useful foundation. The conflict will be tremendous, and I confess I tremble for the result. The weal or the woe of this country, for many years to come, depends upon the issue.

In this crisis all which the General Government can effect is, in the first place, to withhold its deposits from the banks, and thus refrain from contributing their funds to swell the torrent of wild speculation; and, in the second place, to restrain the extravagance of their credits and issues, in some small degree, by collecting and disbursing our revenue exclusively in specie, or in the notes of banks who will pay the balances due from them in specie, at short intervals. To accomplish these two purposes, as well as to render the public revenue more secure, are the objects of the bill and amendment now before the Senate.

The evils of a redundant paper circulation are now manifest to every eye. It alternately raises and sinks the value of every man's property. It makes a beggar of the man to-morrow who is indulging in dreams of wealth to-day. It converts the business of society into a mere lottery; whilst those who distribute the prizes are wholly irresponsible to the people. When the collapse comes, as come it must, it casts laborers out of employment, crushes manufacturers and merchants, and ruins thousands of honest and industrious citizens. Shall we, then, by our policy, any longer contribute to such fatal results? That is the question.

The system of extravagant banking benefits no person except the shrewd speculator, who knows how to take advantage of the perpetual fluctuation in prices which a redundant paper currency never fails to produce. He sees, in the general causes which operate upon the commercial world, when money is about to be scarce, and when it will become plenty. He studies the run as a gambler does that of the cards. He knows when to buy and when to sell, and thus often realizes a large estate in a few happy ventures. Those who have been initiated into the mysteries of the paper money market, can thus accumulate rapid fortunes at the expense of their less skillful neighbors.

The question before the Senate is not, whether we shall divorce the Government from the banks. The banks themselves have done that already. The alliance is already dissolved. The question now is, shall we, with all the experience of the past, restore this ill fated union. No propitious divinities would grace the new nuptials; but the fatal sisters would be there ready again to cut the cord at the first approach of difficulty and danger.

The Senator from Virginia, (Mr. Rives,) has appealed to us in the name of consistency to sup-

port his amendment. But circumstances have entirely changed since we voted for it at the last session. Then the union existed between the banks and the Treasury, and his bill prescribed the relative duties of the contracting parties. Now the contract is at an end. The banks have violated its fundamental obligations, and the Government is free. The preliminary question now is, shall we enter into a new alliance. We must first determine that we shall, before any question of consistency can arise. Should we again connect ourselves with the banks, then, and not till then, can we be called upon to adopt rules regulating the union. The amendment of the Senator from Virginia proceeds upon the assumption that our former relations are to be restored. I oppose the amendment mainly because I am hostile to this reunion. If Congress should first determine to restore the old relations between the parties, then, and not till then, might there be some force in an appeal to our consistency.

We are left at this moment entirely free to decide what is best to be done with the public money. To use the language of the Senator from South Carolina, (Mr. CALHOUN,) we have reached a point from whence we are about to take a new departure. But three courses have been, or in the nature of things can be, presented for our selection. We must either deposit the public money in a bank of the United States, to be created for that purpose; or restore it to the State banks; or provide for its safe custody in the hands of our own officers, without the agency of any bank—state or national.

And first, in regard to the creation of another bank of the United States.—It was not my purpose, at this time, to offer my objections in detail to such an institution. Even if I had intended to present my views fully upon this subject, the overwhelming vote of the Senate on Tuesday last, against the establishment of such a bank, would warn me to forbear. It would be labor lost and time expended in vain. I shall content myself, therefore, with a few general observations upon this branch of the subject, and a short reply to some of the remarks which have been made by the advocates of a new bank.

In my opinion the most alarming dangers which would result from such an institution, have never yet been presented in bold relief before the people. This has arisen from the unnatural position of that institution towards the Government. We have seen it struggling against the Executive power; and its efforts have been tremendous. They would have been irresistible against any other President than Andrew Jackson. As it was, the conflict was of the most portentous character and shook the Union to its centre. But we have witnessed the exception; not the rule. It is the natural ally, not the enemy of power. Wealth and power necessarily attract each other, and are always ready to rush to each others embrace. In the language once used by a distinguished orator now no more, (Mr. RANDOLPH,) "male and female created he them." Suppose General Jackson and the bank had been in alliance and not in opposition? What then might have been the consequences, had he been an enemy to the liberties of his country? Armed with all the power and all the patronage which belong to the President of the United States, enjoying unbounded popularity and wielding the combined wealth of the country through the agency of this all powerful bank and its branches, planted in every portion of the Union; can any man say that our liberties would not have been in danger? All the forms of the constitution might have remained; the people might still have been flattered with the idea of electing their own officers; but the animating spirit of our free institutions would have departed forever. A secret, an all pervading influence, would have sapped the foundations of liberty and made it an empty name. Under such circumstances a President might always select his successor. But, thank Heaven, the danger has passed away and I trust forever.

If any of my friends on this side of the house, who advocate the establishment of a national bank, should be elected President, and if their political principles are to prevail with a majority of the people of this country, that majority could not make a better selection, in what situation shall we be placed? One of the first measures of the administration would be to establish a magnificent bank of the United States, with a capital of at least fifty millions of dollars, and with branches throughout the different States. A feeling of gratitude towards their creator would render them subservient to his

will. It would be their pride and their pleasure to promote his influence and to extend his power. We should have no more wars between the bank and the Government. They would move on harmoniously together. In other days, the time might arrive when the bank would be used by some bad and aspiring President as a powerful instrument to subvert the liberties of his country.

Even if such a bank could better regulate the currency and the domestic exchanges of the country than any other instrument, still it would be infinitely better to bear the ills we have than to endanger the existence or the purity of our free institutions.

But would such a bank control and regulate the issues of the State banks? I answer, no. It would not if it could, it could not if it would. In the affairs of human life, if you expect one agent to restrain and control another, you ought to render either their interests or their inclinations different and counteracting. To accomplish this purpose, they must be "antagonistical" to each other. When such agents are corporations, this is emphatically true. Peculiarly governed by self interest, they feel no enthusiasm unless it be to make large dividends for their stockholders. Now a bank of the United States would have precisely the same interest with the State banks, in making extravagant loans and issues. Whenever, in their estimation, they could extend their accommodations, without endangering their own security, they would pursue that course. This is the powerful instinct of self interest. You cannot change the fixed laws which govern human nature, by making men directors and stockholders in a bank of the United States. It is absurd to suppose that a large moneyed corporation, having in view solely its own interests, will voluntarily become the regulator of the paper currency of a great nation, and prevent those ruinous contractions and expansions under which both England and this country have periodically suffered. It would be easy for me to prove, at least to my own satisfaction, that in point of fact, neither the first nor the last bank of the United States, ever did exercise a regular and efficient control over the issues of the State banks. On the contrary, whenever their interest impelled them to extend their own issues, they have pursued this course, and thus instead of checking they have given loose reins to the State banks. Both the one and the others have thus rushed together, and have together ministered to that spirit of over-trading and extravagant speculation which has so often desolated our country. To pursue such a course of illustration would, however, be to revive the old controversy; to tread the ground which has been so often trodden, and to divert me from that which more essentially belongs to the present question.

The mistake committed in regard to the deposit banks, was the belief that they would be able and willing to restrain the issues of the other State banks. Fortified with the public deposits, and numerous as they were, they might possibly have done something towards the accomplishment of such a purpose. But bank like—human nature like, instead of aiming at any such result, the Government deposits became the instrument in their hands of still more extravagant credits and circulation. Their object seemed to be not to restrain, but to give loose reins to the other banks, and to themselves, and thereby increase their own profits.

But could a bank of the United States, even if it would, regulate and control the issues of the State banks. I have a striking fact to present to the Senate which bears directly upon this point. The Bank of England has recently been placed in such a peculiar situation that it became its interest to use its power for the purpose of contracting the circulation of the local banks throughout the kingdom. It was compelled to make the attempt by an over-ruling regard, not only for its own security, but for its very existence. This effort proved wholly unavailing.

The Bank of England was re-chartered for ten years in August, 1833. Previous to its re-charter its capital was £14,553,000 sterling. This whole sum was loaned to the Government. According to the provisions of the last charter, one-fourth part of the debt due from the public to the bank was to be repaid. This was done by the assignment of that amount of three per cent. stock to the bank by the commissioners for the reduction of the national debt. But as no division has been made of this amount among the proprietors, the bank capital, for every practical purpose, may still be estimated at £14,553,000, or \$70,000,000. This bank has

branches at ten of the most important commercial and manufacturing points in the kingdom. Now, if such a bank be incapable of regulating and restraining the issues of the country banks, then no similar institution of which we can conceive could efficiently exert this power.

On the 28th December, 1833, the bank had in its vaults £10,200,000 sterling in bullion, or nearly one-third of the amount of its circulation and deposits combined. On the 15th November, 1836, this amount of bullion had decreased to £4,933,000, or less than one-sixth of its deposits and circulation.

After long experience, it is admitted by all sound practical men in England, "that the true principle upon which bank issues should be governed is, that the circulation should at all times be kept full, but without any redundancy; and the simple means by which this state of things may be determined and regulated, are, (except on very extraordinary emergencies,) offered by the state of the foreign exchanges." When these become against England so much that bullion is exported, then the issues of bank paper ought to be contracted to such an extent as to restore the equilibrium. The reason is obvious. When the paper currency becomes redundant, prices rise in the same proportion; and then it is more profitable to remit specie abroad, than to export any other article.

The state of the foreign exchange was against England. The specie of the bank was, therefore, gradually drawn from its vaults for exportation. It became necessary that it should make a vigorous effort to diminish the amount of the circulating paper medium, and thereby restore the equilibrium of the foreign exchanges. For this purpose it contracted its issues in the vain hope that the joint stock and private banks would be compelled to follow the example. What was the consequence? I will not repeat the facts which have already been stated, though for another purpose, by the Senator from Georgia, (Mr. KING.) It is sufficient to say, that, as it contracted, the other banks of the kingdom expanded their issues; and that too in a greater proportion than its issues were diminished. Prices still continued to rise, and bullion still continued to be drawn out of the bank for exportation. The utter impotency of this grand regulator of the currency to keep the paper circulation of the kingdom within such limits as to prevent the exportation of gold and silver, has thus been so clearly demonstrated, that several of the ablest men in England despair of accomplishing the object in any other manner than by restricting the issues of paper money to a single bank, and regulating their amount by the Government. Here, then, is an important fact, incontestably established. If this be true, and there can be no question of it, I would ask Senators how a national bank, even with a capital of fifty millions of dollars, could regulate and restrain, within proper limits, the issues of eight hundred State banks, scattered over the whole extent of this vast country. The thing is impossible. It cannot be done by such a bank. I call upon Senators who entertain a different opinion to furnish any explanation of this conclusive fact. Unless they can do so, then they must abandon one of their strongest arguments in favor of the creation of a bank of the United States.

By the same fixed and universal law of commerce, which I have just stated, whenever the paper currency of the United States becomes so inflated that prices rise beyond their proper standard, then it becomes profitable to import every foreign production into our country, and for the same reason our exports are diminished. Specie must then go abroad to pay the balances against us. In order to supply it, the banks must be exhausted of their store. They must contract their issues, and their debtors must suffer distress. Such has been the history of our country at several successive periods, and such it must continue to be, unless bank issues should be regulated by the State legislatures.

The Senator from Kentucky (Mr. CLAY) has contended that the constitutionality of a bank of the United States ought no longer to be considered an open question. That it ought to be regarded as settled by the past action of Congress, and by the decision of the Supreme Court of the United States. From this opinion I beg leave to dissent. From my early education and my pursuits in life, I have been taught to entertain a high degree of reverence for judicial decisions. I feel disposed in all cases to yield to them their proper influence. If Congress should create a new bank of the United States, and the judiciary should decide it to be

constitutional, I would bow with submission to their authority. The good order and peace of society require that such should be the conduct of our citizens whatever may be their private opinions. But after the charter has expired by its own limitation, and when Congress are again called to act *de novo* upon the subject, I should feel myself at perfect liberty to exercise my own judgment. In forming my opinion, I should treat with great deference and respect the former acts of Congress and the opinion of the Supreme Court; but, after all, if they should fail to convince me, I would consider myself guilty of moral perjury before Heaven if I voted for such a bill. I have sworn to support the Constitution of the United States; and my own judgment must be convinced that a law is constitutional before, acting in a legislative capacity, I can give it my sanction. I cannot cast the responsibility of such a vote upon others. It is exclusively an affair between me and my own conscience. If men, acting in a legislative character, should, in all cases, consider themselves bound by judicial decisions, what would be the consequence? The judges who, in all ages and in all countries, have had a leaning in favor of the prerogatives of Government, would be the arbiters of popular rights and popular liberty in the last resort. There could be no appeal from their decision upon great questions of constitutional liberty; even when they arose before the Legislature in cases where the personal or private rights of the citizen could not be affected. Their decisions would become as irreversible as the laws of the Medes and Persians. They would be sacred as the constitution itself.

Congress passed the sedition law in 1798 in express violation of that provision of the constitution, which declares that "Congress shall make no laws abridging the freedom of speech or of the press." This act was more equitable in its provisions than the common law, because it permitted the defendant to give the truth in evidence. The popular odium which attended it was not excited by its particular provisions; but by the fact, that any law upon the subject was a violation of the constitution.

It is now admitted by ninety-nine persons out of a hundred, that Congress, in passing this act, transcended their powers; and yet this law was declared to be constitutional by the Judiciary, doubtless with honest intentions. American citizens were indicted and tried and convicted, and sentenced and suffered fine and imprisonment under its provisions. If it were again proposed to pass a similar law, I ask the Senator from Kentucky whether he would feel himself bound by these decisions to believe and to vote that such a law was constitutional. I feel assured that he would not. Upon the same principles, the infamous decisions of a Jeffries or a Scroggs against the rights and liberties of the people of England, ought to have been held sacred, and the glorious revolution of 1688 was an act of usurpation. The decisions of judges, except on the particular case before them, must, like all other human things, be corrected by the experience of time and the lights of knowledge.

The Constitution of the United States confers upon Congress the power "to lay and collect taxes, duties, imposts and excises," &c. and after enumerating other powers, authorizes us "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers." The advocates of a national bank have derived the power to create such an institution from these two clauses. They have contended that a national bank is a necessary and proper instrument to collect, to keep securely, to transfer, and to disburse the national revenue; and therefore that it is constitutional. Such seems to have been the opinion of the Supreme Court, as delivered by Chief Justice Marshall in the case of McCulloch against the State of Maryland. But that very decision is based upon the principle, that if Congress have determined such a bank to be an appropriate means to carry into execution this taxing power, the Judiciary could not interfere and declare that it was not. The degree and the urgency of this necessity must at last be left to the Legislature, unless in extreme cases. Upon an application for a new charter, the question appears thus to be referred by the Judiciary itself to the Legislative authority. Every member, should the case arise, must ask himself whether a Bank of the United States be a necessary and proper instrument to

carry into execution the taxing power of the Government. If he decides in the negative, he can not vote in favor of establishing such a bank, without personally violating the Constitution.

And here I should have concluded the observations which I had intended to make on the subject of a Bank of the United States, had it not been for the remarks made yesterday by the Senator from Massachusetts, (Mr. Webster.) He came out strongly in favor of a bank—no, I ask his pardon, he did not—because he solemnly disclaimed any such imputation when it was made upon him by the Senator from New Hampshire, (Mr. Hubbard.) I confess, if it had not been for this disclaimer, I should have fallen into the same error; because he insisted upon it, that during forty years of the period which had elapsed since the adoption of the Constitution, the first and the last Bank of the United States had furnished the country a perfect currency, and had regulated our domestic exchanges to admiration. The gentleman had urged these topics strongly; and had pointed out no other specific mode of regulating the currency and exchanges but through the agency of a bank; hence it was natural to infer that he intended to advocate such an institution.

What then was the Senator's main position. In this I think I cannot be mistaken. I wish to state it distinctly and fairly. He contended that Congress not only possess the power under the Constitution, but that it is their imperative duty, to create and furnish for the people of this country, a paper currency which shall be at par in all portions of the Union, and every where serve as the medium of domestic exchanges. In what particular mode, or by what means, this paper currency was to be called into existence, the Senator did not explain. On this point he was quite mysterious. He infers the existence of this power from two clauses in the Constitution; the first, that which confers on Congress the power "to regulate commerce with foreign nations, and among the several States, and with the Indian tribes;" and the second, "to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures."

[Here Mr. WEBSTER also referred Mr. B. to that clause of the Constitution which prohibits the States from coining money or emitting bills of credit.]

What in my opinion constitutes the chief excellence of the Senator from Massachusetts, as a public speaker, is the clearness with which he states his propositions, and his power of condensation in maintaining them. Which he happens to be in the wrong, these high qualities operate against himself, and render his errors more conspicuous. Such was my conviction yesterday, when he undertook the Herculean task of deducing the power to create a paper currency, without any limit but the discretion of Congress, from the simple powers of regulating commerce, and coining hard money.

By the state of the question before the Senate, the gentleman has been driven into a narrow place, and has chosen a position which his great powers will not enable him to maintain. The bill upon your table proposes to keep on deposit, and to transfer the public revenue where it may be required, without the agency of any bank. If these duties can be successfully performed by the officers of the Government, then there can be no pretence for claiming the power to incorporate a National bank, from that clause in the Constitution giving Congress the power "to lay and collect taxes, duties, impost and excises, and to pay the debts of the United States." The present bill provides for all these purposes, independently of all banks. There can, then, be no necessity to create one as a fiscal agent of the Government; and, of consequence, the ancient argument in favor of its constitutionality falls to the ground. This was its origin: this was the foundation on which it has formerly rested. The power to issue notes, and that to regulate the exchanges of the country, have heretofore been considered as merely incidental to the bank itself, after it had been called into existence as a necessary fiscal agent of the Treasury. These have never been considered as powers inherent in the Government, but as mere consequences of the regular ac-

tion of a national banking institution. Under existing circumstances, the Senator is driven even from these comparatively narrow limits. He disclaims the idea of advocating, at present, the establishment of a national bank. Hence he has never once, throughout the whole course of his argument, called to his aid the power "to levy and collect taxes." He has not even mentioned it. He casts this power into the background; whilst he claims for Congress, from the other clauses of the Constitution which I have read, the transcendent power of creating a paper currency without limits.

Let us for a few moments examine his argument. The framers of the Constitution were sturdy patriots, who, with a bold but cautious hand, conferred upon the General Government certain enumerated powers. Dreading lest this Government might attempt to usurp other powers which had not been granted, they have expressly declared that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people." This caution was absolutely necessary to prevent astute and subtle lawyers from extending, by forced and ingenious constructions, the clear and explicit grant of powers which was traced by the hand of our fathers. Does the Constitution, then, any where expressly confer upon Congress the power of creating a national paper currency? This is not pretended. But the Senator from Massachusetts has found it lurking under the power "to regulate commerce with foreign nations, and among the several States, and with the Indian tribes." What is the signification of the word "regulate?" Does it mean to create? No, sir. Such a signification would be to confound the meaning of two of the plainest words in the English language. You create something new; you regulate the action of that which has already been called into existence. The meaning of the word *regulate*, as used by the framers of the Constitution themselves, clearly appears in a subsequent clause of the instrument: "Congress shall have power to coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures." To coin money, is the creation of the subject; after it has been coined, and thus brought into existence, you regulate the value of it and of foreign coin. There are no two words in the English language which have more distinct and precise meanings than to create and to regulate. The word *regulate* necessarily presupposes the previous existence of something to be regulated. Such is its plain, clear signification in the Constitution. Commerce had long existed "with foreign nations, and among the several States, and with the Indian tribes," previous to the date of the Constitution. Its framers took the subject up as they found it, and, acting upon the existing state of things, they authorized Congress to regulate, or to prescribe rules for conducting this commerce in all future time. To infer, therefore, from this simple power of regulating commerce, that of creating and issuing a supply of paper money for the country, strikes me as one of the most extraordinary propositions which has ever been presented to the Senate.

The limited signification of this word "*regulate*," will appear conclusively from the history of this provision of the Constitution. Under the Confederation, each State acted independently of the others in framing commercial regulations. The consequence was, that whilst some States imposed high duties on the importation of foreign merchandise, others admitted it into their ports at low rates, or free of duty altogether. No commercial treaty upon principles of reciprocity could be carried into execution with foreign nations, because, whilst the several States exercised this prerogative, there could be no uniformity of duties. Again: those States which admitted foreign productions either without duty or at low rates, endeavored to force them into the consumption of the neighboring States where the duties were higher. They could, of course, under-sell the merchants who had been compelled to pay these higher duties of their own States. Thus the revenue laws of one State were counteracted by those of another; and a war of commercial restrictions arose among themselves. These were not only the reasons for adopting the

clause in the Constitution authorizing Congress to regulate commerce, but they were the immediate cause for assembling the convention which framed the Constitution itself. This may be seen from the proceedings which led to the adoption of that instrument, contained in the first volume of the Laws of the United States.

The States were jealous in the extreme upon this subject. They were reluctant to yield to Congress the power of regulating commerce. Some of them proposed to surrender it for a term of years, whilst others refused to do any thing. On the 13th July, 1785, a committee of Congress, of which Mr. Monroe was chairman, recommended an amendment to the articles of confederation, containing, among other things, a provision that the United States, in Congress, should have the exclusive power "of regulating the trade of the States, as well with foreign nations as with each other, and of laying such impost and duties upon imports and exports as may be necessary for the purpose." This provision was subject to several conditions and limitations which I need not repeat. The meeting at Annapolis, in September, 1786, was held for similar purposes, but commissioners from five States only were present, who declined to act upon the subject, and recommended the assembling of the convention which formed the present Constitution of the United States.

From this brief review you may judge, Mr. President, what would have been the astonishment of those jealous patriots, who, with a reluctant hand, conferred this power upon Congress to regulate commerce, if they had been informed that it contained within itself the vast, the undefined and undefinable power of creating a paper currency, without limit and without restriction. In some of the State conventions which were assembled for the purpose of ratifying the Federal Constitution, extreme inferences were drawn, according to the spirit of the times, as to the powers which might be assumed by Congress from the language of the instrument. But no man in America, however haunted he might have been with the wildest apprehensions of Federal power, ever imagined that there was lurking under the simple power to regulate commerce that of establishing a national paper currency. The Senator from Massachusetts has first detected this slumbering power. The word "regulate," says Crabbe, in his Synonyms, "is applicable to things of minor moment where the force of authority is not so requisite." It is inferior in potency to the words "rule," "govern," or "direct." In the hands of the Senator from Massachusetts, however, it becomes all-powerful. He can conjure with it, and raise up the phantom of an all-pervading and unlimited paper currency.

The Senator from Massachusetts has commented upon the propositions laid down by the President in his Message, that "it was not designed by the Constitution that the Government should assume the management of domestic and foreign exchanges," and "that as justly might it be called upon to provide for the transportation of the merchandise of individuals." Now, sir, might not the gentleman as fairly deduce this power from that of regulating commerce, as the power of issuing paper money? Nay, might it not be done more directly? The first implication would naturally be, Congress possesses the power to regulate commerce, therefore, you may infer the power of transporting merchandise, without which commerce cannot exist. But commerce is the exchange of commodities; and where they are not of equal value, some medium is necessary to pay the difference; therefore Congress possesses the power of creating a paper currency for this purpose. The power to transport merchandise is one step nearer to the fountain head than that of issuing paper. If you adopt such constructions of the Constitution, you are at sea without chart or compass; and that instrument may be made to mean any thing or nothing. The plain and obvious intention of its framers is sacrificed to the spirit of metaphysical subtlety, and to the desire of extending the powers of the Federal Government.

The Senator asks is it possible that the Constitution has given to Congress the power over commerce, and yet has provided no currency by which

it may be conducted? I answer that the framers of that instrument were guilty of no such absurdity. They have provided a medium of exchange the best in the world. They have empowered Congress to coin money, and to regulate the value thereof and of foreign coin. They were hard money men. To use a forcible expression of the Senator himself, they made gold and silver currency the law of the land at home, as it was the law of the world abroad. This is the medium and the only medium of exchange which they have provided.

And yet, sir, from this clear and precise power "to coin money and regulate the value thereof, and of foreign coin," the Senator from Massachusetts also deduces the power of issuing paper money; and he has seriously insisted upon this argument. I confess I feel myself utterly at a loss to answer it: To contend that because Congress have derived from the Constitution the express power, and that only of coining gold and silver money; that therefore it is their right and their duty to create paper money, appears to me, with all due deference, to be a monstrous proposition. It can not be maintained for a moment. The framers of the Constitution have evinced their intention as clearly as human language can manifest it, that our currency should be gold and silver alone; and they have prohibited the States from making any thing else a legal tender. And yet the Senator contends, that from these very provisions, a power results to Congress of creating a paper circulation for the country. The framers of the Constitution knew nothing of any paper currency, except that of the Revolution. This they would not touch; they did not name it. It was an example forever to be shunned, and never to be followed. And yet they have done their work with so little skill, that they have authorized Congress to create a paper currency for the whole Union, which shall serve as the medium of our domestic and foreign exchanges! The Constitution has established gold and silver as the currency of the country, and therefore it is contended they have authorized the emission of a vast paper circulation!

Now I most sincerely believe, that if any such constructions can prevail, then all the boundaries of federal power are at once prostrated, and we are rapidly on the march towards consolidation. It was in vain that our ancestors granted powers to this Government with a jealous hand, and studiously sought to preserve the rights reserved to the States. It was in vain that they made a specific enumeration of the powers of Congress, and withheld from us all incidental powers, except such as might be necessary and proper for carrying those which were expressly granted into effect. All limitations are at once prostrated, and our written Constitution secures us nothing. It has become clay in the hands of the potter, ready to assume any shape and receive any impression which the passions or the prejudices of the hour may dictate.

Two political schools have existed in this country from the time the Constitution was adopted. The one favored a strict, the other a liberal construction of the instrument. The one has been jealous of State rights, the other the advocate of federal power. The Senator from Massachusetts, if we may judge from his argument upon the present occasion, is far in advance of those who have hitherto gone the farthest in support of federal power. He has made large strides towards consolidation or centralism. I use these terms with no offensive meaning.

I have now reached the question whether the public depositories ought to be restored to the State banks. I contend that they ought not; first, because these banks are not and never have been safe depositories of the public money. In other words the experiment has entirely failed.

What is the great and peculiar privilege conferred upon a bank of deposit, discount, and issue? A bill or promissory note is presented, with one or two good endorsers, and between six and seven per cent. per annum is discounted from its face. What does the bank give in return? Either a credit entered on its books, or bank notes payable on demand; and in either case without interest. Their offer to their customers is: I will give you my notes without interest in exchange for your notes, from which the



interest shall be deducted in advance. In consideration of enjoying this profitable privilege, banks are bound by the duty which they owe the public, always to preserve themselves in such a condition as to be able to answer all the demands made upon them in the regular course of business, in bad as well as in good times. It is not sufficient that they should be able to navigate a smooth sea when the gales are prosperous. They ought to be strong enough to endure the storm. If they fail when the community most requires their support, then they are worse than useless. They have not answered the purposes of their existence.

It is a common remark that the public will not eventually suffer from their failure, provided their debtors be at last good for the amount which they owe. The same observation might be made with equal justice in regard to a man not worth a dollar, if he had been able to issue his own notes without interest, to the amount of one hundred thousand dollars, in exchange for a like amount of the notes of solvent individuals bearing an interest. If his debtors should be able to pay him, he will eventually be able to redeem his notes. But this is not banking; it is speculating upon mere credit, without any solid capital to sustain it.

According to the testimony given before the secret committee of the House of Commons by the directors of the Bank of England, previous to its recharter, it appears that the principle upon which they had proceeded in regulating their issues, was to have as much coin and bullion in their coffers as amounted to a third part of the liabilities of the bank, including sums deposited, as well as notes in circulation. This rule of one for three may, or may not, be a correct standard. I shall not pretend to determine this point. That bank has since been compelled to depart from it by causes similar to those which have crushed our own banking institutions. This I will say, however, that if one dollar in specie, for three of circulation and deposits, be no more than a safe standard for the Bank of England, then our banks ought to have a larger proportion of the precious metals to render them secure. The circulation of each one of our eight hundred banks is limited within a narrow sphere. Their paper does not travel far from home. When a panic arises, from any cause whatever, nearly their whole circulation may be poured in upon them in the course of a very few days, and thus they may be compelled to suspend specie payments. Not so the Bank of England: its circulation is co-extensive with the kingdom, and its notes are every where a legal tender, except at its own counter. The joint stock and private banks pay their own notes with notes of the Bank of England. It follows, as a necessary consequence, that it would require much time to make an extensive run upon this institution; and any panic which might arise, would have ample opportunity to subside before their specie could be exhausted.

When the deposit bill was before the Senate at its last session, the Senator from South Carolina offered an amendment prohibiting the Secretary of the Treasury from employing any bank as a depository of the public money, unless it had one dollar in specie for five of its circulation and deposits, public as well as private. This proposition, at that time, received my hearty support. The whole subject was afterwards referred to a select committee, of which I had the honor of being a member; and they reported a provision in substance requiring each depository to have one dollar in specie for five of its circulation and private deposits. You will observe, sir, that the public deposits were entirely excluded from this provision. They were not taken into the estimate. No proportion of specie was required to secure them. One would suppose that, in all conscience, this provision was sufficiently liberal towards the banks. When the bill afterwards came to be discussed before the Senate, it was found that even this limitation would deprive many of these banks of the public deposits; and according to my recollection, in which I think I can not be mistaken, if we had made it one for ten, several of them would have been excluded. For this reason the Senate determined, against my feeble efforts, not to require the banks to hold any fixed proportion of specie compared with their cir-

ulation and deposits. Every provision on the subject was stricken out of the bill, and the amount of specie which the banks were to hold was left entirely to the discretion of the Secretary of the Treasury. On that occasion I turned prophet myself, as several of my friends on this floor can testify. I anticipated an explosion of several of the deposit banks, but it came sooner than I had expected.

Under these impressions, you may judge of my astonishment when I saw it stated by the Secretary of the Treasury, in his late report, speaking of the deposit banks in the aggregate, that "their immediate means, compared with their immediate liabilities, were somewhat stronger in November than May, but were at both periods nearly one to two and a half, or greater than the usual ratio, in the best times, of most banks which have a large amount of deposits in possession." To sustain this assertion, he refers to table Q in the appendix of his report. Upon examining this table the difficulty at once vanished. I found that the Secretary, instead of deducting the amount due by these banks to other banks, from an aggregate composed of the amount due from other banks to them, and the notes of these other banks in their possession, and setting down the balance as an item of the immediate means of the deposit banks, had placed the sums due to other banks on one side of his statement, and the notes of other banks, and the sums due from them, on the other. The inaccuracy of this course of proceeding will appear clearly from a brief example which I shall present. Suppose a bank to possess \$100,000 in specie, and its circulation and deposits to amount to \$400,000. It would then stand as 1 to 4. But suppose it owed a balance to other banks of \$200,000, and other banks owed it precisely the same amount; by adding these sums of \$200,000 to the one and to the other side of the statement, you would change the apparent condition of the bank, and make its immediate means the one-half, instead of the one-fourth, of its immediate responsibilities. The statement would then stand thus, immediate means \$300,000, and immediate responsibilities \$600,000, or a proportion of \$1 for \$2. In this very manner, as all can perceive who will examine the Secretary's statement, has he brought the average condition of the deposit banks up to the standard of one for almost two and a half.

These accounts between the banks are often adjusted. Balances are suffered to remain with each other, because they can at all times be readily commanded for immediate use. If one bank has money in the vaults of another in its immediate vicinity, it is the same thing as if it were in its own vaults. Upon the least pressure it would be withdrawn. Therefore, the balance due to one bank from another upon settlement, and not the full amount, can only be estimated among its immediate means.

According to this method of calculation, which is clearly the only just mode which can be adopted, the deposit banks, in the aggregate, have not quite one dollar of immediate means to meet \$4 40 of their immediate responsibilities; and that they have even this proportion, proceeds upon the supposition that they can command the balances due to them from other banks in specie. If they can not, the specie in their possession would not equal one dollar for seven dollars and fifty cents of their circulation and deposits.

Now this is the average condition of all the banks. Many individual banks among them are in a better condition, whilst many others are in a much worse.

The Secretary of the Treasury, in the same table, (Q,) has presented the "condition of deposit banks on or about June 15, 1837, in different sections of the country." In this table he classifies these banks under six different heads, according to the different portions of the Union within which they are situated. One of these classes is Alabama, Mississippi, Louisiana, and Tennessee; and it appears that the deposit banks in these States have not one dollar of immediate means for twenty dollars of their immediate responsibilities! The whole amount of specie in their vaults is \$1,168,022, whilst the balance due by them to other

banks is \$2,516,773. All the specie which they possess would thus be less by \$1,348,751 than sufficient to pay this balance. Independently of it, there would then be left \$21,480,819 of circulation and public and private deposits, without one dollar of specie to meet it; and in these banks a large proportion of the public revenue is now deposited.

The deposit banks in New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, are classified together. Their specie and the balance due to them from other banks, amounted on the 15th June last to the sum of \$1,732,478; whilst their circulation and public and private deposits were \$9,357,947. Thus it appears that these banks had not one dollar of immediate means for \$5 40 of their immediate responsibilities. If the balance due to them from other banks, which amounted to \$987,921, is not to be considered as immediate means, then their specie, to wit, \$744,557, is not equal to one dollar for \$12 50 of their immediate responsibilities.

The deposit banks of Virginia, North Carolina, South Carolina, and Georgia, which are classed together, had in specie, and the balance due to them from other banks, \$2,245,423, whilst their circulation, and public and private deposits, amounted to \$13,423,627. Thus these banks had not one dollar of immediate means for \$5 95 of their immediate responsibilities. If the balance due to them upon a settlement with other banks, amounting to \$176,469, be excluded from the estimate, then their specie, to wit, \$2,068,954, is not equal to one dollar for \$6 45 of their immediate responsibilities.

The deposit banks in each of the other three classes, composed of the New England States, New York, and the western States including Michigan, were not in so bad a condition. Their immediate responsibilities were so much greater than one dollar for four dollars and forty cents of their immediate responsibilities, as to bring the general average of all the deposit banks throughout the Union nearly down to that standard.

I have not examined each of these banks in detail. No doubt many of them are in a sound condition. My object is to show that the system, as a whole, cannot be relied upon by the General Government. I am one of the last men in the Senate who would attack the credit of individual banks. I therefore purposely avoid going into particulars. I shall proceed no further than the course of my argument renders indispensable, and therefore justifies.

The suspension of specie payments throughout the country, has, in one respect, been a most fortunate occurrence for the deposit banks along the Atlantic seaboard. It has enabled them to pay nearly the whole amount of the public deposits in their possession in their own depreciated paper. The public creditors were compelled to accept drafts upon them, because the Secretary of the Treasury had nothing better to give; and thus their debt to the Government has been nearly extinguished. The balance still remaining due to us is chiefly deposited in banks beyond the mountains.

The Senator from Kentucky (Mr. Clay) has used some strong expressions in regard to the power which the bill authorizing the Secretary of the Treasury to settle with the deposit banks has conferred upon that officer. He said it was greater than ever ought to be confided to any man under a free Government, and would operate severely upon the banks. And what is this power? These institutions had agreed to receive our funds on deposit, and to credit them as cash to our account. They are liable, by the terms of their own contracts, to be drawn upon, at any moment, for the whole amount in their possession. We know that they are unable to pay, and therefore interpose for their relief. We authorize the Secretary to give them time, and to accept the balance due from them in three instalments, payable at the end of four, six and nine months, charging them no more than two per cent. interest. If they fail to comply with these reasonable terms, then we direct suit to be brought. And yet this has been denounced as confiding a dangerous discretion to the Secretary, and as a great hardship upon the banks.

—with what justice, I shall leave the Senate to decide.

And this is the experiment, which, according to the Senator from Virginia, (Mr. Rives,) has not failed. This is the experiment to which we ought to give another trial. I tremble for my country when I reflect what may be its condition hereafter, should its treasures be again entrusted to such depositories. No nation can expect perpetual peace. Dark and portentous clouds are now gathering in the north. The Maine boundary question is assuming a threatening aspect. In the South, we have serious disputes with Mexico. If war should come, and find us with our treasures locked up in such depositories as we have had, the embarrassments of the country will be of the most formidable character. Many of these banks could not exist for a moment, if it were not for the boundless, extravagant, and foolish confidence of the public. The inflated bubble when touched by the spear of Ithuriel, must explode and dissolve into thin air. The whole fabric is built upon the sand, and "when the rain descended, and the floods came, and the winds blew, and beat upon that house, it fell; and great was the fall of it." Nay, sir, a puff of air was sufficient to overturn it.

Apprehensions have been expressed, and no doubt felt in the course of this debate, lest a perpetuation of the divorce which now exists between the Treasury and the banks, might lead to the establishment of a Bank of the United States. This event would, in my opinion, be much more probable should the late system be restored. It is, therefore, natural that the friends of such a bank should be in favor of this restoration. In such an event, let war come when it may, you will then not only be deprived of your own treasures, but specie payments will be suspended, the currency of the whole country will be deranged, and you will not be able to collect taxes from the people, unless it be in depreciated paper. At such a crisis, a Bank of the United States becomes inevitable. Let us then keep our money under our own control. Let us always have it ready for use when it is required. Let us depend upon no banks, whether State or national, for this purpose.

It may be said that although the banks have suspended specie payments, yet the deposits which we have made with them will eventually be paid. This may, or it may not be. I doubt extremely on that point. If the event were certain, however, this is no answer to the objections against employing such depositories. In the day of danger they cease to be banks. Your money, which is the sinew of war, is withheld from you at the hour of your utmost need. Your resources are dried up, and your energies paralysed, at the very moment when the most energetic exertions are demanded. It would be but a poor consolation, either to the Government or people of this country, that after having suffered all the evils and calamities of such a catastrophe, the Commissioners of Insolvency should finally pay them twenty shillings in the pound.

In the second place, I am opposed to returning to the system of deposit banks, because I feel no confidence that upon a second trial, it would prove better than it did on the first. From the very nature and present organization of our State banking institutions, they must go from bad to worse. Their tendency is downward, and unless arrested by the vigorous action of the State Governments, the whole system must rush to inevitable ruin. I defy the art of man to devise a worse banking system than that which prevails throughout this country. The model of it upon paper was the Bank of England; but the whole capital of this bank is vested in loans to Government, and is therefore as secure as the Government itself. Such is not the condition of any of our institutions. The public have no security that the whole amount of their capital stock may not be squandered; and the fact is, according to the statement of Mr. Gallatin, that one hundred and sixty-five of our banks broke between 1811 and 1830.

These banks, or all of them with which I am acquainted, enjoy, under their charters, a privilege which exempts their stockholders, in their individual capacity, from the payment of any of the notes

or debts due by the corporation, in case it should become insolvent. There is, I believe, no restriction any where upon the amount of their profits or dividends, unless it be a trifling tax. And they are no where required to have any fixed proportion of specie in their vaults, compared with the amount of their circulation and deposits: certainly they are not in the State which I have the honor in part to represent.

If the Senator from Massachusetts and myself enter into a partnership to prosecute any business, and the partnership should fail, the private fortunes of each of us would be responsible for the debts of the concern. The partners and shareholders in the private or joint stock banks of England are placed in the same situation. No holder of such bank notes in that country, none of their depositors can lose one dollar, until after the private fortunes of all the stockholders shall have been exhausted. This is a great security to the public. Not so the bankers in this country. They are a privileged class. That business which is more profitable than any other is conducted without any such risk. Cupidity is unrestrained by any such apprehension. It has a fair field to display itself. Each man puts into the concern the amount of his stock. When that is paid, the bank proceeds to make money as fast as it can, without the fear of future responsibility. How great is the temptation to excess! These banks create money as if by magic, in the form of bank notes or bank credits. These they exchange with individuals for their own notes or bills of exchange, discounting a high rate of interest from their face. Their extravagant issues and credits give a stimulus to extravagant speculations; and our past history proves that the more they loan, the greater is the demand for new loans. The supply never equals the demand. The last few years has been the golden age for banks. I have no means of ascertaining their profits in different portions of the Union. I am sorry that the deposit law did not require the deposit banks to return to the Secretary of the Treasury the amount of their dividends. From all the information which I have received, they have been enormous. The Senator from Georgia (Mr. King) has informed us that the banks in the city where he resides (Augusta,) have divided, during the last year, at the rate of fifty per cent. per annum.

These extravagant profits have tempted the avarice of our citizens. Each one desires to reap his portion of the golden harvest. Our legislative halls have been beset by bidders for new banks, genteelly denominated lobby members. Rich rewards and splendid gifts have been made to those of them who proved successful. The State Legislatures have too often yielded to their importunities. Then comes the struggle among competitors to obtain the stock. The scenes which have occurred upon such occasions, in some of our large cities, I shall not attempt to describe. It rises instantly above par; and those who have been fortunate in the struggle, may sell out at an advance. This stock, in many instances, is not paid for in money, but in what are called stock notes. The new bank starts, often without any large proportion of solid capital, to run the same career, which seems to be prescribed to it by the law of its nature.

Bank capital, bank notes, and bank loans, have increased with alarming rapidity for the last few years. The President, in his Message, states that between the commencement of the year 1834, and the first of January, 1836, the bank capital of the country had increased from \$200,000,000 to \$251,000,000, the notes in circulation from \$95,000,000 to \$141,000,000, and their loans and discounts from \$324,000,000 to \$457,000,000. We know that since the first of January, 1836, the increase has still been proceeding at a rapid rate, and many new banks have been created; but after that period, we have received no accurate information of their capital, or of the amount of their issues and loans.

Upon any sudden revulsion of trade, these banks either sink under the weight they have heaped upon themselves, as they have recently done; or, if they survive the shock, they greatly injure, or wholly ruin, those members of the community around them who have unfortunately become their debtors. In struggling for existence themselves, necessity

compels them to press their debtors with an iron hand.

When a bank fails, what classes of society are most likely to suffer from the explosion? Who do you suppose, Mr. President, held the notes of the hundred and sixty-five banks that proved insolvent between 1811 and 1830? Not the shrewd man of business, not the keen speculator; because they snuff the danger from afar. It was the honest and industrious classes of society, who are without suspicion, and whose pursuits in life do not render them familiar with the secret history of banking.

We are now just experiencing another great evil which has resulted from the extravagant loans and issues, and consequent suspension of specie payments by the banks. The country is now deluged with small notes, vulgarly called shin plasters. They are of every form and every denomination between five cents and five dollars, and they are issued by every individual and every corporation who think proper. It is impossible for the poor man to say he will not take them; for there is scarcely any silver change in circulation any where. He must receive them for his labor or starve.

The paper on which these small notes are printed is often so bad, and they are so inartificially got up, that it is almost impossible to distinguish between the counterfeit and the genuine. To counterfeits they have become a regular business, and it has been carried to a great extent.

Our currency below five dollars now consists of this combined mass of genuine and counterfeit shin plasters; and many of the counterfeits are intrinsically of equal value with the genuine. Some are payable in one medium and some in another. Some on demand, and others have years to run before they reach maturity. The very moment the banks resume specie payments, this mass of illegal and worthless currency will be rendered entirely useless. It will fall dead in the hands of its holders, and these will be chiefly the very men who are least able to bear the loss. A scene of confusion and distress will then be presented which I need not describe. Such is one of the effects of extravagant banking.

There is a class of society for whom I have ever felt a deep interest, whose attention I should gladly awaken to the evils of an excessive issue of paper currency—I mean our domestic manufacturers. Do they not perceive that all the protection which our laws afford them is rendered almost entirely useless by the extravagant amount of bank notes now in circulation?

It has been stated, in general terms, by those who best understand the subject of political economy, that if you double the amount of the circulating medium of a country, you thereby double the nominal price of every article. "If, when the circulating medium is fifty millions, an article should cost one dollar, it would cost two, if, without any increase of the uses of a circulating medium, the quantity should be increased to a hundred millions." Although we cannot apply strict arithmetical rules to this subject, yet all will admit that the proposition is substantially correct. Let us then suppose, that our currency has reached such a point of depreciation, when compared with that of our rivals in foreign countries, that an article which could be manufactured abroad for one dollar, would cost one dollar and fifty cents at home; and what is the consequence? A premium of fifty per cent. is thus, in effect, given to foreign manufactures over those of domestic origin. For example: A piece of broadcloth costs one hundred dollars to the French manufacturer; he brings it here for sale, and, on account of the depreciation in our currency, he receives for it one hundred and fifty dollars; what advantage does he thus obtain? Being the citizen of a foreign country, he will not accept our bank notes in payment. He will take nothing home except gold and silver, or a bill of exchange which is equivalent. He does not expend this money here, where he would be compelled to support his family, and to purchase his labor and materials, at the same rate of prices which the domestic manufacturer is compelled to pay. The depreciation in our currency below the standard of that of France or England is, therefore, equivalent to a proportionate di-

rect protection to the foreign over the domestic manufacturer. The conclusion is inevitable. It can not be denied. It is impossible that our manufacturers should long be able to sustain such an unequal competition. They, above all men, ought to exert their great influence for the purpose of confining the paper currency of our country within some reasonable limits. The fate of the great interest in which they have embarked depends upon it.

Our farmers in the grain growing States are placed in a similar situation. The amount of our currency must be diminished, or foreign wheat will continue to be imported for domestic consumption. The farmer in the north of Germany will be able to undersell us in our own markets.

The banks, by their refusal to pay specie, have now placed themselves in the power of the State Governments. They have forfeited their charters; and it now remains for the different Legislatures to decide upon what terms they shall be restored. Amidst the general misfortunes of the country, it is one source of consolation that the banks have placed themselves within the power of the people. Had they not done this by their own conduct, we know that a numerous and powerful party exists in this country who consider a charter of incorporation so sacred, that no State Legislature, by any future law, could ever restrict their own banks from issuing notes under ten dollars, if their charter authorized them to issue notes of a less denomination. According to the doctrines of this party, all power over the paper circulation of the country, which is one of the highest attributes of sovereignty retained by the States, has, by them, been irrevocably transferred to eight hundred banks. Thank heaven every difficulty on that subject is now removed; and it will depend upon the wisdom and firmness of these Legislatures, whether we shall have a sound paper currency in time to come, proportioned in amount to the wants of the people, and placing the banks themselves in a secure condition; or whether we shall again be overwhelmed with a deluge of paper money and all its attendant evils. If they will but secure a specie basis for our paper circulation, by prohibiting the issue of bank notes, at first under ten dollars, and afterwards under twenty; if they will render the stockholders of banks personally responsible, at least for the amount of notes which they may issue; if they will limit the dividends of the banks to a reasonable profit on the investment of the stockholders; if they will require the banks to keep a just proportion of specie in their vaults compared with their circulation and deposits; and above all, if they will adjust the whole amount of bank notes to be issued to the wants of the people, upon principles which have been sanctioned by experience, so as to prevent ruinous fluctuations in the amount of our currency—then, indeed, the evils which we have suffered will be compensated by the benefits we are destined to enjoy. But I confess I dread the result. We are a strange people. The lessons of experience make but a feeble impression on our minds. We rise with so much buoyancy from our misfortunes, that when they have passed away they are instantly forgotten. Should the banks resume specie payments before or shortly after the next meeting of our State Legislatures, and the current begin to run smoothly again, I fear that no such changes will be made in the existing bank charters, and that we must await the event of another crisis, which would then be inevitable.

Until these or some such restrictions shall have been imposed by the States on their banks, they never can, they never will, become secure depositories for the revenues of the Government.

In the third place, the union which is now dissolved between the banks and the Treasury ought not to be restored; because the public depositories would again become the fruitful source of over-issues, and extravagant speculation. We have no power to regulate the State banks; but we can withhold from them our revenue, and thus prevent them from using our means for the purpose of deranging the business of society. If we can not eradicate, we are not bound to aggravate the radical sin of their constitution. If we cannot prevent, we need not become accomplices in their misconduct. But I have already incidentally said so

much in the course of my remarks on this branch of the subject, that I need not trouble the Senate with any further observations.

In the fourth place, the divorce now subsisting between the Treasury and the banks ought to be rendered perpetual, because of their supposed or actual subservieny to the Government, and the dangerous influence which might be exerted over them by the Executive.

I am not one of those who believe that, hitherto, any attempt has been made to exert such an influence; yet every effort has been used by a portion of the press to produce such an impression. These institutions have been denounced as "the pet banks" of the Government, and they have been charged with granting peculiar favors to the minions of Executive power. True or false, this charge has produced some effect on the public mind. Besides, all the transactions of the Secretary of the Treasury with these banks, rendered necessary by existing laws, have been denounced as tampering with the currency. And thus the administration is always blamed for every disaster which occurs in the money market. A connection with these banks is thus made to assume a political character, and is mixed up with all the party strife of the day. The public mind is inflamed upon the subject, and the public suspicion is excited. This is an evil which can only be avoided by a permanent divorce between bank and State.

But again: If a Secretary of the Treasury were disposed to exert an improper influence over these banks, with what prodigious effect might they not be used to accomplish his purposes? At the time of the suspension of specie payments there were eighty-six deposit banks planted throughout our country. The letters which were read the other day by the Senator from Mississippi, (Mr. Walker,) prove how low some of the State banks were willing to cringe in order to obtain the deposits. Their language is unworthy of the proud bearing which ought to characterize American freemen. It proves at least, that some of them are not very scrupulous, when "thrift will follow fawning." Such was the anxiety to obtain a portion of this boon, that two of the most respectable banks of the city of Philadelphia procured resolutions to be passed in the House of Representatives of Pennsylvania, recommending them to the Secretary of the Treasury as depositories of the public money; and these resolutions were sent to my colleague and myself, with a request that we might exert our influence to accomplish this purpose. Eighty-six affiliated banks, scattered over every State, and intent upon a common object, could exert an immense political power. An ambitious and able Secretary of the Treasury might use them with prodigious effect in order to make himself President. And this could be done with the greater effect, because it would escape detection. The agent of the banks at Washington city might be used as the instrument, and all the necessary measures might be adopted in the secret parlors of the bank directors throughout the country. A concerted movement might thus be made in every portion of the Union at the same moment, which would almost be irresistible.

I do not know but that such a league of associated banks might be rendered more dangerous than even a Bank of the United States. This bank would have its rights and its duties defined by law. It could claim the Government deposits, and that its notes should be received in payment of the Government dues, under the provisions of its charter. But the selection of these depositories, the amount of the public money which they shall receive, how long they shall retain it, in what manner they shall conduct their banks, all, all is left to Executive discretion. What a boundless field for Executive patronage! And yet the administration which anxiously desires to surrender this fruitful source of political power, has been charged with designs of extending Executive patronage! And for what reason? Simply because it proposes that the existing officers of the Government, without adding one to their number, should be substituted as the depositories of the public money instead of these banks. Even if it should become necessary to appoint some ten or twenty additional officers at the most important points to perform

this duty, I would not compare this increase of Executive patronage with that which the Executive Government is now voluntarily willing to abandon. It would be but as a drop compared with the ocean. Talk not, then, to me of the increase of patronage which the bill upon your table would confer on the Executive. They form a very unjust estimate of the intelligence of our citizens, who would attempt to make them believe that a few Executive officers, known to be such to all the surrounding community, can exercise an influence over the people at all to be compared with that of a league of eighty-six banking institutions.

This now brings me to the bill upon your table. This bill is the only remaining plan to which we can resort. It recommends itself to public approbation by the simplicity of its provisions. The existing officers of Government already collect and disburse our revenues. It merely superadds to these duties, that of safely keeping and transferring the public money, according to the exigencies of the Government, during the time which must necessarily intervene between its receipt and disbursement. This is the whole bill. If it be justly liable to any criticism, it is that the security of the public money might require the appointment of a very few additional officers in our large commercial cities. It has perhaps been framed more exclusively with a view to economy, than is consistent with the public interest. The object is a great and important one, and no moderate additional expense ought to be spared which may be necessary for its accomplishment. Such is the bill.

The Senator from South Carolina (Mr. Calhoun) has proposed an amendment to this bill, prescribing the funds which shall be received in payment of the public dues. And here permit me to observe, that in discussing that amendment I shall not inquire whether the Senator has come over to us, or we have gone over to the Senator. This is a question of but small moment, so that we are now together. The first extended effort which I ever made in Congress, was in defence of the conduct of that Senator, when I thought he had been unjustly assailed as Secretary of War. We stood together shoulder to shoulder in 1827, and throughout the trying conflict which resulted in the election of General Jackson. I rejoice that he is now found sustaining the leading recommendation of the Message at this important crisis, and I trust that on future occasions we may receive his able and efficient support.

With all these feelings of distinguished respect for the Senator, I am still sorry that he has offered his amendment. I should have been glad if the vote of the Senate could have been taken upon the simple proposition to divorce bank and State. On this single question we should have, I think, presented a more united front than when it shall be connected with the Senator's amendment. It would have been better first to have established the divorce, and afterwards to have determined, by a separate bill, the nature of the funds which our depositories shall receive.

For my own part, as to the funds receivable, I feel strongly inclined to support the recommendation of the Secretary of the Treasury. In page 23 of his report, when speaking on this subject, he says:

"This could be effected by directing what alone appears safe, and what is understood to be the practice in both England and France. It is, that the bills of no local banks be taken, which shall not, from the near location of the bank, be equivalent to specie; be able to be converted into specie at very short periods by the receivers and collectors, so as to pay the public creditors legally, if demanding specie; and be thus accounted for at par, and without expense to the Government. Another advantage from this course would be, its salutary check on over-issues by the neighboring banks."

If the depositories were authorized to receive and disburse the notes of such banks, calling upon them at short intervals to settle the balances in specie, it might, I think, have promoted the convenience of the public, as well as afforded a salutary check upon the issues of the surrounding banking institutions. I understand such was the course pursued by the late Bank of the United States. I was



willing to proceed cautiously, and not, at the first, go the length of demanding exclusive specie payments.

But the Senator from South Carolina has thought differently, and I shall be compelled to vote for or against his amendment. Giving every consideration its proper weight, I have, since he has agreed to modify it, determined to yield it my support. As it now stands, the notes of specie-paying banks will be receivable in the payment of all the public dues up till the last day of the year 1838; during the year 1839, one-fourth will be required in specie; during the year 1840, one-half; during the year 1841, three-fourths; and not until the year 1842 shall we reach the point of exclusive specie payments. Its operation will be slow and gradual; and if, in the mean time, we should discover, at any stage of its progress, that it is too severe, we can easily change the law.

What objections have been urged against the entire system presented by the bill and the amendment?

The first is, that it will increase Executive patronage. To this I flatter myself I have already given a conclusive answer.

The second is, that it will operate with such severity upon the banks, and through them upon the country, as to produce wide-spread disaster and ruin. Gentlemen have taxed their imaginations to present the scene of suffering and desolation which it will produce.

Now, sir, I cannot realize any of these horrors. The cause is too impotent to produce any such effects. On the contrary, I fear that it will go but a small way indeed towards checking the extravagant issues of the banks, and that its influence will scarcely be felt. With the public revenue reduced to the standard of the public expenses, which it now is, and probably will be for many years to come, the specie will flow out of the Treasury almost as rapidly as it flows in. It will be kept in constant circulation. The accumulation must be comparatively trifling. According to the estimate of the President, ten millions of dollars in gold and silver will be sufficient for the purpose of paying and disbursing our annual revenue. I think his estimate extravagant, because one dollar will make many payments in the course of the same year. The operation of the system will be very gradual, and the necessary quantity of specie will gradually be brought into circulation without producing any injurious results to the banks. It may, and I trust will, in some degree curtail their extravagant issues, and thus benefit the community, and render their own condition more sound. After the year 1838, there probably may, and I trust will, be a somewhat greater demand upon them for specie than there has been; but this specie will go into the general circulation of the country, and thus gold and silver will be made, to a greater extent, the basis of our paper circulation. Will any Senator object to such a change?

Why, sir, when last in New York, I was informed that the money transactions in Wall street often amounted to \$5,000,000 per day. The trade and business of our country is vast, almost beyond conception. The receipts and disbursements of the Government bear but a very trifling proportion to the receipts and payments of individuals. How, then, can it be apprehended, for a moment, that ten millions of dollars in specie, flowing into the depositories in little rills, from every portion of the Union, and constantly flowing back again to the places from whence it came, can produce any injurious effects upon the business either of well conducted banks, or of the country? Away with such idle fears. Upon trial, they will be found to be the mere creations of fancy.

The banks might be injuriously affected, were it not for the amendment which was proposed by the Senator from Missouri, (Mr. Benton,) and which I trust may be adopted. This will oblige the holders of Treasury drafts on depositories to present them for payment, within a short period. Without such a provision, these drafts would inevitably go into the general circulation of the country. Representing the amount of silver and gold which appears upon their face, and having the eventual responsibility of the Government to sustain them,

if, in case of accident, they should not be paid by the depository, they would be more valuable than specie itself, for every purpose of remission. They would, therefore, remain in circulation, whilst gold and silver would accumulate in the Treasury. Specie would thus continue to be drawn from the banks, to pay the dues of the Government, and a great part of it would not return into circulation. The interest of the banks requires that this amendment should be adopted; although these Treasury drafts would constitute, to a limited extent, the soundest and best medium of exchange which the world ever saw.

A third objection to the proposed system is, that it will furnish one kind of currency for the people, and another for the Government; or, in the language of the Senator from Massachusetts, it will set the officers down to the first table, and the people to the second. Directly the reverse will be the effect. It is our object, by these measures, to elevate the people to the first table, from which they have been excluded by the bankers, and brokers, and speculators of the country. We wish to spread before the American people a rich repast, and place them all upon the same level. It is our purpose, so far as the influence of this Government can extend, to furnish them all with a currency of gold and silver, or of paper at all times convertible into gold and silver. The only means we possess of restraining these banks from making extravagant over-issues, and thus always preserving them in a condition to redeem their notes in gold and silver, is to withhold from them our revenue, and require the payment of our debts in specie. It would be a great blessing to the country if this can be accomplished. Has any Senator proposed that we shall receive depreciated bank paper in payment of the public dues? Not one. If we were to adopt such a measure, it is true we might all sit down to the same table, but it would be a table covered with irredeemable and depreciated bank paper, without hope for years to come of enjoying any better fare. The Government must stand firm at this crisis, in order to secure a sound currency for all the people.

A fourth objection urged against this system has been its want of security, and that the public money will not be safe in the hands of our depositories. This objection comes with a bad grace from those who desire again to entrust it to the keeping of deposit banks. I might say, if I thought proper, that it will be at least as safe in the hands of our officers as it has been in the deposit banks. They at least will not lock it up and keep it altogether, unless you will receive their own depreciated notes in payment. The one experiment has failed, and we have not yet tried the other.

But, sir, the proposed mode of collecting and keeping, and disbursing the public revenue, has existed throughout the continent of Europe from the days of the Roman empire. It is, therefore, not an untried experiment. Is there any reason why, under proper guards and restrictions, the officers of Government should not safely keep what they receive until it is necessary for them to pay it out again? Have we not as honest and capable men in this country as in any other? No plan which you can adopt will altogether secure you against speculation, whilst human nature remains as it is; but this plan, securing as it does the direct supervision of the Secretary of the Treasury, and the immediate responsibility to the Government of all the agents employed, furnishes as great security as any which can be devised. The truth is, that we have been so accustomed to lean exclusively upon banks in this country, that we fear to stand erect and walk alone, and rely upon our own native strength.

It has been suggested in a distinguished Southern paper, (the Richmond Enquirer) whose opinions are entitled to great respect, that the friends of the administration might all unite in making a few banks, at the principal points, the special depositories of our money. My objection to adopt this proposition arises from a conviction that it would bestow exclusive privileges and advantages upon these selected banks, to the injury of all other similar institutions, and that it would, therefore, greatly

extend Executive patronage? What would be its operation? The agent of the Government collects all its dues in gold and silver. These are placed in a strong box in the vaults of one of these banks. A draft is presented at its counter, whether drawn by the Secretary of the Treasury or the depositor, payable in specie. In most instances the holder of the draft would prefer receiving the notes of the bank, especially if they were in extensive credit. The cashier would pay him in bank paper, whilst an equal amount in specie would be taken from the strong box of the Treasury and transferred to the vaults of the bank. This would be the inevitable process. The officers of Government would thus be made collectors of specie for these favored banks, to the injury of all the surrounding institutions; and an extensive circulation would be secured to their notes by a knowledge of this very fact. No, sir, your true policy is to detach the Government from all banks. Let them all stand upon the same footing, and receive the same measure of justice from Congress.

If any thing could reconcile me to vote for the amendment of the Senator from Virginia, (Mr. Rives,) it would be the hope—if I could cherish any such—that, through the agency of the deposit banks, we might procure a more extended specie basis for our paper currency. But, even if we could prevail upon them, which I very much doubt, considering the small amount of our present deposits, to forego the advantage of issuing five, ten, or twenty dollar notes, and of receiving the notes of other banks who might refuse to enter into the same arrangement, what would be the consequence? Why, sir, the vacuum in the circulation thus created would be immediately filled by the notes of other banks, of the denomination of five and ten dollars. This you have no power to prevent. There would be precisely the same amount of circulation in these smaller notes. The only difference which could exist, would be, that they might be furnished by other banks of a less sound character. The Senator calculates much upon the moral influence which his amendment might exert. What, sir! a moral influence over a banking corporation in opposition to its interest! I venture to say, that no such agency as this can prove effectual. It is power alone which can produce this result. And where does this power exist? No where, but in the State Legislatures. It is doubtful, however, extremely doubtful, whether they can ever be induced to exert it. It is most difficult to unite twenty-six independent sovereignties, having different and ever-varying feelings and interests, in any such uniform system of policy; and especially against the opposition of the local banks. During the last session, I had prepared an amendment to the Constitution, (and had it in my desk for a long time,) conferring upon Congress the power of prohibiting the circulation of bank notes under twenty dollars; but declined offering it, because I then deemed it a hopeless attempt. Circumstances have now very much changed; and since the Senator from Kentucky (Mr. Crittenden) has so strongly advocated such an amendment, I feel some confidence that it would meet with a favorable reception from the States. Should I conclude to offer it at the next session, I shall count largely on his able and efficient support; or, if he should prefer to take the lead himself, I shall render him all the assistance in my power.

The Senators from Kentucky and Massachusetts (Messrs. Clay and Webster) have both loudly complained that we have proposed every thing for the relief of the Treasury, but nothing for that of the people of the country. Is this complaint well founded? Have we not extended to the banks a credit of four, six, and nine months on the deposits which they received from us as cash, and were bound to pay us on demand? Have we not extended for nine months the credit on merchants' bonds? These indulgences to the banks and to the merchants are, in effect, an indulgence to all their debtors. We do not press them; therefore, they are under no necessity of pressing the community. In order to enable ourselves to extend this relief, we have agreed to make a loan of \$10,000,000 in the form of Treasury notes, for one year. These notes, in relieving the community, will be equal to the

creation of so much gold and silver. Their credit will be such that they may be sent abroad as mittances, and thus pay our debt, equalize our foreign exchanges, and prevent the exportation of specie. I ask, what more could we have done to relieve the country? But we have not proposed a Bank of the United States; and in the opinion of some gentlemen, all which we can do is nothing, if this be left undone. It is the sovereign panacea for all the evils which flesh is heir to.

In addition to the relief measures which I have just enumerated, I ought not to forget the vote of more than two to one upon the resolution reported by the Committee on Finance against chartering a bank of the United States. I consider that vote by far the most important relief measure of the session. If the merchants of our country could but be prevailed upon to abandon every hope of the establishment of such an institution; and throw themselves upon their own resources, instead of expecting aid from the Government, how soon would the present gloomy aspect of affairs begin to brighten. Why should American merchants, whose abilities and enterprise render them more able to help themselves than those of any other country, be constantly invoking the aid of the Government to enable them to conduct their foreign and domestic exchanges. Let all hope of obtaining a national bank vanish from their minds, and we shall soon see the exchanges conducted upon the same principles, and with the same success, which characterize similar operations in Europe. Let our merchants first put their own shoulders to the wheel, and then they need never pray to Hercules for relief.

There is another cause which renders the charter of a new bank almost hopeless. It would be in bad taste for me to bring into the discussion upon this theatre, the Bank of the United States of Pennsylvania. Whether it shall continue to exist, is a domestic question which we shall settle at home. My opinions in regard to this institution have been openly avowed upon all suitable occasions. But if the people of Pennsylvania should tolerate its continued existence, you already have a Bank of the United States. That institution is too vast to be sustained by a single State. It must be a Bank of the United States, or it can be nothing. Mr. Biddle truly said, in presenting its charter to the stockholders, that it possessed greater advantages under it, than it had ever enjoyed before. It has the unlimited power of buying and holding banking stock. Under this provision, it has, I am informed, already purchased two banks; the one in Georgia and the other in Louisiana, and it will continue to acquire other State Institutions, which will act as its branches. Besides, its agencies are already spread over the Union. It is highly improbable that those interested in this institution will ever be the advocates of another National Bank. A new bank, with a capital of fifty millions of dollars, would not, probably, under any circumstances, be established in the same city beside a bank with a capital of thirty-five millions. Attempt to create such a bank in New York, and you will probably find almost the entire population of Pennsylvania, belonging to all political parties, against it. I throw out these suggestions merely to convince the mercantile community how very improbable it is that a new Bank of the United States will be established. If I could convince them of this truth, then the business of the country would soon conform to that state of things, and we should not be kept in eternal strife by the agitation of this question.

I should not further exhaust the patience of the Senate, had not the accuracy of some of the statements of the President, contained in his Message, been questioned in the course of this debate.

The President, whilst assigning the causes of our existing distress, for the purpose of proving that they were not peculiar to this country, but were general in their nature, asserts, that similar causes, operating at the same time, had produced similar effects in England and other commercial countries. He concludes his remarks upon this subject with the observations which I shall read. Here Mr. B. read the following extract from the message:

"In both countries, (the United States and Great Britain,) we have witnessed the same redundancy of paper money, and other facilities of credit; the

same spirit of speculation; the same partial successes; the same difficulties and reverses; and, at length, nearly the same overwhelming catastrophe. The most material difference between the results in the two countries has only been that, with us, there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments, occasioned by the suspension of specie payments by the banks.

"The history of these causes and effects in Great Britain and the United States is substantially the history of the revulsion in all other commercial countries."

The correctness of this statement, in point of fact, has been attacked in no measured terms; and it is my present purpose to prove that it has been assailed without any just cause.

Even if the President had been in error in this particular, what would it prove? Certainly not that he intended to mislead others; because such an error, so far from sustaining, would be directly opposed to his own position. If he could have said, with truth, that our peculiar system of bank credits was so very bad, that we alone, of all the nations of the earth, were now suffering under dreadful reverses, whilst other commercial nations had escaped unscathed, this would have given great force to his argument. It would have added another powerful reason to those which he had already urged in favor of divorcing the banks from the Treasury, and not contributing, hereafter, by the public deposits, to swell the tide of bank credits and paper currency, which, in our country alone, had caused so much ruin and distress. The only purpose, therefore, of those who had assailed his statements, must have been to convict him, not of intentional error, but of ignorance.

But is he justly liable to this imputation? Senators have attempted to prove it, by showing that during the last few years the circulation of bank notes throughout England has not materially increased; and upon this isolated fact they conclude, that there has been no over-banking nor over-trading in that country. Now, sir, the premises may be true; but I shall show they do not in theory warrant the conclusion, and that it is directly at war with the state of the fact.

Although excessive bank issues undoubtedly are a powerful incentive to extravagant speculations and overtrading, and such they have always proved, to a disastrous extent, in this country, yet these evils may, and sometimes do, exist in countries where the circulation scarcely varies in amount, and is almost purely metallic. If, then, gentlemen could show that the paper circulation of England had remained uniform for the last three years, this would not establish the fact that extravagant credits and speculations had not existed in that country. A friend has just reminded me of a case precisely in point. I refer to the French speculations in colonial produce, I think, of the year 1809. So intensely, at that time, did the spirit of speculation act upon the minds of the people, that the Frenchman forgot his love of pleasure, and his fondness for spectacles; and the very theatres, whilst the play was proceeding, became commercial marts for the purchase and sale of these commodities. They rose to a most extravagant price, and the public mind became excited to the highest pitch. Napoleon, in order to arrest this spirit, had it announced all over the country on the same day, that George the Third was dead. The bubble then burst; and the ruin of thousands was the consequence. These speculations were founded upon the prospect that the war with England would continue, and therefore colonial produce could not be imported into France; and they were suddenly checked, because it was believed that the death of the English monarch would be the harbinger of peace. It is scarce necessary to observe that the circulation of France is almost purely metallic.

But facts are stubborn things; and in the instance before us they will entirely destroy the conclusions of gentlemen. No country in the world has ever witnessed more extravagant bank credits and speculation than England has done within the last eighteen months; and this notwithstanding the amount of bank notes in circulation has not greatly increased.

In 1826, Parliament first authorized the establishment of joint stock banks, with any number of partners, at a distance of not less than sixty-five miles from London. Let us examine the history of their progress, and we shall find it exactly similar to our own. During the first seven years, thirty-four of these banks had been established. In the succeeding two years and eight months, ending on the 12th March, 1836, twenty-eight were added to the number. About this time speculation began to rage; and in April, May, and June, of that year, they increased at the rate of five per month. Two of the fifteen banks established within these three months had each about seven hundred and fifty partners;—one of them had eleven, and another thirty-four branches in different parts of the kingdom. The *Edinburgh Review*, for July, 1836, which is my authority for these facts, observes: "We have reason to think that the rate of this extraordinary increase has been since augmented rather than diminished. Latterly, indeed, the mania for joint stock banks seems to have become almost as prevalent as the mania for railways. It is in fact hardly possible to take up a newspaper without meeting with sundry announcements of such establishments, all, of course, dressed up in the most captivating manner." The conjectures of the author proved to be correct. I have a statement before me of the number of joint stock banks in England and Wales on the twenty-sixth of November last, and they amounted to one hundred and two, besides an immense number of branches. Thus it appears that their increase between the 1st of July and the 16th November, 1836, a period of less than five months, amounted to twenty-five. I have no later return in my possession.

In what manner do these banks make the enormous profits which we know they realise? Certainly not by the issue of bank notes; but by bank credits, or paper money in another form. Their notes in circulation in March, 1836, when their number was sixty-two, amounted to £3,094,025 sterling. In December, 1836, when their number had augmented to one hundred and four, their issues had increased to only £4,258,600, or about a million and a quarter.

They discount notes and bills, and, instead of paying out the proceeds in their own notes, they place the amount to the credit of their customers on the books of the bank. These credits then become deposits, and constitute the capital on which individuals speculate and trade. They are transferred from hand to hand by means of bank checks, which are only another form of paper money. In large transactions bank notes are rarely used. A owes B ten thousand dollars, and has a credit in a joint stock bank for that amount. He gives him a check in payment of the debt. The account of A is charged with this amount, and the account of B is credited. Thus ends the transaction, without the use of a single bank note.

If Senators will take up the Treasury report, in relation to any of the large banks in New York, they will discover that a very small portion of their profits proceeds from their issues. The Bank of America, for example, with a capital of \$2,000,000, has but \$425,000 of notes in circulation, whilst its loans and discounts amount to \$3,755,000. What has become of the remaining \$3,300,000, the difference between its circulation and its loans and discounts? This sum consists of bank credits—bank deposits, circulating from hand to hand by means of bank checks, which as well deserve the name of paper money as bank notes.

The largest importing merchants in New York rarely keep any money in their counting houses, except for incidental expenses. Their heavy business is all transacted by means of bank credits and bank checks.

The amount of bank notes in circulation, however much expanded, must necessarily bear some proportion to the day transactions—the common dealings of society, and can not be extended beyond a certain point. The amount of bank credits is not limited by any such rule. All the great speculations, all the large operations, are made through their agency.

On the 1st of January, 1836, the bank notes in circulation throughout our country, although

amounting to the enormous sum of \$140,000,000, did not equal the one-third of the bank loans and discounts.

Never, then, was there a more fallacious idea than this, that because the amount of bank notes circulating in England had not greatly increased, that therefore extravagant credits and extravagant speculation did not exist. We may form some idea of the enormous expansion of bank credits in that country, from a passage in the Review to which I have already referred.

Mr. B. here read the following extract:

"This rapid increase in the number and in the issue of joint stock banks, has been in part a consequence, but in a much greater degree a cause of the late rise of prices, and of the existing excitements.

"But we should fall into the greatest possible error if we supposed that the influence of the banks in question was to be measured by the amount of their notes in circulation payable on demand. These, in fact, constitute but a comparatively small portion of their obligations. Most of them have been in the habit of trading, not on their own capital, or on the deposits made with them, but on credit obtained in the metropolis and elsewhere. Instead of retaining the bills and other securities they have discounted in their coffers till they are paid, many of the banks have been in the habit of immediately forwarding them to London to be rediscounted. To such an extent has this system been carried, that we are well assured that certain banks, with less than £500,000 of paid up capital, have discounted bills and made advances to the extent of from FIVE to SIX millions; and the engagements of others have been even more incommensurate with their capital!"

Comment is unnecessary. The rapid increase in the number of banks, and in the amount of bank credits, has produced the same effects in England that they have done in the United States. I will venture to say that no portion of the history of that country presents a parallel to their late extravagant speculations of every description. The epidemic seems to have spent its force chiefly in the creation of joint stock companies, for almost every purpose under the sun. There are companies for the construction of railroads; for the manufacture of cottons; for tanning; for the manufacture of glass, pins, needles, soap, turpentine, etc.; for dealing in coals; for raising sugar from the beet root; for making railways in Hindostan; for the prosecution of the whale fishery; for trading and founding settlements on the southeast coast of Africa, and finally, for burying the dead.

During the first three months of the last year, one hundred and four joint stock companies were formed in Manchester and Liverpool alone, with an aggregate capital of £37,987,500 sterling! To complete this picture of folly and extravagance, Mr. Poulett Thompson stated, in his speech in the House of Commons, in the discussion relative to the budget, "that he had made a register be kept of the various joint stock companies then on the tapis in different parts of the kingdom, and he found their numbers amounted to between three and four hundred; and that a capital of nearly two hundred millions sterling, or about twenty times the capital of the bank of England, would be required, according to the statements of the parties, to carry them into effect!"

The proposed capital of these companies formed in a few months, amounts to the enormous sum of one thousand millions of dollars, or to nearly four times the whole banking capital of the United States on the first of January, 1836! And yet, when it becomes necessary to convict the President of ignorance and mistake, we are told, that there has been no over-trading, no excessive speculations, no extravagant bank credits in England; and that too, simply because the amount of bank notes in circulation has not greatly increased. Most astonishing effort! The statement contained in the Message is true, both in letter and in spirit.

If I were to contend, which I do not, that all our calamities in this country have proceeded from the extravagant expansion of the paper credits of England, succeeded by a sudden contraction, it would be much more plausible than the argument of gentlemen. What but this bloated credit tempted our

merchants to inundate the country with foreign goods? The ancient customs of trade were abandoned, and they were urged in every manner to accept credits, and to draw bills of exchange, not founded upon any actual exports, but on the hope that exports might be made at some future and indefinite period.

The two countries have proceeded together with equal strides on the road to ruin, stimulating each other in their downward career, and they have both suffered the same penalties, and endured the same misfortunes. As the President states, the chief difference in their condition is, that our banks have suspended specie payments, whilst those of England have been able to weather the storm.

But gentlemen allege that the President has committed another grave error, in stating that the foreign debt contracted by our citizens was estimated, in March last, at more than thirty millions of dollars. This estimate, they say, is below the truth some eighty or ninety millions. If it were, this would only be, as in the case of the other alleged mistake, so much in favor of the President's argument—not against it. But how do they prove this mistake? By adding to our actual foreign debt, now due and payable by the merchants, all foreign investments in our stocks, and all the permanent loans which have been made in England to the several States and to corporations. The bare statement of this fact is sufficient. It is evident the President was not estimating the amount of permanent investments made by foreigners in this country, but the actual amount of our commercial debt, due in March last, which it was necessary to extinguish before our trade could revive. This debt may have been thirty-five or forty millions of dollars; but, from the information communicated by the Senator from New York, (Mr. Tallmadge) a few days ago, that, in the opinion of the merchants of New York, it was now reduced to twelve millions of dollars, I should very much doubt whether it at all exceeded thirty millions in March last.

How cheering the intelligence that our foreign debt has been reduced to \$12,000,000! The resources of our country are so abundant, that this debt must very soon be extinguished. Our next cotton crop will create a large balance in our favor. The foreign exchanges will soon no longer be against us; and then the foreign demand for specie will cease. All sound banks may then with safety resume specie payments. They will have nothing to dread, except the want of confidence at home. This I fear has been greatly increased at least throughout the interior of Pennsylvania, by the refusal of the banks in Philadelphia to meet those of New York, even for the purpose of consulting at what time it was probable specie payments might with safety be resumed. I have received numerous letters on the subject, which all speak the same language. This refusal I feel confident, did not arise from any apprehension, that these banks were less able to resume specie payments than those of their sister city.

Mr. Van Buren is not only correct in his statements of fact, but, by his Message, he has for ever put to flight the charge of non-committalism—of want of decision and energy. He has assumed an attitude of moral grandeur before the American people, and has shown himself worthy to succeed General Jackson. He has elevated himself much in my own esteem. He has proved equal to the trying occasion. Even his political enemies who can not approve the doctrines of the Message, admire its decided tone, and the ability with which it sustains what has been called the new experiment. And why should the sound of new experiments in Government grate so harshly upon the ears of the Senator from Massachusetts? Was not our Government itself, at its origin, a new and glorious experiment? Is it not now upon its trial? If it should continue to work as it has heretofore done, it will at last secure liberty to the human race, and rescue the rights of man, in every clime, from the grasp of tyrants. Still, it is, as yet, but an experiment. For its future success, it must depend upon the patriotism and the wisdom of the American people, and the Government of their choice. I sincerely believe that the establishment of the agencies which the bill pro-

poses will exert a most happy influence upon the success of our grand experiment, and that it will contribute, in no small degree, to the prosperous working of our institutions generally. The Message will constitute the touchstone of political parties in this country for years to come; and I shall always be found ready to do battle in support of its doctrines, because their direct tendency is to keep the Federal Government within its proper limits, and to maintain the reserved rights of the States. To take care of our own money, through the agency of our own officers, without the employment of any banks, whether State or national, will, in my opinion, greatly contribute to these happy results; and in sustaining this policy, I feel confident I am advocating the true interest and the dearest rights of the people.

## SPEECH OF MR. BROWN, OF NORTH CAROLINA,

In Senate, September 30, 1837.—The bill imposing additional duties, as depositories in certain cases, on public officers, being under consideration.

MR. BROWN said, in rising to address the Senate, after the very able and luminous investigation which the subject then before them had undergone, he did so from no vain expectation that he should be able, by any thing he might say, to impart any new interest to the debate, which had been listened to so attentively, or to add any thing of force to the argument by which it had been sustained. The acknowledged importance of the question they were called on to decide, the powerful influence which it would exert on the future destinies of the country, either for good or evil, and the deep interest felt in relation to it by the citizens of the State which he, in part, represented, would, he trusted, excuse him for presenting some of the leading considerations which would govern his course on that occasion.

Before, however, he entered into an examination of the merits of the proposed measure, he would notice very briefly some observations that had fallen from several Senators who had preceded him in the debate. The honorable gentleman from South Carolina, (Mr. Preston,) who has just taken his seat, in the commencement of his remarks, had alleged that the late Bank of the United States, had been constantly the subject of reference, by those who had spoken in this body in defence of the measures of the administration, and had deprecated its introduction into this debate, as tending to make up an erroneous issue before the country. It surely could not have escaped the observation of that gentleman, that the course of the late administration, in relation to that institution, had been severely arraigned by many of those who were politically associated with him, in the progress of the present discussion. Thus invited by the political friends of that gentleman, in some measure, to bring into review the character and conduct of that institution, it could not justly be complained of, either by them or himself, that the invitation had been accepted, and that some reminiscences had been called up, not, perhaps, the most gratifying to its friends, and but little calculated to recommend it to the public favor.

While, said Mr. B. the gentleman evinces so much anxiety that we should avoid making false issues before the country, is he quite certain that he is not himself obnoxious to the same charge? When he imputes to the administration and its supporters, the design of attempting to establish an exclusive metallic currency throughout the country, is he certain that he presents the question fairly? Does he, when he represents them as entering on a crusade to annihilate the State bank, and destroy the paper system, make up an impartial issue? He was well aware, that many of the opponents of the administration had used no ordinary industry, for some time past, to produce the impression on the public mind, that it was a part of its system of policy to attempt the introduction of an exclusive metallic currency. The friends of a national bank, had been especially distinguished for their untiring zeal, in endeavoring to create this impression, no doubt hoping to profit by the



apprehensions and distrusts which they expected to engender in the public mind, by the use of it against those in power. Neither the late administration, nor the present, had, on any occasion, promulgated this as a part of its policy. Neither, he was entirely confident, had at any time entertained a design so utterly visionary and impracticable in the present condition of the country. How, he would ask, could any well-informed person believe, for a single moment, that such was the design of those now in authority, when the Federal Government was entirely powerless to accomplish, by legislation, any such purpose? The States had been in the undisturbed exercise of the right to incorporate banking institutions, from the adoption of the Federal Constitution down to the present time. A right now universally conceded by all parties, and which none were disposed to call into question. Congress could not, therefore, interpose its authority, either to suppress existing institutions, or to prevent the establishment of new ones, and could only exercise some indirect control over them through its revenue laws. Notwithstanding the insuperable difficulties which stood in the way of such an attempt, as well from the want of constitutional power in Congress to effect it, as its own absolute inexpediency, yet we daily heard attributed to the administration, as a part of its policy, the intention to destroy the banking institutions of the country, and to substitute in their stead an entire metallic currency. Although the power of Congress was impotent for such purposes of destruction as were imputed, yet apprehensions were gravely expressed, here and elsewhere, that some such deep design was in agitation against the entire paper system, and that the country was to be visited with ruin and desolation, in all its branches of business and industry.

Mr. B. said he thought gentlemen might well dismiss all apprehensions which they seemed to entertain for the safety of that system, as the danger, in his opinion, was much greater of its extending its power over the country, than of its being restrained within any reasonable limits. It had acquired a power, he feared, stronger than the Government, and above the control of the people themselves; a power which, if it remained unchecked, would, in his opinion, eventually overthrow our republican form of Government.

The friends of the administration had been reproached by the same gentleman, in no very measured terms, with having abandoned the State banks at this, the period of their greatest difficulty, and with having practised bad faith towards them, by refusing longer to employ them as depositories of the public revenue.

This charge was particularly applicable, said Mr. B. to the banks, and not to the Government. It was they who had abandoned the Government, and violated the trust reposed in them. By refusing to pay over large sums of the public money entrusted to them, they had deprived it, so far as depended on them, of the means necessary to conduct its ordinary operations. In having done this, they had voluntarily changed the relation which they had before stood in to the Government, and had incurred a forfeiture of their right to a longer continuance as its fiscal agents, under a provision of the deposit act. In this condition of things, when the trust reposed in them had been so grossly abused, was there any thing to justify the reproaches, which were thus attempted to be cast on the friends of the administration, because they could not again give the banks their confidence, and place the Government again in a situation to be embarrassed by them? The gentleman who had preferred these charges, seemed to adopt a rule which was the very reverse of that generally acted on in such cases. Precisely in proportion as the banks have abused the trust confided to them, does he give them his confidence, and insist on their worthiness to be continued as the depositories of the public money. When an individual employed an agent to transact his business, a flagrant abuse of the trust confided to him, was the best of reasons for his dismissal.

Those in opposition seemed, on the present occasion, to discard this valuable rule, founded as it

was in common prudence; and the very banks not long since so unceasingly denounced by them as wholly unfit to take charge of the public moneys, had suddenly become worthy of all confidence. The pet banks, as the gentleman from South Carolina had designated them, had cause to congratulate themselves that they had been so ably defended at this time by him, who but a short time since denounced their employment in the character of fiscal agents of the Government, as fraught with the most pernicious consequences to the country.

The same gentleman, said Mr. B. had alluded, in terms of sarcasm, to what he was pleased to call the repeated experiments of the party who for some time past had been in power, on the happiness and prosperity of the people of our country. He (Mr. B.) would ask what party was it that first commenced experiments on this subject, so far as the action of the Federal Government was concerned? Was it not those who had defeated the obvious intention of the framers of the Federal Constitution, to make it a hard-money Government? Was it not those who, in the early history of this Government, had established a national bank, and thus fixed on the country the paper system? The often-repeated charge of tampering with the currency, and experimenting on that delicate question, was due, and most appropriately due, to that party who had introduced, and continued to advocate, a paper system under the Federal Government; in doing which, they had not only experimented on the currency, but also on the Constitution under which they had professed to act. To recall the Government to the course on this subject, which he solemnly believed to be that originally designed by those who formed it, and to rescue it from the paper money experiments of those who advocated a national bank, was the great object which the friends of the present administration were endeavoring to accomplish.

If to bring the Government back, in this respect, to what its framers intended it, if to restore it to the true constitutional currency, constitute experiments, he, for one, was content to share in the reproach, in common with his political friends, which might be incurred by it.

But it seemed that the gentleman from South Carolina was not only opposed to what he had characterized as experiments, but he was most anxious that the people should get rid also of the experimenters. In this he was unquestionably sincere, as it would no doubt gratify that gentleman to see his political friends placed in power. The public good which the gentleman held out as likely to result from this change, reminded him, however, of an anecdote he had read of a queen of England, of German origin, who had but shortly before arrived in that country. While riding out one day in her carriage, she was saluted by many of the people of London with acclamations of great joy and respect; in return for which she most graciously assured them that she had "come to England for their goods." "Yes," added one of those in the crowd, "and for our chattels too." Mr. B. must be excused if he expressed the belief that the gentleman and his friends felt quite as much interest in the latter as they did about the former of those considerations.

The honorable Senator (Mr. Preston) has had recourse to his fruitful imagination to aid him in presenting the policy of the administration, in relation to its financial affairs, in the most unfavorable light. He represents it as a constant succession of changes—one thing to-day, and another to-morrow, and likens its course to the signs in the celestial system, to illustrate what he is pleased to consider its ever varying policy. He had undertaken freely to condemn all its imputed aberrations, but had not pointed out the manner in which they were to be corrected. He had undertaken to define the position of those to whom he stands opposed in politics, but has left it in some doubt under which of the signs of the political zodiac he himself will be found. But, if he did not err greatly, from certain mysterious givings out, which had fallen from that gentleman in the course of his remarks, he would finally settle down under the inauspicious sign of a national bank.

He had heard the remarks of the gentleman from

Georgia, (Mr. King,) in relation to the Message of the President of the United States, with mingled feelings of regret and surprise. He must be permitted to say, that he had done great injustice to that able document, characterized as it was, in his opinion, by decision, moderation, and dignity. The gentleman from Georgia had taken issue with the President chiefly as regarded the expansion of the paper system, alleged by him to have taken place contemporaneously in England with the expansion in this country, and also as to the amount of foreign debt owing from our citizens, which is estimated in the Message at thirty millions of dollars, on the 1st of March last. Mr. B. had thought, as well from the debates in the British Parliament as from such writings of that country on that subject as had fallen under his notice, that the expansion of the paper system there, in the last few years, was almost universally admitted. The gentleman from Georgia was the first, so far as he was informed, to attempt to controvert this opinion. This he had endeavored to do by reading a statement of the amount of bank notes in circulation in England for the last four or five years, in order to show that it had increased but little in that period. He then draws the conclusion, because the amount of bank notes have not much increased in that time, that the paper system had undergone no material expansion in that country.

This was a very fallacious standard, remarked Mr. B. by which to judge of the extent of business done by banks. Their transactions, in paper of various kinds, were often very large, when the amount of their notes in circulation was comparatively small. That the rule assumed by the gentleman from Georgia was not a fair one by which to test this question, and that an expansion of the paper system, to a very great extent, had taken place in England, he begged permission to read a few sentences from an essay on banking, in a late number of that very ably conducted journal, the *Edinburgh Review*. After exhibiting the great number of joint stock banks which had lately been established in England, the writer makes the following very just remarks: "This rapid increase in the number and in the issues of the joint stock banks, has been, in part, a consequence, but in a much greater degree, a cause, of the late rise of prices, and of the existing excitement. But we should fall into the greatest possible error, if we supposed that the influence of the banks in question was to be measured by the amount of their notes in circulation, payable on demand. These, in fact, constitute but a comparatively small portion of their obligations. Most of them have been in the habit of trading, not on their own capital or on the deposits made with them, but on credit obtained in the metropolis and elsewhere. Instead of retaining the bills and other securities they have discounted in their coffers till they are paid, many banks have been in the habit of forwarding them to London to be rediscounted. To such an extent has this system been carried, that we are well assured that certain banks, with less than five hundred thousand pounds of paid up capital, have discounted bills and made advances to the extent of from five to six millions, and the engagements of others have even been more incommensurate with their capital." Here, then, is a statement fully proving the expansion of the paper system in England, as alleged in the Message, and establishing the important fact that the national bank of England is incompetent to regulate it, and to prevent its running into those excesses, prompted by the inherent principles of the system itself. The great number of bankruptcies which, a short time since, occurred in the great commercial cities of England, was another proof that went to show the existence there of the same speculating mania which had produced such calamitous consequences in this country. He had, not long since, seen it mentioned, in some of the publications of the day, that the number of failures, among the merchants and traders in England, was much greater than the newspapers of that country had given an account of. There it was not necessary, for political purposes, to send forth exaggerated accounts of mercantile distresses, and to publish daily bulletins of mercantile failures, to alarm

the country. The disgraceful and extraordinary avidity with which disasters of that kind had been trumpeted to the world, by a large portion of the opposition press in this country, often magnified greatly beyond what in reality they were, afforded a melancholy example of the reckless spirit of party, which had proved itself but too ready to sacrifice commerce, credit, country, and every thing that was sacred, to the advancement of factious purposes.

There was another circumstance, which he had often seen stated in the publications of the day, and which remained uncontradicted, so far as he knew, that, of itself, and in itself, furnished the most irrefragable proof of the undue extension of the paper system in England; and that a spirit of wild speculation had been abroad there as well as on this side of the Atlantic. Many of her great banking houses connected with the American trade, are said to have actually despatched agents to the large commercial cities of this country, for the purpose of offering the most extended credit facilities to our merchants. It was in this way, that many who but a little while before were clerks, without either the capital or experience necessary to conduct large mercantile operations, were suddenly converted into great importing merchants; and having failed for millions, the consequences of their own imprudence were now to be charged to the policy of the administration. It was this stimulus to overtrading, which had been furnished by the great expansion of the paper system in that country, united with the same cause here, that had proved so disastrous to the merchants of our large cities. The very excitement which had characterized it, in England as well as in America, clearly made out its diseased state there as well as here.

As to the second issue which the gentleman from Georgia had made up with the President, no precise data had been furnished to the country by which it could accurately be decided. The President, in his Message, estimates the amount of debtowing in Europe, from our citizens, on the first of March, last, at about thirty millions. The gentleman from Georgia thinks it much larger, and undertakes to prove it, by adding to what he supposes to be the mercantile debt, all the loans which have been negotiated in Europe, by banks, railroad companies, and other corporations in his country. The President surely had never intended to comprehend, in his estimate, all the debts and loans contracted in Europe by corporations, some of which were payable not until many years hence. On the contrary, he speaks of the debts which had been contracted by our "citizens," thus obviously alluding to the mercantile debts due by individuals, as distinguished from those contracted by corporations. As he had already remarked, we had no means of arriving at certainty in estimating the foreign mercantile debt. He had, however, understood that the best informed merchants had supposed it not to have exceeded the sum of thirty millions on the first of March last. Its rapid liquidation, as is proven by the great fall in the premium on bills of exchange on England, goes greatly to favor the supposition that it had not exceeded that amount, or otherwise it could not have been so much reduced in so short a time.

The gentleman from Georgia attributes much of the disaster which has fallen on the nation, in its pecuniary affairs, to the policy of the late President in relation to the national bank, and thinks that what he has been pleased to call "glory," is in a rapid state of depreciation. Mr. B. was neither an admirer of what was called national glory nor of individual glory. If, however, it was meant to convey the idea that the distinguished individual who had lately retired from the station of Chief Magistrate of this nation to private life, no longer enjoyed that exalted eminence in public esteem which he had before occupied as a patriot statesman, he begged permission to differ from him. In the single act which the gentleman from Georgia had complained of, the late President had done enough to entitle him to imperishable fame, and to hand his name down to future ages as one of the great benefactors of mankind. In adding his humble testimony to the eminent public services of the late President, he was the more gratified to do so

as it was a just tribute due to an individual now no longer in the possession of official station, but in the unostentatious retirement of private life.

He could not concur with those who sought a solution of the causes which had brought about the present commercial distress and embarrassment of the country in the policy of the late administration. Cause did not more certainly produce effect than did the paper system occasional revulsions in trade and commerce, whether it existed in the form of a national bank or of State institutions. This was undeniably proven by parallel cases of distress, which had occurred in this country during the existence of the late national bank, and which had repeatedly occurred in England with a similar institution. But, besides the ordinary tendency of that system to visit on the country occasional pecuniary distress, he saw, in the violent political warfare which the United States Bank and its indefatigable partisans had waged against the party in power for the last five or six years, many of the causes which had led to the present state of things, and which the real perpetrators, with characteristic dexterity, were now endeavoring to charge to the policy of the late and present administrations.

The primary causes which had led to this catastrophe, in his opinion, were not of recent date, but had their origin some five or six years back. They originated in that rapid succession of expansions and contractions resorted to by the United States Bank when it was seeking to effect a recharter. The history of no similar institution in the world had been marked by so many and such sudden fluctuations in its management. Unless all past experience in banking is false, unless all that has been written by the wisest men on this subject is to be repudiated as untrue, this course of itself was sufficient to give an impulse to that spirit of speculation, which, roused into action then, has since spread far and wide over the country.

Among the most effectual of these expansions by the Bank of the United States in doing mischief, was that in the latter part of the year 1834, and in the beginning of that of 1835, by which it increased its discounts, in the course of a few months, from about forty-five millions of dollars to about sixty-five millions. It would be borne in mind, that this enormous increase took place some time after the removal of the public depositories from that institution, and after the State banks, strengthened by receiving them, had filled the vacuum in the moneyed circulation of the country, occasioned by the great reductions in its loans made by the Bank of the United States shortly after the depositories were removed. The United States Bank having thus discounted largely, when the channels of circulation were already full, powerfully contributed to create that redundancy in the paper system which has since produced so much mischief. Besides he would ask what period has there been, since that time, that the country has enjoyed repose, from the violent and continual assaults made by that bank, and the powerful party, which has acted with it, on the financial policy of the Government? What expedient has been left untried by them to frustrate and defeat that policy? Is it, therefore, now to be tolerated, that the perpetrators of so much of this mischief are to escape, by raising a false clamor against others? Imperceptible and difficult of detection as the means often were employed by a great moneyed power to accomplish its purposes, yet he could not doubt that the public intelligence was fully competent to understand the sinister agency which had labored with untiring perseverance, and at the hazard of destroying the prosperity of the country, to effect its designs.

They had heard much of reproach and vituperation cast on the administration for having, as was alleged, failed to present some plan by which to relieve the country of its embarrassments. Did gentlemen suppose, when they seemed to consider Congress so entirely competent to relieve the country from its embarrassments, that it would pay the debts of those involved, and restore the losses of those who had been unfortunate? Their knowledge of the principles of the Constitution forbade the supposition that this was the plan of relief desired by them. Every measure of relief, which, in his judgment, the exigencies of the times called

for, and which was compatible with the Constitution, had been presented for their consideration, and had received the sanction of that body.

Was the bill which extended a very liberal indulgence to the merchants on a large amount of debt due to the Government, a measure bringing no relief? Was the bill granting further time to the banks to pay over the Government deposits, and which would enable them to extend more lenity to their debtors, of no value to the community? Would the bill which proposed the issuing of ten millions of Treasury notes, rendered necessary by the indulgence extended to the merchants and deposit banks, produce no beneficial effect? The very anticipation of the passage of these measures, and of the latter more especially, it was said, had already, in conjunction with other causes, produced a favorable influence on the money market in the large cities. If gentlemen in opposition, who had presented such exaggerated pictures of distress, knew of other and better remedies than those already proposed, and did not bring them forward, the country would hold them answerable for a dereliction of public duty. The physician who stood by and witnessed the agonies of the patient, and who knew the remedy, and yet would not apply it, was guilty of culpable negligence. A national bank, though not openly avowed as such, is, no doubt, in the estimation of gentlemen, the sovereign cure for the distresses of the times. Why, then, is it not proposed? Wherefore is there delay in bringing it forward? Is it apprehended that the patient is not yet sufficiently afflicted by distress to make him willing to receive the remedy? Is it necessary that he should be further tortured by bank chastisements, and alarmed by panic cries of distress, to subdue him to an acquiescence in the plans of those who have his good so much at heart? This plan of operations had been once before tried: it had failed then, and he predicted it would fail again.

Having said Mr. B. replied to some remarks of honorable gentlemen which he considered of a character requiring especial notice, he would now present some of the principal considerations which had induced him to give the bill then before them, and the amendment proposed by the Senator from South Carolina, (Mr. Calhoun,) his cordial sanction and support. The same considerations of wisdom and of common prudence which would induce an individual to change an agent in whom he had reposed a trust, and who had proved unfaithful or incompetent, should admonish us, in our public capacity, to withdraw our confidence from those fiscal agents of the Government who had so signally failed in performing the duties undertaken by them. The State banks had been tried as fiscal agents of the Government, under circumstances the most favorable to success. The nation had seen, with astonishment, in a period of profound peace, with no public debt burthening our resources, and with a Treasury abounding in means beyond all former example, the Government of the United States suddenly deprived of the means to carry on its ordinary operations, by the determination of the banks having possession of its revenues to suspend specie payments. Was it the part of wisdom, under such circumstances, to renew the connection between the Government and the banks? Was it proper for those entrusted with the duty of conducting public affairs, again to subject the Government to the recurrence of the same evil, with, perhaps, still more aggravated injury?

For one, he wished to see the Federal Government taken out of the keeping of irresponsible banking corporations, and subject to be controlled alone by the will of the people, its only legitimate masters. So long as banks were made the depositories of the public revenue, the Government was dependent on them in conducting its most important operations, either in peace or in war. Its action might be arrested by their withholding its means in periods of the greatest public emergency. It could not in war command a squadron to sail or put a battalion in motion, if the banks entrusted with its revenue should determine to withhold it. Its very existence might be endangered by being brought to a pause for the want of means. The reflection was humiliating, that a Government,

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which was noble in the republican simplicity of its structure, and destined to solve the problem of the capacity of man to govern himself, should be made to depend on the will of banking corporations for so important an element of its success as the certain command of its revenue. In placing it, in this way, at their mercy, it was exposed in its financial affairs to all the evil influences which they might exert, whether arising from caprice, political hostility, or the vicissitudes of trade. Nor was this exhibiting the danger arising from this system in its true extent. It could be demonstrated that the banks of *any single one of the large commercial cities*, in a period of over-trading, would have it entirely in their power, by suspending specie payments, to compel a general suspension of all the banks throughout the United States; and, by doing so, arrest the regular operations of the Government! The banks of a single city in one of the eastern States, at a very gloomy period of the last war, availing themselves of the balances which had accumulated in their favor, in the course of trade, against the large commercial cities of the middle States, had, by a demand on them for payment in specie, caused a suspension by the banks throughout the United States! This movement struck a blow at the Government, which had well nigh proved fatal to the success of all its operations in the great contest in which it was then engaged. That it was, in a great degree, the result of hostility to the cause in which the country had embarked, was then extensively believed, nor has that impression to this day been removed.

The State banks are, from the course of commercial transactions, so intimately and closely connected together, that what affects any portion of them in any one of the principal cities, is, to a greater or less extent, felt by all. The stoppage of the banks at either of the great commercial points, almost with the quickness of electricity is felt by all, and is followed by all throughout the country, as a measure of self-protection. If this was proven to have been the case by the occurrence of that kind which took place in the last war, the circumstances of the country which now exist, are still more peculiarly calculated to produce such a result. The great increase in our internal trade, as well as foreign commerce, and the rapidity of communication now existing between the remotest points of our country, had produced a still closer connection and sympathy between the banks than formerly existed, and doubly subjected all to the danger of being affected by causes operating on a *few at a single great commercial point*.

He had shown the great uncertainty and danger which the Government, by depositing its revenue with the banks, would be continually liable to, in its financial affairs. He had shown that these results might be brought about by the determination of the banks, at a single leading commercial city. Was it the dictate of wisdom thus to place this already great and rapidly growing Republic under the control of a few great commercial cities, in a matter so materially involving its success, as well as its very being? Was it sound policy in that way to expose its financial action to the deleterious influence of the national bank of England, and the great moneyed power of that country? Much the larger portion of the foreign commerce carried on by our great cities was with England. He was informed that even a very large portion of the trade carried on by American merchants with other foreign countries, was conducted by means of credit obtained through the great banking houses in that country.

It was the misfortune of our great cities, if it was to be regarded as such, almost constantly to stand indebted to England in a very large amount. Whenever our merchants overtraded with her to any considerable extent, her national bank could, if she chose it, produce a pressure through them on our city banks, and produce the hazard of their stopping specie payments. Her powerful agency to accomplish such a catastrophe may be seen in the suspension of specie payments by all of our banks which has lately occurred in this country. The first movement which led to that unfortunate result was that made by that bank, by which she compelled the great banking houses of England, connected

with the American trade, to discredit American merchants. Indebted to England as they were in a sum estimated at about thirty millions, and unable longer to draw bills to meet their payments on her banking houses, which had before given them almost unlimited credit, they were driven to the only other expedient left them of making remittances in specie, the demand for which compelled the banks first in our great commercial emporium to close their vaults.

Nor would a NATIONAL BANK have shared a different fate, if one had been in existence, under the same overwhelming causes. It would, no doubt, have been forced, under the great and extraordinary pressure for specie, to have yielded to the storm. To re-unite the Government with the banks, would be, therefore, to subject it, in a period of over-trading, to the dangerous influence of the great moneyed power of England, operating at such a time, first on our merchants engaged in foreign trade, next on the banks, and, through them, on the finances of the Government. If its independence was to be preserved—if its regular constitutional action was to be kept up, impelled alone by the vigor of the public will—then the separation of its financial interests from the banks entirely was a measure indispensable. That alone could secure to the people, in its administration, those great and important ends in a republican form of Government to which he had alluded, and free it from the extraneous influences which threatened such serious mischief.

Nothing, said Mr. B. was of greater importance to the happiness and prosperity of a people, than stability in the monetary concerns of a country. Could any one hope to see so desirable an object accomplished so long as the Government remained connected with the banks by whom the circulating medium of the country was almost entirely supplied? Could any one hope to see an end of those wars on the currency, which had been so incessantly waged, for some years past, by the party opposed to the administration, in the hope to convince the people that they had acted unwisely in refusing to agree to the recharter of the national bank? Was it to be expected, if the Government was again re-united to the banks, that party violence and ambition would not again strike at the moneyed affairs of the country, constituting as they did the most sensitive nerve in the body politic, with a view to drive the administration from power? When the national bank was refused a recharter, it became the signal for that attack on the State banks, which has been so incessantly kept up ever since. The removal of the public deposits from that institution, furnished another excuse for the same course of hostility, greatly embittered by their having been placed by the Government in the State banks. When commercial embarrassments began to thicken over the country, when it was plainly perceived by the keen-eyed sagacity of the managers of the moneyed power, that the banks had endangered themselves by excessive issues, then it was that the war was pushed with renewed vigor, in the hope, no doubt, that the blow which would result from the suspension of specie payments would prove decisive of the fate of the administration.

He had noticed some weeks previous to the banks having stopped specie payments, the simultaneous movements of certain presses, devoted to the interests of the Bank of the United States, tending to produce that result. They predicted that the banks would stop, and some of them zealously urged them to that course. He did not positively know that it was their design, through the instrumentality of a panic, to bring about that result, to which their labors had powerfully tended for so long a time; but the time, the manner, and the circumstances, all went strongly to favor that supposition. The time selected for this movement, when mercantile failures were daily occurring, was of all others the most favorable to produce distrust and alarm in the public mind, as to the solvency of the banks, and consequently, to cause a general demand on them for specie, by depositors, and those who held their notes. The manner of the attack, by commencing it about the same time at three or four important points, distant

from each other, showed it to be, if not a matter of concert, at any rate a singular coincidence. The circumstances under which it was made, were exceedingly well calculated to produce the political effect doubtless ardently desired by those engaged in the crusade against the administration. Very many of our citizens were involved in heavy pecuniary embarrassments, the fruits of the wildest speculation. The States—many of them in the anticipation of receiving their proportion of the surplus revenue—had embarked in expensive plans of improvement; and the whole of the public revenue belonging to the General Government was deposited in the banks thus liable to be affected. In this state of things, it was no doubt imagined by many of those who are desperately determined on producing a political revolution, that to stop the banks was to pull down the administration. It was a blow which, by the sufferings it inflicted, was to awaken the slumbering community to the merits of a national bank. It would disappoint the States in their expectations of receiving the surplus revenue. Finally, that it would stop the wheels of Government, and afford the enemies of those in power the opportunity of exultingly pointing to its bankruptcy, and proclaiming the mismanagement of its revenues. He regarded the great body of those in opposition as honest and patriotic citizens, and was far from believing that they were prompted by such motives as he had alluded to; but at the same time he felt regret at being compelled to express the belief, forced on him by the circumstances he had described, that there were some to be found among them ready to compass their objects at the expense of the prosperity and best interests of their country.

It would not, he thought, be doubted, on a candid review of the history of the last three or four years, that the connection between the Government and the banks had invited and been made the cause of the harassing warfare which, to subserve party purposes, had been, in that space of time, almost constantly kept up against the deposit banks; and, consequently, affecting to a great extent the interests and business of the country. The streams of the money circulation never can run clear or smooth while they are liable to be muddied and lashed into impetuous violence by being mingled with political excitement. The country will be perpetually liable to experience inundations at one time in its circulation, and at another to suffer sudden reactions. The true remedy is, then, to remove the cause, by severing the connection between the Government and the banks. By doing this, many of the most powerful motives to produce agitation on this most delicate and sensitive question will be effectually removed.

Another consideration, by no means of secondary importance, in favor of such a step, is the expediency, if not absolute necessity, of confining within more moderate bounds the relation of debtor and creditor between the Government and its citizens. While the banks are employed as the depositories of the public revenue, they must necessarily loan it out to individuals, to indemnify themselves for the trouble and risk in keeping it, and for the interest which they are bound to pay on it to the Government. The public money thus loaned out by them, though nominally due to the banks, is, in reality, owing to the Government. The relation of debtor to it, in this way, becomes ramified throughout every part of the country; a relation which, when it exists to any considerable extent, is dangerous to the existence of the Government which creates it, and destructive of patriotic sentiment in the citizen. It is the firebrand by which faction may inflame public feeling, and by which civil war may be lighted up. If the Government is at any time compelled to demand its money from the banks, when they are pressed, designing politicians would not fail to ascribe the pressure which it might occasion to tyrannical and unworthy motives.

Let us suppose that the Government, at the present time, instead of granting indulgence to the defaulting banks for the large amount of money due it, was to yield to its necessities, and resort to rigid measures to enforce its immediate payment, can any one doubt but that appeals would be made to all the interested and selfish motives of those who are indebted, to array them against those at



present in power? We need only refer to the criminal conduct of a certain class of individuals, who had threatened resistance to the Government not long since, because the postages were demanded of them in the legal currency of the United States, when they well knew it would be an open violation of law for officers of the Government to receive any other.

The measure proposed was no innovation on the principles of our Government; but was, in fact, a revival of those practised on in the early days of the Republic, under the very extensive powers given the Secretary of the Treasury, by the law first organizing that department. When but few banks existed at that time, individuals engaged in the collection of the revenue, in many instances, were required to keep and disburse the public moneys, when called on by that officer. To him, the system of collecting, keeping, and disbursing the public moneys of the Federal Government, through its own officers, was the most obvious and simple that could be devised. Nothing appeared more natural and appropriate, than that a Government should execute its own laws, through officers appointed by itself, and accountable to its authority. When the Constitution was framed, there were but few banks in the United States. Its framers, therefore, must have intended that its finances should be managed by its own officers; otherwise they would have given the power, in that instrument, to Congress, to create a bank corporation for that purpose. As the system now proposed, therefore, was that evidently intended by the framers of the Constitution, gentlemen paid them but a poor compliment when they denounced it as fraught with so much danger to the liberties of the people. Of nothing was he more entirely convinced, than that its tendency was to lessen greatly Executive patronage, instead of to increase it, as had been so confidently insisted on by those who were opposed to it. It proposed no addition to the number of public officers already existing. It involved an expense of only comparatively trifling amount. Where then was the increased patronage so much complained of? That it would greatly diminish the patronage of the Executive branch of the Government to discontinue the employment of the State banks as its fiscal agents, the speeches of gentlemen in opposition could be cited abundantly to prove.

When the law was, at a former session, under consideration, by which they were made the depositories of the public revenue, it was then represented by them as placing the State banks under the control of the Executive; and organizing a moneyed power to be wielded at his will for the destruction of the liberties of the country. Politically hostile to the administration, as he believed much the larger portion of those who managed them were, in reality, they brought no strength to the party in power, but were rather the source of weakness. But to an administration of congenial politics with themselves, they could bring a power and influence, dangerous to the liberties of the country. By ceasing to employ them, the Government in effect removed the means of its influence from a vast number of persons who were engaged in managing those institutions, and, so far as their fiscal agency was concerned, were to be regarded as its officers.

It was then almost susceptible of positive demonstration, that the proposed measure, by greatly reducing the number of those engaged in conducting the fiscal affairs of the Government, to that extent diminished the patronage of the Government.

The President, in recommending a severance of the connection between the Government and the banks, had assumed an attitude of dignified firmness and moral elevation, worthy the character of the Chief Magistrate of the nation. It carried out the doctrine into practice, that simplicity in the administration of a Government founded on the will of the people, while it is the readiest means of perpetuating its principles, is the surest way of securing their esteem and approbation. It voluntarily proposed to relinquish whatever of power and influence might be derived to the Executive branch of the Government from a connection with moneyed institutions, and in doing so, would leave

it to repose on the wisdom of its policy, and the merits of its measures, for public support.

The objection, said Mr. B. that to carry into effect the measure proposed, would be an attack on the banking institutions of the country, and, through them, on the people, was to his mind equally unfounded.

Unless it could be proved that the banks were the people, it would, he thought, be difficult to establish this assumption. He knew that the paper system was rapidly gaining a powerful ascendancy over public opinion; but it had not yet so entirely usurped their privileges and prerogatives, as to make them and the banks convertible terms. What right, he would ask, had the banks to the custody and enjoyment of the public revenue? Was it at all necessary to the maintenance of their proper credit, that they should be employed to manage it? The first inquiry was answered by the conduct of the banks, in withholding from the Government its means, and thus crippling its operations. To the second, it may very properly be answered that they, like individuals, should be left to their own intrinsic merits and means to sustain their credit. If they conduct their business on prudent and sound principles of banking, and act with honesty and fairness in their transactions, their credit will be, as a matter of course, established. To that extent they are entitled to credit, and no more. Any other credit beyond that is fictitious, and productive of injurious consequences.

Many of the banks who had been in possession of the Government deposits, had no doubt been injured by the excesses to which they had been stimulated in consequence of it, excesses proving alike injurious to themselves, and those who had borrowed of them. Its tendency was to expand the paper system beyond its proper bounds, by enabling the banks to discount largely on funds not their own; and when called for, as they must of necessity be by Government at short intervals, the frequent consequence would be a pressure on the community by the banks who loaned them, that they might be enabled to meet the Government demand. The effect then of using the banks as depositories, in this point of view, is to produce fluctuations in the bank note currency of the country, and to produce those shocks in trade and business, so detrimental to both.

An objection not less specious and unfounded, than that which he had just noticed, and which had been used as an argument against the policy of the bill, was that it attacked, what, in his judgment, was erroneously called the credit system. Towards the true credit system of the country, none felt more attachment and respect, and a more anxious desire to preserve it, than himself. But, if it was meant that the effect of the measure would be to put an end to that supendous system of legalized fraud and plunder, which, under every variety of the paper system, had for some time preyed on the industry and prosperity of the country, he, for one, would rejoice at such a result. He most sincerely wished to see that system of credit, which was the offspring of merit, probity, or wealth, protected to the fullest extent; but not that system which prompts its followers to seek their ends through all the avenues of gambling and fraudulent speculation. It was a system, by which the more honest, but less wary, class of society were made victims of the schemes and arts of the more practiced and designing.

Among the strong recommendations (continued Mr. B.) in favor of placing the public moneys in the hands of individual depositories, is the perfect and entire power which it affords to the Government at all times, through its agents, to look into the state of its funds by actual inspection. The bill provides that the Secretary of the Treasury shall cause examinations of the moneys on hand and accounts of each depository to be made at least once a year, and as much oftener as he may deem necessary; and, for this purpose, authorizes him to appoint special agents. In this way, the Government will always be enabled to know the actual condition of its finances. This power can not be exercised over the State banks, because they are corporations existing independently of the will of Congress, and, therefore, subject to no mode of

investigation by the Secretary of the Treasury other than that afforded by their returns. Nor would the case, in this point of view, be improved if a national bank existed, and was made the depository of the public revenues. The resistance made by the officers of the late bank to a committee appointed by the House of Representatives to examine its condition, shows the power, and will of moneyed corporations to evade investigation, even by those from whom they hold their charters.

As to the comparative safety of the two plans, in taking care of the public revenue, as a whole it was in favor of the system to be conducted by individuals. Some of them might, occasionally, become defaulters; as, in the management of human affairs, under the wisest system, it was impossible to avoid casualties and difficulties. But, under no circumstances, could it be expected a state of things would occur which would deprive the Government of the use of its entire means, as had lately been the case, by the banks having resorted to a suspension of specie payments. In that aspect of the case, then, the question of superior safety was against the banks as depositories of the revenue, and in favor of the plan proposed.

The proposition of the gentleman from South Carolina (Mr. Calhoun) so to amend the bill as to make the public dues, of every description, after a certain period, payable only in gold or silver coin, or in such notes, bills, or paper, issued under the authority of the United States, as may be directed to be received by law, met his hearty concurrence. The able arguments by which it had already been enforced would occasion him to confine his remarks to a few of the principal benefits which would result to the country from its adoption.

It would, in the first place, free the Federal Government from all the casualties, difficulties, and embarrassments with which its financial action had been so repeatedly oppressed by the receipt of bank paper. It was not only important, in the operations of Government, that it should be able promptly to command its money, but that it should be of a kind universally current, as well in the country as out of it. Money was the great agent which gave to Government its action and efficiency. In proportion as it was good, was the energy and success of its operations in periods of emergency. In proportion as it was debased, was its action weakened, and its success jeopardized.

Much of the success of a Government depended on its practising the principles of justice in its transactions with its citizens, by which it inspired sentiments of respect, and strengthened it in their affections. Disbursing, as it did, annually large sums of money in the public expenditures, made throughout the country, it could not fail to lessen those sentiments of respect and attachment by making its payments in a currency of less value than that recognised by its Constitution, because, in doing so, it would violate the principles of justice which itself had established.

Again: its tendency would be, if aided by the passage of another bill then on the table, proposing to abolish credits in the payment of all the public dues, and substitute cash payments in their stead, to check that spirit of over-trading and excessive importation which had prevailed to such an extent among our merchants engaged in foreign trade. From it, evils of the greatest magnitude had arisen to the currency of the country, as well as to our trade and commerce at home and abroad. The great facilities afforded by the banks in obtaining loans would powerfully stimulate our merchants to over-trade, so long as bank notes were made receivable by our laws in payment of the customs. The effect of this measure, then, would be to reduce the imports from abroad nearer to the standard of our exports, and remove the evil effects on the business and currency of the country, always the consequence of over-trading. In doing this, the receipts of the Government would be lessened and brought down to a point making it incumbent on it to practice economy in its expenditures.

Another effect, of not less public utility, which would result from it, in his opinion, as auxiliary to the benefit of placing the public money in the hands of individual depositories, was the suppression, to a great extent, of that system of fraud and

speculation in the public lands, which was so much and so justly complained of throughout the country. The Specie circular had proved inadequate to effect this object, though it had, no doubt, contributed to lessen the evil. The specie paid into the hands of the receivers for the purchase of public lands, was, under the late system, deposited in the banks, and by them again loaned out to land speculators, by whom it was again paid to the receivers, and again deposited in the banks—the same identical specie thus performing a perpetual round, and employed in that way to effect numerous purchases in the public lands. If bank notes are again made receivable in the public dues, the facility of obtaining them, by loans from the banks, will revive the spirit of speculation in the public lands, and the public domain will soon pass almost entirely into the hands of speculators. By requiring payment in gold and silver, and placing it in the hands of individual depositories when collected, it effectually cuts off the means of conducting these operations: first, because the banks will not loan their specie to speculators, when they know it will not be returned to them again in the shape of Government deposits. Secondly, when paid into the hands of individual depositories, it cannot be used in loans to speculators without incurring very severe penalties, but will return to circulation among the public only in the form of Government disbursements.

If the observation that the adoption of this principle would furnish "one currency for the Government; and another, of inferior value, for the people," was intended for argument, certainly none was more shallow and easily refuted. If it was intended as a mere attempt at popular delusion, then he would say none was more easily detected. To whom, he would ask, did the Government belong, for whom this money was to be collected? Why, to the people. To whom did the money belong, thus collected? To the people. For whose benefit was it to be expended? Certainly for their benefit. Nothing could be of such great public utility, as the steady and regular administration of the Government, for which purpose it was to be used.

If carried into practice, it was destined, as he believed, to perform an eminently beneficial public purpose. It would raise the Federal Government above the influence of bank corporations, and place it on its own proper energies, to discharge the great and important trusts confided to it. It would bring into circulation, necessarily, more of the precious metals, and in that way form a mixed currency, now almost exclusively composed of paper. The liberties and prosperity of the country were now almost sinking beneath the effects and abuses of the paper system. The Federal Government was the only power competent to redeem it from that situation. It was bound, constitutionally, to exert its power to restore, as far as it could, the only kind of currency it was authorized to establish.

That it would prove of great advantage to the country he could not doubt. Not only to the people themselves, by being the means of diffusing a more extensive metallic currency, but to the banks, likewise, by affording them, in its wider circulation, a fund to recruit from in times of exigency. In short, that which was denounced as a measure destructive to the banks, and to the interests of the people, was a measure, in his estimation, eminently calculated to benefit both.

Mr. B. in conclusion, said it was now very apparent, that the decision of Congress would be ultimately narrowed down to a choice between the plan of fiscal agency, then proposed, and the establishment of a national bank. The State banks had, on a fair trial, proved themselves incapable of fulfilling the duties of such a trust, and if again resorted to, would, in all probability, sooner or later, present a repetition of the difficulties in which they had recently involved the Government and the country. To the creation of a national bank, in any form, he had objections of an insuperable character. The argument made by gentlemen who had preceded him in debate against its constitutionality, was unanswered and unanswerable. The objections to it, as a measure of expediency, were equally strong and decisive. The remedy which

it would afford would be worse than the disease, which its friends professed its capacity to relieve. Besides its tendency to produce pecuniary distress for some time before it could go into operation, if established under the pressure of the present pretended necessity, it would be fixed on the country, notwithstanding any abuses it might commit, for ages to come. The argument would be constantly and readily used, by its advocates, that it must be continued, or the prosperity of the country ruined.

Its success would bring into power, as a necessary consequence, the political party who have supported such a system with such zeal and perseverance, in all its fortunes. With such an institution, devoted, as it would be, to the party that placed it in ascendancy, the Government would become stronger than the people, and their will would be superseded. It would be hailed as a triumph by the friends of the moneyed power in America and Europe, over that spirit of liberty and independence now existing in the Republic.

### SPEECH OF MR. CLAY, OF ALABAMA.

*In the Senate of the United States, Wednesday, Oct. 4, 1837.*—The bill "imposing additional duties, as depositories in certain cases, on public officers," being under consideration, and on its third reading—

MR. CLAY of Alabama, addressed the Senate to the following effect:

MR. PRESIDENT: Before the vote is taken on the passage of this bill, I must ask the indulgence of the Senate for a few moments. Until very recently, I had intended to remain silent; but regarding the importance of the measure, its capacity for good or evil effects throughout the country, and the responsibility of the vote I am about to give, I am anxious that the principles and views by which I am governed shall be correctly understood.

By the able debate, which has so long occupied the Senate, and to which I have listened with the deepest interest and attention, the measure before us has been made to assume a triple aspect. Shall we pass the bill under consideration, and confine the receipt and disbursement of the public money to individual officers and agents? Or, shall we continue the State banks and local institutions as our depositories and agents? Or, would it be better to charter a national bank? or recharter the late bank of the United States? Thus has been brought in review the whole history of the Government, as regards its financial affairs, and its agency in regulating the currency of the country.

I confess, sir, when this delicate and important subject was first brought forward, I had some hesitation, some doubt, as to its probable tendency; but the more I have reflected, deliberated, investigated the subject, the better I have become satisfied that its effects will be salutary, in regard to the immediate interests of the Government itself, and that they will not be pernicious; but, on the contrary, beneficial to the interests of the people—our constituents.

As the measure was first proposed by the Committee on Finance, I apprehended the disconnection—divorce, if you choose—of the Government from the banks would be too sudden, and would consequently cripple the banks, and occasion a shock in the monetary affairs of the country generally. But, sir, these apprehensions have been obviated and removed by the amendment offered by the Senator from South Carolina, (Mr. Calhoun,) as it is now modified. Under that amendment, the bills of such banks as now pay specie, or as may think proper to resume specie payments, will be receivable in payment, and to the full amount, of all public dues, for customs, lands, etc. till the 1st of January, 1839; thereafter, three-fourths of such public dues, till the 1st of January, 1840; thereafter, one-half till the 1st of January, 1841; and, thereafter, one-fourth till the 1st of January, 1842.

Here, then, is inducement held out to the banks now paying to continue, and to such as have stopped to resume specie payments. We say to them, in effect: "We invite you to resume specie pay-

ments; show that you are solvent, that your notes are convertible into specie when desirable, and we will receive them in payment for public lands, and for all other revenue;" in the strong language of some of the gentlemen who have addressed us, "do this, and we will endorse your notes." What stronger motive could be held out to such banking institutions as are solvent, honest, and desirous to effectuate the purposes of their creation? If the public interest and convenience be the object of bank directors, as legitimately they ought, would they not, by responding to this invitation and offer on our part, give greater value to their paper, give it a wider circulation, and adapt it to the use and interest of the community? And would not such banks as resumed at once derive all the advantages of superior credit, furnish the circulating medium, and do the business of the country, to the exclusion of such as failed or refused to comply? The answer is palpable; no man can doubt on these questions.

Again, sir: The change in the mode of collecting the public revenue, in the kind of money receivable for it, will be so gradual as to occasion no shock whatever, to the credit of the banks, or to the commercial community. Before we entirely discontinue receiving bank paper, more than four years will have elapsed. All this time will be allowed for the banks and merchants to adapt their business to the new system contemplated, and conform their business to the new state of things. It will give time for the State Legislatures to regulate their banking institutions, so as, in future, to prevent over-issues of paper—to restrain them from generating, or encouraging, a spirit of over-trading, and inordinate speculation—to restrain them from making promises they cannot redeem—and thus restore to the country a sound circulating medium, and the just equilibrium of trade, and business of every description.

Moreover, we, ourselves, shall have time to see how the new system works—to check its velocity, if it be too great—or accelerate it if it be too slow; and modify it, in all respects, as its results may indicate to be safe and expedient. As already shown, no change in the description of funds receivable for public dues, will take place for the next fifteen months; for the year 1839, a reduction of one-fourth; for 1840, one-half may be paid in specie-paying bank paper; and so on to the consummation of the plan. If it be discovered that the policy operates injuriously, there will be ample time to amend or modify it.

But, sir, I have no apprehension that any injurious result will follow the adoption of this measure. The chief embarrassments of the community have arisen out of inordinate expansions of the circulating medium, excessive accommodations, begetting extravagance and reckless speculations; and then sudden contractions, withdrawals of those enormous loans, reductions of the amount of circulation, and thus, almost in a moment, reducing the value of property one-third; sometimes one-half. The Government deposits have, doubtless, heretofore nurtured and increased this propensity of all banks to excessive issues and accommodations. They have loaned out the public money, as if their own; and when called upon to pay it over, they have been necessarily compelled to press and coerce payments from their borrowers, who had, in their turn, treated this borrowed money as their own, and have thus occasioned embarrassment, the sacrifice of property, and, in too many instances, the impoverishment and ruin of their customers. To illustrate the correctness of these remarks, I need only refer you to the greater pecuniary distress and embarrassment of communities around any of the banks which have been large depositories of the public money, compared with those remote from such institutions. If they have no large sums of public money on general deposit on which to grant accommodations, they will know and understand better the proper limits to prescribe to their liberality; they will have no fluctuations, no augmentations or diminutions of capital to mislead them; their accommodations will be more uniform, and the amount of their circulation bear some relation to the amount of specie in their vaults. This being brought about, the value of

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produce and property of all descriptions will be more steady and uniform: we shall not have a negro, costing a thousand or fifteen hundred dollars to-day, sold twelve months hence to pay half the amount of consideration—land at one time worth fifty dollars per acre, at another not more than twenty—and our great staple one while commanding twenty-five dollars, and then not worth eight.

Let it not be said that the withdrawal of ten or twelve millions of dollars from the banks, were it even true that it is to be locked up for the year, is to produce any ruinous effect on the business of a country requiring a circulation of from one hundred and eighty to two hundred millions. Twelve millions will be a sufficient sum to carry on the Government, if economically administered; and, if collected and disbursed as the bill proposes, it will not be withdrawn from circulation or the general use. While it is being received almost daily, it will be returning to the circulation in payments to the officers and agents of the Government, and those engaged in the public works, through whose hands it will pass into those of the farmers, who supply them with subsistence; of the mechanics who build their houses and make their implements of husbandry; of the merchants who supply them with foreign and domestic manufactures; and, though last, not least with many of us, into the hands of keepers of hotels and boarding houses. Of the large sums which are almost daily paid to the heads of departments and their subordinate officers, to members of the two houses of Congress, to the military, judicial, and other officers of this Government; how much is locked up and withheld from circulation? Is it not a practical truth, which can be attested by all, that most of it is immediately paid out again to some of the other classes? How many members of Congress, heads of departments, or clerks, did any one ever know to hoard money or get rich? The question is almost enough to produce a melancholy smile. A member of Congress, or any other officer of the Government, get rich! Why, sir, it is absurd: we all (at least many of us) can too truly attest the groundlessness and absurdity of such a proposition.

Then, why talk of abstracting from the business operations of society the amount of the necessary revenue for the support of Government, as if, like the miser, the recipients would lock it up, or place it in the strong box of our Treasury, never again to see the light of day! Any such idea must be, practically, without foundation. With what propriety can gentlemen insist that we are establishing one currency for ourselves, and another for the people. No Senator has proposed, and I venture to say no one will propose, that the public dues should be received in any thing but gold and silver, specie paying bank paper, or Government securities or paper. No one, here, has offered a proposition that the Government shall receive depreciated bank paper, and I trust never will. Do gentlemen pretend that it is for the individual benefit of the officers of Government, that specie, or its equivalent, is required? On the contrary, is it not to sustain the Government and its credit, and to give efficiency to its operations?

It has been well maintained, that it will have the effect of making the local bank paper better. The issues of the banks being restricted, their paper will be convertible into specie; for all local purposes, at least, it will be of equal value, and answer the same ends; and if the banks are rendered sound, any one having their paper may get the specie, if desired.

But, sir, it is said this bill, if passed, will greatly increase the Executive patronage. This objection seems to have been transferred from the deposit banks, to which it was formerly urged, by the opponents of the Administration, and applied to the system under consideration, so soon as it was proposed by the Executive. Whilst the late plan of receiving and disbursing the public money prevailed, the "pet banks" were to be regarded as the most execrable instruments of despotism ever conceived; as increasing the Executive patronage most enormously; as placing both the purse and the sword in the hands of the President; as sub-

jecting every thing to the will of one man. Now, we find some of those, who formerly held these sentiments towards "the league of banks," after they have failed to realize the hopes and expectations of the Administration and the people, ready to continue them, and deprecating the adoption of the policy recommended, as dangerously increasing the power of the Executive! According to my view of the subject, the Executive power and patronage will be greatly diminished by the proposed change. It has not been yet recommended by the Secretary of the Treasury, so far as I have seen, to increase the number of collecting and disbursing agents; and I see little necessity for the employment of any additional officers, unless it be a few clerks. In most places, the same officers who have heretofore collected and paid over the public revenue to the banks, can collect, keep, and pay it out with equal facility. But, suppose one hundred additional officers were necessary, would it so increase the power of the Executive as to compare with that of seventy or eighty banking institutions? It is fair to suppose that there would be an average of a hundred stockholders, or more, in every institution—amounting in the aggregate to eight or ten thousand. These would be, principally, men of wealth and influence in society. Would not this number of individuals, under the influence of the Executive, with the control of such a vast amount of capital, be more dangerous to our liberties, than a few additional collectors or clerks, bound and restricted, as they are intended to be, by the provisions of this bill? It seems to me, sir, that instead of increasing, this measure might be much better entitled, a bill to diminish Executive patronage.

Sir, the Government ought, always, to be able to command its funds, and have them ever ready to meet any exigency. Experience has taught us, that this can not be expected while we rely on banks. Gentlemen tell us, that although the State banks have failed to meet our expectations, we ought to continue their agency. They ask us, would we discontinue the use of steamboats, because a boiler may sometimes explode, and produce fatal results? By no means, sir, while care and skill may reasonably be expected to insure safety, and prevent such calamities. But were we to discover that the machinery is entirely uncontrollable, and the boiler liable to spontaneous combustion—carrying universal misery and death among the passengers and crew, in despite of all the science, vigilance, and fidelity of the engineer—would it be wise or prudent to trust ourselves on board? What would have been the situation of the country in May last, when the banks suspended specie payments, had we been involved in war with some powerful foreign enemy? Whatever might have been the emergency, we should not have been able to have commanded the resources of the nation. We might have been without a dollar for the pay or subsistence of an army to resist the invaders; our energies would have been crippled; and the most disastrous consequences might have followed. When we find that such is the unfortunate tendency of "the experiment," as gentlemen choose to call it, it is time we should abandon it, by whomsoever instituted or approved heretofore.

But, sir, was not the Bank of the United States an "experiment," and has not that also failed to answer just expectation? No other Government, but our own, ever did employ such a fiscal agent, with powers of the same magnitude. It was, indeed, a fearful experiment, and well nigh fatal in its results. Yet, the recharter of the late United States Bank, or the establishment of a new one, is now announced, as the only efficient remedy—the sovereign panacea—for existing evils. The Senator from Kentucky (Mr. Clay) has, to my astonishment, gone so far as to identify the establishment of such an institution with the permanency of the Union! It would seem, the question of a national bank is always portentous—involving consequences of the most alarming character. Shortly after the removal of the deposits from the late Bank of the United States, we were told, by the same distinguished gentleman, that we were then "in the midst of a revolution!" and the sentiment was responded to, by the presses and politicians of the

opposition, from one end of the Union to the other. We were told, on the very floors of Congress, that the deposits must be restored to, or at revolution was at hand. The same sentiment was announced, when two members of Congress, during the same session, addressed an assembled multitude in Baltimore on Sunday. According to the newspapers of the day, it was said by way of justification, "there were no Sabbaths in revolutionary times!" Sir, the subject of a national or United States bank can not be touched without an attempt to produce excitement and agitation. It affords one of the most conclusive reasons against the establishment of such an institution, that it has the ability to produce such tremendous effects. The concentration of such an immense moneyed power, in the hands of a few individuals, is at war with our peace and quiet; too dangerous to our liberties. It would soon control all our elections, from the highest to the lowest, and direct the operations, may usurp the powers, of the Government itself.

The main, if not the exclusive, inducement relied on by most of the friends of the late Bank of the United States, to justify its establishment, was to make it the depository of our public moneys, and the fiscal agent of the Government. I repeat, sir, that it failed to answer the purposes of its creation. I lay down the broad proposition, and undertake to demonstrate its correctness, by a reference to historical facts, that it was neither a safe nor fit depository or fiscal agent. No agent can be safe and proper that refuses obedience to the instructions of his principal, or wilfully acts at variance with them; nor can that agent be suitable that seeks to control his principal. To this proposition, no intelligent and impartial individual or tribunal, can withhold ready assent. I might refer to many acts of the institution alluded to, showing its unfitness under the principle laid down; a few may suffice on this occasion.

"To pay the debts" of the nation is a power as expressly confided to Congress, and the Executive officers of the Government, as any other to be found in the Constitution. In the performance of this duty, about the month of March, 1832, the Secretary of the Treasury gave notice to the president of the bank of the intention of the Government to redeem one-half of the three per cent. stocks, (amounting to about six and one-half millions of dollars,) on the first day of July thereafter. The president immediately visited Washington, and urged and procured the postponement of payment, for the accommodation of the bank, till the first day of the succeeding October. Finding it inconvenient to make the payment, as the time approached, "the president of the bank, and the exchange committee, determined to open a negotiation in Europe, for the postponement, for one year, of the payment of five millions of the three per cent. stocks held abroad; but they carefully concealed their intention from the Government, and there is strong reason to believe, indeed it is certain, that it was concealed also from the Government directors, (placed there to represent the stock, and protect the interest of the United States,) and from the board itself." An arrangement was accordingly made by the agent, thus sent, "with the house of Barings, Brothers, and Co of London, providing for the purchase or postponement of five millions of the stock," alluded to, for one year longer, than the time appointed for payment. "The Barings proceeded, under this contract, to make purchases of stock, on account of the bank, and for the bank, to the amount of \$1,798,597 57, and procured the postponement of \$2,376,481 45, in all amounting to \$4,175,079 02." The speedy extinguishment of the public debt was at the time the favorite and laudable policy of the administration; indeed, it was the anxious desire of the great mass of the people; yet, this fiscal agent thought proper to pursue its own course, and disobey the express order of the Secretary of the Treasury. Not only this, but showing a disregard of all obligations, it violated the express letter, as well as spirit of the charter, which declares it "shall not be at liberty to purchase any public debt whatever."

Again, sir: The pension law of June 7, 1832, required payments to be made, "at such places and



times, as the Secretary of the Treasury may direct." A joint resolution, which passed subsequently, transferred this duty, with the power of performing it, to the Secretary of War, instead of the Secretary of the Treasury. Under these circumstances, the Secretary of War directed the transfer of the funds, books, and papers of the pension agency, in the possession of the Bank of the United States, to the Girard Bank. The president of the United States Bank refused to comply with this order; attempted to prove, by argument, that the Secretary was ignorant of his duty, and misunderstood the law; and, adds insult to disobedience, by saying, "that if the bank makes the transfer pursuant to the order, its accounts may be disallowed by the accounting officers!" Can any one believe this was the true reason? Could it have been reasonably supposed that the subordinate officers of a department would disallow a claim arising under the order of its head? Whatever may have been the opinion of the president, or the board of directors, it was, practically, a refusal of the agent to obey, and an attempt to control the principal.

To guard the interest of the United States as a stockholder, and to enable the Government to see how far its agent faithfully performed the trust reposed, the charter expressly provides "that it shall, at all times, be lawful for a committee of either House of Congress, appointed for that purpose, to inspect the books, and to examine into the proceedings" of the bank. Yet it will be recollected that, in the spring of 1834, a committee of the House of Representatives, appointed for the purpose, visited Philadelphia, and made an attempt, but were denied the opportunity of making such an examination as they proposed, and as was contemplated by the charter. Here, again, was a palpable disregard of the law of its very existence, and the assumption of the right to resist the acknowledged organ of the Government. This refusal on the part of the officers of the bank went to defeat the only means provided to enable the Government to detect violations of the charter, to arrest the abuse of the privileges conferred, and preserve its interest.

Did this fiscal agent show its fitness and claim to our confidence in the transaction of the draft drawn on the French Government for the first instalment of the indemnity payable under the treaty of 1831, when it claimed damages, on its protest for non-payment, to the amount of about one hundred and sixty thousand dollars, having in the mean time in its own hands, employed for its own benefit, a much larger amount of the money of the Government than that called for in the bill? In this instance, too, the bank pursued its usual course, by making itself the arbiter of its own cause, withholding the funds of the Government to the amount of its pretended claim, and not having paid them over to the present day.

Sir, I ask, can an institution be a safe and proper fiscal agent which has so repeatedly and recklessly violated the terms of its charter, defied and disobeyed the orders of the Government, and manifested its subordination to no law, but its own capricious will? Can that depository be safe, which withholds the funds of the Government when demanded, assumes the right to determine the extent of its own liabilities, and arrogates the power "to see the laws faithfully executed," to the exclusion of the Chief Magistrate, the constitutional organ, charged with that duty? On the same principle, the directors of the bank might have refused the payment of money, under circumstances of the greatest possible emergency. They might have differed in opinion with the constituted authorities, in regard to the policy, or justice of a war, or have determined that it had been unconstitutionally waged, and withheld the means of carrying it on. Admit the right of any fiscal agent to judge when it is proper to pay over the funds of the Government, though ordered and required by the proper organ of the Executive, and you at once place them beyond its control, whatever may be the exigency.

Even now, as I have been recently informed, the officers of the bank refuse to furnish the Secretary of the Treasury detailed statements of the management of the stock, one-fifth of which belongs to the Government, in direct violation of the fifteenth

fundamental article of the corporation. Thus the Government is denied information of the condition of its interest, amounting to seven millions of dollars. It is also understood, that a large amount of the notes of this institution (perhaps equal to \$7,000,000 or \$8,000,000) are now in circulation, having, as it is believed, been reissued since the expiration of the charter.

I beg gentlemen, who imagine that a majority of the people are favorable to the establishment of a national bank, to recollect that these transactions are too recent, and have made too deep an impression on the public mind, to be so soon forgotten. The intelligent freemen of this country can never forget the panic of 1834, when, in the midst of prosperity, and in a state of profound peace, the late bank and its friends left no effort untried to agitate and convulse the country from Maine to New Orleans, for the purpose of extorting from their fears what was condemned by their judgment—a recharter. Those of the west and southwest, I am sure, can never cease to remember the treatment they received at the period alluded to, when, after inordinate expansions of its accommodations for some time preceding, it began suddenly to curtail about the month of August, 1833, and by the month of March following, had withdrawn from its branches in the valley of the Mississippi about three millions and a half of dollars; and, of this enormous sum, nearly one million of dollars was withdrawn from the branch of the city of New Orleans alone, the great emporium of all that fertile region. No period of the year could have been so inauspicious to the interests of the inhabitants in that quarter of the Union, for so sudden and large a contraction of accommodations. It was the market season for all the products of the West, and the great staple of the South; and such a step was calculated to produce, and doubtless did have, most injurious effects on prices generally. But, sir, the intelligent and hardy yeomanry of that great region could neither be cajoled, nor terrified into acquiescence. Appreciating their constitutional liberty as above all price, they resisted all the machinations by which they were sought to be influenced or controlled, with a degree of inflexibility and moral firmness which would have done honor to any age, or any country.

Judging from the experience of the past, it seems to be among the unfortunate and most reprehensible characteristics of these great moneyed corporations, to intermeddle with the political affairs of the country. We have the high authority of the Senator from Kentucky, (Mr. Clay,) who was also a member of the Senate in 1811, that the old Bank of the United States was obnoxious to this charge. In his able and eloquent speech, delivered on that occasion against the bank, he made the imputation, on evidence which he declared satisfactory to himself, especially as regarded the exercise of its influence in support of Jay's treaty. We can not forget that the late Bank of the United States entered the arena of politics, almost without the modesty to attempt concealment. Up to the year 1829, when the late President first intimated the inexpediency of rechartering it, the sum paid for printing had not amounted to a thousand dollars in any one year; and, in some years, had been less than two hundred. Immediately afterwards, however, this item of expenditure began rapidly to argument and at the close of the year 1832, (according to the memorial of the Government directors,) for the three and a half years preceding, the amount paid for printing was about \$100,000! One fifth of this sum (being \$20,000) was the money of the people, expended not for any legitimate object under the charter, but to prostrate the then administration, and bring into power another disposed to favor its designs, and perpetuate its existence. What inducement could have prompted a loan of more than \$52,000 to the two editors of a widely circulating and influential political paper, against all the ordinary rules of banking, without indorsers, and a portion of it payable in five annual instalments? Whatever may have been the motive, the effect was soon apparent. For a long period before this "fair business transaction," the paper alluded to had been "warmly opposed" to the bank; a few days afterwards, it became its apologist, and then

its friend. These things can not, ought not, to be forgotten.

Sir, disguised as it may be, the real issue is, bank or no bank? Whether, after all the evidence we have had, we shall renew the "experiment" of a great national bank, with capital and power sufficient to control the numerous State institutions, and regulate the currency of our whole country? Ay, sir, to control and regulate the Government itself. And what reason have we to suppose that another institution, with like powers and privileges, would not be equally obnoxious? Have we any assurance that human nature has changed in all its principles, and propensities? Has man, within the short period of one or two years, become less avaricious, less corrupt, or less ambitious of power? If gentlemen say, we can impose new, or additional restrictions—I ask, of what avail will it be? The charter made the late bank the fiscal agent of the Government; yet, instead of subordination and obedience, we have seen it seeking to control its principal, and violating its commands. The charter expressly declared, "it should not be at liberty to purchase any public debt whatsoever;" yet we have seen it secretly, and in opposition to the instructions of the Secretary of the Treasury, purchasing a portion of the public debt, in the form of 3 per cent. stocks. By the charter, it was bound, "whenever required," to "give the necessary facilities for transferring the public funds from place to place;" yet it refused to transfer the funds of the Government to the Girard bank. But I will not fatigue the Senate, by reciting further evidences of its total disregard of all the restrictions imposed by the charter, on the late bank. It managed to elude the most efficient means provided to insure a revocation of its charter, on the ground of its violation, by refusing, as before shown, to submit to an examination of the committee of the House of Representatives, and has proved, most conclusively, that a moneyed corporation can be restrained by no compact, however solemn, by no penalties, however severe.

Sir, the power and irresponsibility of such an institution were properly understood, and deprecated, on the attempt, in 1811, to renew the charter of the first Bank of the United States. The honorable Senator from Kentucky, (Mr. Clay,) to whom I have before alluded, in reference to the capital then contemplated, much smaller, it may be presumed, than would now be satisfactory, then asked—"may not the time arrive when the concentration of such a vast portion of the circulating medium of the country in the hands of any corporation, will be dangerous to our liberties? By whom is this immense power wielded? By a body, who, in derogation of the great principle of all our institutions—responsibility to the people—is amenable only to a few stockholders, and they chiefly foreigners." The distinguished gentleman also alluded, on that occasion, with great force, to the dangerous potency of such an institution, in times of domestic or foreign war. How much more appalling would be the power deprecated, if, in addition to the vast concentration of individual capital, which would now be expected, it should also become, as desired, the depository of all the treasure of the Government, and its fiscal agent!

Gentlemen have ascribed to a national bank an efficiency and infallibility which are not supported by past experience. Neither of the institutions chartered by Congress was in operation in time of war with any foreign power. Whether, under such circumstances, they would have had the ability to sustain themselves, can not now be determined. We know, however, that in the early period of the late bank it became much embarrassed, was in great danger of stopping payment, and was only extricated by the great sagacity and financial skill of Mr. Cheves. We have seen the United States Bank of Pennsylvania, with as much capital, and, as it is alleged, a better charter than it had from this Government, sink under the pressure of the times, in common with similar institutions throughout the country. It is known, too, that the Bank of England, with its immense capital, and all the favor that could be conferred by that powerful Government, was unable to sustain itself during a period of war, and actually suspended specie

payments for more than twenty years. From these facts, we are not authorized to conclude that a similar national institution in this country would be able to afford the Government or the people a sound currency, or the necessary fiscal aid, in the time of our greatest need.

In regard to the passage of the bill under consideration, we are met, by gentlemen opposed to it, with the objection that it is "another experiment." It is true, sir, that the collection, safe keeping, and disbursement of the public revenue, exclusively through the officers and agents of the Government, has not been sufficiently practised in this country to give it the sanction of our own experience. But though it may be new here, it is not so in some of the most enlightened Governments of the world. It has been long tried, with success, in England and France. In the former, the public revenue is gathered from the people by a class of officers called collectors and distributors of stamps. When so collected, it is paid over to a superior class of officers called receivers general, by whom it is paid into the Exchequer; where nothing is received but cash, or what is, by law, recognised as such. The funds, thus received, are kept in the Exchequer, and disbursed by the officers of the Treasury. This system has been so long pursued in England, where they have a national bank, that it must be regarded as the highest evidence of its successful operation. In France a similar practice prevails. There, too, the taxes of different kinds are collected by local officers, in specie, or Government drafts, which are deemed equivalent, and paid over to creditors, or local paymasters or receivers. The residue is remitted to Paris under direction of a proper officer, and there kept in Exchequer chests. It appears then, sir, if this be an "experiment," it has been well tried; and, as the highest evidence of its approval, it is still continued by Governments having the full advantage of all the lights of experience. If it has been successful with them, it is not unreasonable to conclude it will eventuate in like manner here.

The provisions of the bill, now on its passage, Mr. President, embrace every guard and guaranty, for the security of the public treasure, and its honest and faithful disbursement, which could be devised. Under them, I believe, these desirable objects will be accomplished. With these views, of this important measure, I feel bound to give it my support.

*NOTE.*—In the course of his remarks, Mr. CLAY of Alabama, alluded to the argument of Mr. CLAY of Kentucky, that the charter of a national bank and the permanency of the Union were identified; and also remarked on the declaration made by the distinguished Senator from Kentucky, (Mr. Clay,) shortly after the removal of the deposits, (made in Philadelphia,) that "we were in the midst of a revolution." He also spoke of declarations made in newspapers and elsewhere, that the deposits must be restored, or a revolution was at hand; and that matters went so far, according to the accounts of the newspapers, that two members of Congress addressed the mob at Baltimore on Sunday; and, as he understood it, one of those members had said, by way of apology that there were no Sabbaths in revolutionary times.

When Mr. CLAY of Alabama concluded his speech—Mr. WEBSTER rose, and thanked him for having alluded to the subject; that he knew such a report had been in circulation through the newspapers, as that he, or another gentleman, (Mr. Binney,) then a member of the other House, had made it; but that it was false and calumnious; that he heard no such remark made on that occasion.

Mr. CLAY rejoined, that he believed, whatever might be the character of the report, it had emanated from newspapers which supported the correctness of the gentleman's position; that he spoke from the newspaper account, which he had never before heard controverted.

Mr. SOUTHWELL followed Mr. CLAY in opposition to the bill. Mr. CLAY of Kentucky asked for the yeas and nays on the passage of the bill, and they were ordered, and were—yeas 26, nays 20, as follows:

**YEAS.**—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, Clay of Alabama, Lynn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Sprague, Walker, Wall, Williams, Wright, and Young—26.

**NAYS.**—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Davis, Kent, King of Georgia, Knight, McKean, Nicholas, Prentiss, Robbins, Smith of Indiana, Southard, Swift, Tallmadge, Tipton, Webster, and White—20.

Mr. CLAY of Alabama again alluded to the Sunday affair, and produced the tenth volume, part second, of Gales and Seaton's Register of Debates of 1833-4, and, with the leave of the Senate, read the following report of Mr. Webster's own account of the affair alluded to, just after his return from Baltimore; having premised that, from the statement of the Senator from Massachusetts, no man would have supposed that any such remark had been made on the occasion by any one.

"Mr. WEBSTER said that he was very sorry to be compelled to rise again on this subject. But circumstances had come within his own knowledge which he deemed it necessary to mention.

When he arrived in Philadelphia, on his return to Washington, he received information of the very extraordinary communication sent by the President to the Senate; and certainly all that he conversed with, viewed it with the utmost alarm and disapprobation. When he arrived at Baltimore, he found multitudes of people in the streets, certainly not assembled in a riotous manner, but evincing a deep state of feeling from some great cause. When the boat arrived at the wharf, a gentleman came forward, and introduced one venerable man, who addressed him by saying, "I am a member of the Presbyterian church; and you may be surprised to see me in the crowd on such a day; but I remember that we had no Sabbaths in revolutionary times to interfere with our duty to our country. We know that our liberties are in danger; and we come down to you for the purpose of making you acquainted with our true situation, and to ask what we are to depend on."

Having read this extract from Mr. WEBSTER's account in the Senate, just after his return from Baltimore—

Mr. CLAY of Alabama, said he was willing to submit it to the Senate how far the declaration of the Senator from Massachusetts—that he had heard no such remark as the one mentioned at the Baltimore Sabbath meeting—was correct.

Mr. WEBSTER replied that he certainly did not make any personal imputation against the Senator from Alabama, in what he had before stated, but against the newspaper report.

Mr. CLAY of Alabama, rejoined that he (Mr. C.) certainly did not understand the Senator from Massachusetts (Mr. W.) as so intending, or he should have treated him very differently from what he did on the occasion.

## REMARKS OF MR. THOMAS,

OF MARYLAND,

In the House of Representatives, September —, 1837—

In reply to remarks of Mr. BIDDLE, concerning a bankrupt law.

Mr. THOMAS did not rise to participate in the discursive debate which had been invited by the speech of the gentleman from Pennsylvania, (Mr. Biddle.) His attention had been attracted by the closing remarks of that gentleman, and he would do now, what he had desired to do a few days since, and submit to the House, and to the country, a brief explanation, due to the committee of which he had the honor to be the chairman.

When the gentleman from Pennsylvania heretofore called on the chairman of the Judiciary Committee, to respond to certain inquiries, Mr. T. was about to give a full and detailed reply, but was warned by the Chair that such a proceeding would not be in order. Subsequently, a resolution declaring that it is inexpedient to report a bankrupt law at this special session of Congress, was adopted in the committee, and it became his duty to present it to this House. After the resolution had been agreed to by the committee, he inquired of the members present whether he should state to the House the reasons by which they had been influenced; and was told, that it would be most agreeable to all concerned to have the conclusion they had come to announced without comment. This was accordingly done.

The manner in which these proceedings have been adverted to by the gentleman, calls for a few words in explanation, to guard against misapprehension.

There has been no purpose to disguise the opinions of the Judiciary Committee, or of any of its members, on the grave subject committed to their consideration. The members have been frank with each other in the committee room, and have nothing to conceal from this House, or from their constituents. It is to be hoped that no man supposes that they have sought to avoid a direct decision on any question that could be at this time, with propriety, disposed of. At their first meeting, no opinion could be formed as to the probable duration of the present session of Congress. If it was to be extended beyond the first Monday of December, ample time would be afforded to act upon the business to be reported by the Committee of Ways and Means, and also to establish a uniform system of bankruptcy. But if the session was to be closed before that period, and in time for members to go home, and return again, all foresaw that the whole time of the House would be engrossed by the measures expected from the Committee of Ways and Means. Under these impressions, the committee determined not to act upon the matter referred to them, until they could be satisfied that the House would take that subject into serious consideration at the present session. After it had been ascertained that the present session would not be blended with the regular session of Congress, the committee again assembled, all the members being present but one, (Mr. Hoffman.) A motion was made that

the committee be discharged from the consideration of the policy of establishing a uniform system of bankruptcy. This proposition was rejected—for its two, against it six votes. The resolution declaring it to be inexpedient to report a bankrupt bill at the present session was then adopted without opposition.

These particulars are given, that the public may see that a decided majority of the committee are disposed to examine further at the next session, if that duty should be imposed upon them, into the propriety of exercising the powers conferred on Congress respecting bankruptcies.

The establishment of a uniform system on that subject is now a work of great difficulty and delicacy. The people of the several States have been long accustomed to insolvent systems, differing essentially from each other. If an attempt is to be made to supersede them by a general law of the United States, it is certainly desirable that ample opportunity should be first afforded for a full development of public opinion on the subject. Since the Message of the President, and the report of the Secretary, was referred, a very short time has elapsed. Notwithstanding this, if the committee had supposed that there existed any necessity whatever for speedy action, they would doubtless have proceeded with the lights already before them. But this is manifestly not the case. We have been invited by the President and the Secretary of the Treasury to explore the power granted to this Government concerning bankruptcies, to see whether we can not, in a manner authorized by the Constitution, impose some salutary check upon the issue of paper money, and guard against a recurrence of that great catastrophe which has inundated the whole country with a depreciated currency. The evil to be remedied grows out of the mismanagement of the banking corporations created by the several States. Now, whether the operations of a bankrupt system is to be extended to banks already in existence, or only to such as may be hereafter created, there can be no necessity for hasty action. It is not probable that any State will, under existing circumstances, create any more institutions similar to those whose dark bodies now cloud the landscape of the whole Union, and whose misconduct and misfortunes have prompted a thorough examination into all the powers of this Government, to discover, if possible, some means to make them respect our fixed policy, and act in strict subordination hereafter to the laws of the land. Neither is it probable that Congress would be inclined to subject existing banks, without delay, to the operations of a bank law. Time ought to be given to these institutions, on account of their numerous stockholders and debtors, to recover from the dilemma into which they have fallen. Before we undertake to enforce a new rule of morals, altering essentially the past policy of the country, all parties to be affected should have time to prepare for the change. In no event, then, can there be a necessity for acting on the recommendation of the President, concerning banks, at the present session. At the regular session it can be deliberately disposed of without injustice to any interest involved. Moreover, it will be perceived, that neither the Message of the President, nor the report of the Secretary, referred to the committee, contains any proposition to devise a general system of bankruptcy, applicable to merchants and others; and the committee believed that they would not have met the expectations and requirements of the country, if they had reported a bill applicable to banking corporations alone. Between the close of this and the commencement of the next session, the public mind may be turned to this very important subject, and Congress will re-assemble in December, with the advantage of much additional information.

How far these considerations, or any of them, have operated on other members of the Judiciary Committee, Mr. T. was not prepared to say. Suggestions similar to these were made, when the resolution was assented to, which has been handed to the House. But he was not authorized to say whether any one, or all of the majority of the committee are ready to adopt or repudiate the measure recommended by the President. On that point he

could speak for himself only. He had bestowed upon that measure a good deal of reflection; and had examined and listened to many of the arguments urged against it, and yet had not heard nor found any thing to bring to his mind the unwelcome conviction that there is no power in any of our Governments, State or Federal, to check and control effectually the corporations of the country. He was reluctant to believe that a State can, by a grant of a charter, secure to a portion of its citizens an exemption from the obligations intended to be imposed on all the people of the United States, by one of the most important articles in the Federal Constitution. That instrument denies to the States the power to impair the obligations of a contract. There is no distinction to be found there between the contracts of corporations and those of individual citizens. The obligations of all are to be held sacred, untouched by State legislation. Nearly all, if not all, the corporations that have secured banking privileges from the States, are required to pay specie on demand for their notes and other liabilities. In fact, nothing but specie can be made a legal tender by a State in payment of any contract into which they may enter. The notes containing such a promise are received by the community, and without that promise they would not be accepted. And he was unwilling to believe that Congress can not interpose when these contracts are violated, and deny to any State the right to impair their obligations, by attempting to legalise a suspension of specie payments. The position of the banking institutions of the country at this moment can not but induce a strict search into all the powers of the General Government for a remedy co-extensive with the evil now afflicting the country.

For inviting attention to this subject, the President is entitled to the thanks of every patriot and philanthropist. The banks of the States ought to be indulged in the free exercise of all powers lawfully granted. But they must not be permitted to inundate the whole country with their promises to pay, and then, with impunity, depreciate the currency thus put afloat, and subject the people at large to the evil consequences of this mismanagement, while their stockholders are not only exempt from the losses incurred, but have an opportunity, in common with the whole community, to speculate in, and profit by, the fluctuating value of their own contracts. The directors of these institutions may be all honest and honorable men, but, assuredly, they often set on foot a system of shaving—he had almost said of plunder and robbery—by which the speculator snatches from the hand of industry half the bread it has earned.

The gentleman from Pennsylvania has read to the House a portion of a speech made by Mr. Van Buren, in the Senate, in 1827, to show that the sentiments then entertained by that distinguished man differ widely from those contained in his late Message to Congress. Supposing that he had established this inconsistency, the gentleman tells us that he will not indulge in harsh epithets. Be it so, sir. If, however, the gentleman should change his mind, and think proper to characterize harshly what he considers an inconsistency, Mr. T. presumed that, if the Chief Magistrate did not think proper to defend himself, some one of his friends could, without difficulty, satisfy the country that he had been unjustly assailed; but he flattered himself that this would not become necessary. When the gentleman has deliberately reviewed the speech and the Message, and has taken into calm consideration the circumstances under which they have been severally uttered, he thought the gentleman would find that denunciations of their author would be misplaced.

The President, in his Message, suggests "That it is our duty to provide all the remedies against a depreciated currency which the Constitution enables us to afford. The Treasury Department, on several former occasions, has suggested the propriety, and importance, of a uniform law concerning bankruptcies of corporations, and other bankers. Through the instrumentality of such a law, a salutary check may, doubtless, be interposed, on the issues of paper money, and an effectual remedy be given to the citizen, in a way at once equal in all

parts of the Union, and fully authorized by the Constitution."

This language the gentleman from Pennsylvania supposes conflicts with the declarations made by Mr. Van Buren, in a speech delivered in the Senate, in 1827, against an amendment offered by Mr. Branch to the general bankrupt bill then and there under consideration. If this supposition was well founded, there would be no just cause to apply "harsh language" to the President. He could have avoided, without censure, making the suggestions in the Message, which have exposed him to the charge of inconsistency. This will not be denied. If, then, he was not compelled to speak; if Mr. Van Buren could with propriety have been silent, let us inquire with what propriety any unworthy motive could be imputed to him? No one will maintain, Mr. T. imagined, that the Chief Magistrate has not a large share of sagacity and foresight. His enemies impute to him powers of mind almost magical. He must have known, then, that he has, by suggesting a bankrupt law as a remedy against depreciated currency, put in peril his popularity at home, where he must be most anxious to stand firm in the affections of the people. He has, too, by the same step, risked an addition to the number of the enemies of his administration throughout the country.

Whatever might be, therefore, thought of the wisdom of his opinions, surely no one ought to impute to him selfish or unmanly inducements, if, in fact, he had in the Message contradicted the doctrines of the speech. But is this true? To test the correctness of the charge, it will be necessary to examine what would have been the effect, and look to the object, of the motion which Mr. Van Buren resisted.

The bill before the Senate in 1827 was founded on the assumption, that all who were to be subjected to its provisions were natural persons. For the enforcement of its requirements, heavy personal penalties, including imprisonment, were to be resorted to. Mr. Branch proposed to amend this bill by inserting, in the first section, the words "or other banking corporations." This amendment was opposed by Mr. Van Buren, in the speech from which extracts have been read to the House. If the motion had been assented to, without other material alterations in the bill, it would have been an anomaly in legislation.

Banking corporations are intangible, ideal beings, and could, of course, do nothing which, according to the bill, would have amounted to an act of bankruptcy. Seeing this, Mr. Van Buren supposed, if the amendment prevailed, that it would become necessary to new model the whole bill. He therefore proceeded to inquire, if the clause were to be inserted, upon whom the pains and penalties of the law could, with propriety, be made to rest. He insisted that the officers of the banks ought not to suffer in their persons or private property, on account of the failures of the banks. They are but the employed agents of the stockholders, and must act in obedience to the directors of the institution; and it would be the grossest injustice to make them individually responsible, not only for their own acts, but for the misfortunes and losses of corporations which they had no power to control. He maintained, also, that the private property of stockholders in banks then existing ought not to be subject to seizure by commissioners of bankruptcy, to satisfy the debts of the corporation.

By the charters of these institutions, the stockholders were expressly exempted from all liability for the disasters of the corporation; and Mr. Van Buren contended that Congress could not, by an *ex post facto* law, inflict upon individuals serious personal penalties, and seize their private property, to enforce contracts entered into by their agents under an authority which exempted them from all liability whatever.

These opinions are not antagonistical to the suggestions contained in the President's Message.

The Constitution of the United States, without attempting to define the provisions or objects of a bankrupt law, clothes Congress with power to establish a uniform system of bankruptcy. The President has not pointed out any specific mode in which this power shall be exercised. But says,

that, through the instrumentality of that power, such regulations may be established as will impose a salutary check on the issues of paper money, and give to the citizen an effectual remedy, equal in all parts of the Union, against some of the evils of a depreciated currency. If this cannot be done without controlling the laws of the States, as proposed in 1827, then the suggestions of the Message are inconsistent with the views of Mr. Van Buren, as expressed in the debate in the Senate, but not otherwise.

This is not a proper occasion to inquire whether it is competent for Congress to bring the general authority conferred upon it by the Constitution over the indebtedness of bankers, whether individual or corporate, in aid of the State laws. But it will not be difficult, when that effort shall be made, to show that it can be done conveniently, and in strict accordance with the constitutional doctrines contended for in the speech of Mr. Van Buren.

If the bankrupt question should come, while he was a member, fairly up for discussion in Congress, Mr. T. would undertake to examine how far the several States can limit and restrain the Government in the exercise of an undoubted power, expressed clearly in the Constitution, by grants of privileges and immunities to their citizens, incompatible with that which may be made the supreme law of the land. But, at present, it was not necessary to enter upon what is well known to be debatable ground. The suggestions of the Message can be readily carried out, without trenching upon the privileges secured to incorporated bankers, by the laws of the several States. The condition of the country, at this moment, furnishes an opportunity for an apt illustration of this opinion. The charters of nearly all the banks of the country have been forfeited, by a suspension of specie payments. Until this occurred, the evils of our banking system, although known to be great, were not generally esteemed to be intolerable. Since that event, speculators and shavers are out like hawks upon the wing, preying without restraint upon the community, by buying and selling a depreciated and fluctuating paper currency. In many cases, those who are interested in fallen banks, may, and probably will, amass fortunes, at the expense of the producing classes, by purchasing at a discount, the liabilities of the institutions with which they are identified. It will be confessed that this state of things aggravates essentially the calamities incident to a suspension of specie payments. If the States do not, could not Congress effectually interpose to correct this revolting spectacle? Could not Congress, after a specified delay, in the payment of their notes and other liabilities, which they are required by their charters to redeem in specie, provide by a general law, that the creditors of such banks may apply to the courts of the United States for adequate process. It would not be requisite to inflict upon the contractors, or their agents personal penalties; but commissioners might be appointed to take into custody their effects, for the benefit of all their creditors. Such a proceeding towards an insolvent corporation, would produce measurable relief against some of the mischiefs often complained of. The acts and doings of such a commissioner would be public. All parties interested would have access to his papers, and thereby be able to estimate correctly the value of the liabilities of the corporation. At present, under the existing systems of many of the States, the managers of banks that have failed, continue to direct secretly their operations. They, and they alone, know minutely their condition, and can ascertain clearly the value of their engagements. The directors may, too, give improper preferences to creditors, or transfer the whole funds of the banks to trustees, instead of making a fair and speedy distribution of them for the benefit of all concerned.

Would not all these mischiefs be prevented by a transfer of the papers and effects of a bankrupt corporation to a public officer, to whose proceedings all parties interested could have unrestrained access? And would not a measure of this character operate to restrain the issues and business of banks within reasonable bounds? If the stockholders were apprised, that on the happening of a certain



event the assets of the bank were to be disposed of for the benefit of all concerned, it is not unreasonable to believe that they would take care to guard against the occurrence of such a contingency, by precautions better than those which have been generally used. This being true, here is a simple mode in which the suggestions of the Message can be responded to, not inconsistent with the Constitution of the United States, which does not in the slightest degree encroach upon the authority of the States to grant bank charters, or interfere with the personal immunities intended to be secured by such grants; and it has none of the attributes of the measure proposed by Mr. Branch, and opposed by Mr. Van Buren in 1827.

There are other modes in which the great object of the Message—a remedy against depreciated currency—could be furthered through the instrumentality of a bankrupt law, not inconsistent with the doctrines contended for in 1827. But it is unnecessary to dwell longer on the subject. Enough has been said to show that the President has not exposed himself to just censure or denunciation, and that the Committee on the Judiciary has discharged faithfully the duty imposed on it by the House.

Mr. T. had arisen to establish those two positions, and not to enter into the debate at large; and having said all that he thought needful for that purpose, he concluded.

### SPEECH OF MR. WRIGHT, OF NEW YORK,

*In Senate, October 2, 1837.*—The bill reported by the Committee on Finance, imposing additional duties as depositories of the public money, upon certain public officers, and the amendment thereto, offered by Mr. CALHOUN, to prescribe the currency to be received in payment of the public dues, being under consideration:—

Mr. WRIGHT said, but for his situation upon the committee, which reported the bill upon the table he should not only not feel it to be his duty, but he should not even feel excused, for occupying the attention of the Senate at this time, and adding to this already full debate. Indeed, so extensively had all the important points presented by the various propositions been referred to, and ably debated, by those who had preceded him, that he should feel justified in preserving silence, had not certain charges been made against the committee, touching the discharge of their duties, which he felt himself compelled to notice. He did not use the term "charges" in any offensive or improper sense, but as expressing strong differences of opinion between himself and those who had complained.

The reference of this and all the other important subjects which had occupied the attention of the Senate during its present session, to a single committee, though strictly appropriate, had necessarily devolved upon the members of that committee some labor, great anxiety, and high and delicate responsibilities. It was impossible, therefore, that any one of them, and most especially any one of the majority of the committee, who had concurred in its reports, could have listened to this debate with any other than the most interested feelings; nor could they pass in silence, charges of insensibility to the crisis, and its influence upon all the citizens of the country, or of a culpable neglect of any important duty confided to them. What then were the charges to which he had referred?

The first was, that the committee had confined their deliberations, and the measures they had proposed, simply to the wants of the Government, in disregard of the higher and paramount wants of the people. It had been said that the great and important purpose of this extra convention of Congress was to relieve the people, and that the wants of the Government were secondary and unimportant in the comparison. He did not himself understand this new doctrine of a separation of interests between the Government and the people. He had supposed that the wants of the people, which it was within the constitutional power of the Government to relieve, were, of necessity, the wants of the Government itself; nor could he un-

derstand how it was possible that the Government could have any want, which was not a want of the people. The public Treasury wants money. Is that a want of the Government and not a want of the people? For what is the money wanted? To carry out the dearest interest of the people, in all the objects of a good Government, of a Government of their own choice. Why is the want of money for the public Treasury a want of the Government? Simply because it is a want of the people, inasmuch as, without it, their Government can not be carried on.

He would examine, for a moment, the measures which the committee had reported to the Senate, that, in that way, it might be seen what was their tendency and effect, and how far the committee had been derelict in their attention to the wants of the citizens generally, or in proposing such measures of relief as the Government could properly adopt. He certainly did not intend to discuss now measures which had passed the Senate and gone to the House many days since, but he trusted a reference to these measures, for the purpose he had avowed, would be not only pardonable, but proper.

The first was the bill to postpone the transfer of the fourth instalment of the deposit with the States. The committee found that the existing law made it the duty of the Secretary to make this transfer to the States, of about nine and one third millions of dollars, on the first day of the present month; on yesterday. They found that the means in the Treasury, from which alone it could be made, were in the late deposit banks, and in the deferred and unpaid merchants' bonds for duties. If the transfer must be made, the banks and the merchants must be called upon for immediate payments, to enable the Treasury to make it. Consequently, the customers of the banks, and of the merchants, must be called upon to pay them, that they might be able to pay the Government. The committee supposed it impolitic to make the call, and oppress the debtor citizens, merely that the Treasury might obtain the money to transfer for safe-keeping. They considered it wiser and better to postpone the transfer, and give time to the banks and merchants to pay. Therefore they presented the bill in question: and was it not a relief bill? Did any one look on it as a relief to the banks and merchants only? Did any one suppose that the banks actually had in their possession, locked up in their vaults, the money they owe to the Government, or that the merchants were in funds to pay their deferred bonds, without a call upon their customers? On the contrary, did not all know that the banks had loaned these moneys in the ordinary course of their banking operations, and that they could not pay without collecting in these loans at this difficult period for borrowers to pay? Did not all know that the inability of the importing merchants to pay, proceeded from the inability of their customers to pay, and that, if pressed for payment by the Government, they must press those customers? And who are the customers of the banks and the merchants? Are they not the people, and the whole people? Would any one say, then, that this was not a relief bill? That this was a bill for the Government, and not for the people?

The second bill reported by the committee, was to authorize the emission of ten millions of dollars in value of Treasury notes; in this form to borrow upon the credit of the United States the sum of ten millions of dollars in money—and for what? To enable the Treasury to get on, and grant time to the debtor banks and merchants. The committee found the Treasury in want of means to answer the ordinary calls upon it, and that those means must be realized, either from a prompt collection of the demands due to it, or from moneys raised upon the public credit. For the reasons which induced them to recommend a postponement of the further deposit with the States, they were also induced to present this bill to the Senate, and thus, so far as the current calls upon the Treasury should require it, to interpose the public credit between the wants of the Government and the rigid collection of its dues. Was this bill to be considered in the mere light of a care for the Government, without regard to the interests of the citizens? Who were to be affected by a prompt and rigid collection of the

public dues? Not the Government, or the Treasury, but the public debtors: Who were the public debtors? The banks and the merchants immediately: the borrowers from the banks and the customers of the merchants substantially. And, who were the borrowers from the banks and the customers of the merchants but the people of the country?

The third bill reported by the committee was to grant time to the importing merchants upon their bonds due, and to become due, for a year from the present time. The extension, as assented to by the committee, and ordered by the Senate, was nine months upon each bond. Would any one question that that was a relief measure to the merchants? Did any one suppose that the relief afforded by that bill was designed to reach no farther than the merchants who owed the bonds? No, sir. It was the customers of those merchants, the persons who had purchased for consumption and use the goods upon which the duties were payable, that the bill was to relieve. Few, comparatively, of those who occupy these seats would have voted for that measure, had its influence and action been confined to the merchants only. But they could not indulge their debtors unless they could be indulged by the Government, because they must collect if they must pay. To enable them to grant the indulgence which the state of the times and the condition of the monetary affairs of the country demanded, was the design and object, and would be the effect, of the bill. Who, then, would deny to it its relief character?

The fourth bill which the committee presented for the acceptance of the Senate, was one to extend a proportionate indulgence to the late deposit banks for the payment of the balances remaining due from them to the public Treasury. It was true that these institutions stood upon a different footing from the merchants. They had merely received the public moneys for safe keeping. The moneys were legally and technically in the Treasury, but were they there in fact? Could the Treasurer command them for the uses of the Government, or the people? No. They were unavailable funds in the Treasury. And why were they unavailable funds? Because the banks had got them locked in their vaults, and were not willing to pay them upon demand? No, sir: but because the banks had them not; because they were loaned to the customers of the banks, the citizens of the country, who could not pay on demand. The relation of debtor and creditor, in its ordinary acceptation, was not intended to be created by the law establishing the late bank deposit system. It was a mere agency for the safe keeping of the money, which the law recognised, but that agency had been turned into the relation of debtor and creditor by the failure of the banks to fulfil on their part—the most unpleasant relation of debtor and creditor; a creditor who wants and debtors who can not pay. Indulgence, therefore, became a matter of interest to the creditor, as adding to the chances of eventual payment; and of favor to the debtors, as giving them time to collect the means for payment. To whom, then, was the favor, the relief, extended? To the banks or to their customers? Most assuredly to the latter. The banks could pay if they could collect; and, if compelled to pay, they would be compelled to collect. Their power to indulge depended upon the indulgence extended to them; and could it be said that a measure giving to them four, six, and nine months, to pay their balances to the Treasury, was a measure solely confined to the protection of the Government, without regard to the relief of the people?

These were the first four bills presented by the committee to the Senate, and yet they were told that they had forgotten the suffering interests of our great community in their exclusive care for the Government and its officers. Was the charge just or merited? These bills had all received the final action of the Senate, and all, save one, had passed this body by nearly unanimous votes, while that one had passed by a large majority. It was true that the connection between them was intimate, and that, to a greater or less extent, each subsequent one was predicated upon the success of its predecessor, while all were most intimately con-

ected with the condition and action of the public Treasury.

Indeed, it was but candid to say that the committee knew of no direct relief which Congress could properly afford to the distresses of the people of the country, but such as should grow out of the existing connection between the means of the Treasury and the banking and mercantile interests. These bills covered all that ground, and no difference of opinion could possibly exist as to them, unless it should arise upon the principle of indulgence, or the time of indulgence. No such difference had been manifested in the action of the Senate upon the respective measures, and therefore it was right to assume that none existed. Some had supposed that it was the duty of Congress to borrow the nine and one-third millions, covered by the first bill, that it might be transferred to the States for safe-keeping; and propositions having that tendency had been presented to, and acted upon, by the Senate, but they did not meet with favor. The body did not seem to suppose that such a disposition of the public credit would be a measure of relief either to the Government or the people, and it was rejected.

Take, then, the four measures referred to, sum them up in their combined action, and to what do they amount as relief to the community? The first is equal to a forbearance to collect nine and one-third millions of dollars from the customers of the banks and the merchants, to be transferred to the States for safe-keeping. The three last authorize a loan, upon the public credit, to the amount of ten millions of dollars, to pay the expenses of the Government and meet the public appropriations, and a forbearance of the collection of that sum from the public debtors, that they too may be able to forbear collections, at this trying period, from those who are indebted to them. Here, then, is direct and positive relief to the amount of nineteen and one-third millions of dollars. Might he not, then, ask, with some force and some justice, whether the committee were obnoxious to the charge of having forgotten the interests of the people in their care for the Government? He would here dismiss this topic.

The next and only remaining charge against the committee which he proposed to notice was, that in their action they had entirely overlooked, or wholly neglected to act upon, one of the most, nay, the very most, important of the subjects presented for their action in the Message of the President referred to them; that they had reported no bill declaring the description of currency which should be receivable in payment of the public dues. He did not refer to this complaint against the action of the committee for the purpose of representing it as unjust or ungenerous; not even for the purpose of refuting it. It had come from opposite sides of the house, and it might be well founded. The fact was certainly as alleged; and his only purpose was to give the reasons which governed himself, and which, he was certain, governed the majority of the committee, in the conclusion to report no bill upon the subject of the currency to be received into the public Treasury. Those reasons had been, and still were, satisfactory to himself, as he doubted not they were to his colleagues upon the committee; but the course of action of the Senate upon this bill seemed to indicate, and its final action would probably show, that they were not satisfactory to the majority of the body. Should this be so, the committee would be content, when their reasons had been placed fairly before the Senate and the country.

They found the Message presenting, among others, two distinct points, both, in the judgment of the committee, most deeply interesting to the public Treasury, the Government, and the country. The first was a continuance of the separation between the moneys of the people and the State banks, which the operation of the existing laws and the conduct of the banks had already produced. The other was a gradual and safe discontinuance of the reception of the bills of the State banks in payment of the public dues, and an eventual return to the collection of gold and silver and such paper as should be issued upon the faith and credit of the United States, and be, by the laws of Congress, made receivable for debts due to the United States. The laws as they are, upon the subject of the de-

posite and safe keeping of the public moneys, seemed to the committee to require immediate action, if the recommendation of the President was to be carried out and made a part of our permanent policy. Hence they reported to the Senate the bill now under discussion. They were not unmindful that some regulation as to the descriptions of currency to be received in payment of the public dues might become necessary, in case the new system of deposits should be adopted and the present condition of the banks should be changed; but in the present condition of the banks and of the law upon this point, they could see no necessity for immediate action, or for any present change of the existing laws. They felt that the two subjects were somewhat connected, but not so intimately as to require or demand that both should be embraced in the same bill. They knew that great diversity of sentiment prevailed as to both, and that different opinions were held by those who had hitherto been friends and supporters of the administration, as well as between them and their common political opponents. Under these circumstances, and with the distinct expression of a desire, on the part of a large majority of the Senate, that the present session should be terminated at the earliest possible day, the committee felt bound to present every subject from their hands in the most simple and distinct form, and in a shape which might receive the definitive action of the body with the least possible consumption of time. With this view they reported separate bills upon every subject upon which they did report, and the same consideration influenced them to omit reports upon all subjects which they supposed might be deferred to the regular annual session, without injury to any important interest, public or private. By the law, as it stands, the notes of non-specie paying banks can neither be received in payment of the public dues, nor paid to the public creditors. He was sorry to be compelled to say that, for all practical purposes either to the Government or the people, there were, at this time, no other banks in the country, and he was much more sorry to be compelled to believe that there would not, in a practical sense, be any such banks until after the time when Congress would be again in session. No one had proposed, and he was happy to know that no one would propose, to make the inconvertible notes of non-specie paying banks receivable at the public Treasury, and surely no one could have expected such a proposition from the committee. The revenues, then, to every practicable extent, are now receivable in gold and silver only, unless Congress shall, at its present session, create a paper upon the faith and credit of the Government, and make it receivable for the public dues. Hence the absence of any immediate necessity for legislation upon this point. The committee further believed, what has already been proved to be true, that any bill upon this subject would lead to long and grave discussion, and tend to protract the session. For these reasons they had omitted to report upon this subject, and he had as yet seen nothing to change his opinion of the wisdom of their course. He still believed that the connection of these two subjects in the same bill was undesirable; that it would retard action, and he greatly feared, embarrass the bill which the committee had reported, and the passage of which they considered to be of high public importance. The matter, however, was now with the Senate, and he should cheerfully submit to its choice. If called upon to vote upon the propositions before it, he was ready to vote, whether they should be insisted upon as amendments to the committee's bill, or as an independent measure.

Having said thus much by way of explanation, and he hoped, to some extent, justification, of the course and action of the committee, he would now pass to a brief discussion of the bill before the Senate.

The crisis, he said, was one of the deepest interest. Every man in these seats, every citizen of the country, felt it to be so. Still, its peculiar character could not be too often adverted to, or too firmly fixed in the memory of all. During a period of profound peace; after a series of years of unexamined abundance in every production of the earth,

and every product of labor; with a currency more abundant than our young country had ever before witnessed, and standing as strong in the public confidence as our paper currency had ever stood; with ready markets, and prices higher than any former period of peace had sustained; under the influence of all these elements and evidences of prosperity and wealth, national and individual, and at the entrance upon another of those rich and fruitful seasons with which a kind Providence so frequently blesses our fertile soil—a season not surpassed by any which has preceded it in the abundance it has returned to the husbandman for his labor—at such a time, and under such circumstances, the revulsion came, and in an instant, as it were—in a single night, the whole beauty of this rich scene was changed. That currency, so abundant and creditable, became depreciated, inconvertible, and debased. Those markets, so quick and active, and profitable, became stagnant and deserted. Those prices, so alluring to enterprise and industry, were changed to a priceless mass of unsaleable commodities.

That all should have inquired after the causes of this sad and sudden change, was most natural. That statesmen should have done so was necessary to the discharge of their delicate and responsible duties. The President of the United States, to qualify himself for the performance of his constitutional duty of giving to Congress "information of the state of the Union, and recommending to their consideration such measures as he shall judge necessary and expedient," has done this. In his Message, he has given to us his opinion of the causes which have brought upon our country this sudden and sweeping revulsion. It was not his purpose to examine the correctness of these opinions of the President. No one had expressed a doubt that they were honestly entertained, and all admitted that they had been clearly, frankly, and firmly expressed. They had been the subject of able and extended criticism in the course of this debate, and he thought also the subject of equally able and perfectly triumphant defence. Entertaining this opinion, he had but a single remark to make in regard to them, and that was, that he had heard criticism and contradiction from some quarters of the house delivered in a manner and in language which excited his profound regret—in a manner and in language which he would not, if he could, (and he was most thankful he could not,) imitate, towards friend or opponent.

He had listened to the debate, however, with profound attention; and while all had their peculiar views of the causes of the present derangement in our monetary affairs, and while the views of the different speakers differed materially as to the immediate and most active causes, he thought there were certain general positions substantially conceded by all; which, being drawn out and placed in their proper order, would advance us very far in the wide field of discussion presented and occupied by the various members. He had endeavored, therefore, to place these positions upon paper, and to give them an order best calculated to promote this object. They were as follows:

1. That wide-spread and highly injurious derangements have been, and are experienced, in the banking concerns, and in most of the business transactions of the country.

2. That the present embarrassments in the affairs of individuals are, to a greater or less extent, caused, or greatly increased, by the existing embarrassments in the affairs of the banks.

3. That an undue multiplication of banks by many of the State Legislatures, and excessive issues of paper money by the State banks, are among the most prominent of the causes which have brought about these embarrassments of the banks, and consequently of business generally.

4. That a material enlargement of the specie basis for our paper circulation, is indispensable to the security of the banks, and the stability of the paper currency.

5. That all banks of issue and circulation are liable to excesses, and that the State banks, from their distant locations, rival interests, and the variety and diversity of their business and associations, are peculiarly so liable, which renders it desirable and important that the fiscal action of this Govern-

ment should never be so directed as to promote these excesses, while, so far as that can be safely and constitutionally done, it should be so directed as to have an equal tendency, in all parts of our extended confederacy, to check them.

6. That the powers of Congress, to prevent the evil of excessive banking by the State institutions, are, in no sense, direct and positive, but are, in whatever form they may be exercised, incidental and consequential, growing out of the expressly granted powers.

So far he thought all could agree and walk together in this trying crisis. He was not aware that any one would controvert either of these positions, while he was sure that most of those who had addressed the Senate, in the course of this debate, upon whatever side of the house, had substantially assumed them.

The difference seemed to arise as we passed the last proposition, and came to inquire how this incidental power of Congress should be exercised. The late catastrophe to the banks and business of the country, had satisfied all that something was wrong in the working of our monetary system, but the seat of the disease, and the appropriate remedy, were questions upon which opinions differed.

The President was bound, in recommending to the consideration of Congress, such measures as he judged necessary and expedient, to point out his view of the evil, so far as he should consider it connected with and remediable by federal legislation, and to present his plan of remedy. He has done so frankly and fully, and as the majority of the Committee on Finance have agreed with him, and have reported the bill under consideration to carry out his recommendation upon this point, it would be his duty, Mr. W. said, to examine that bill in its favorable and unfavorable influences upon the Treasury, upon the Government, upon the banks, and upon the currency generally. The safe keeping of the public moneys became separated from the State banks, in May last, by the voluntary suspension of specie payments by the banks, and the operation of the existing laws upon that act, and the bill proposes to continue the separation.

Before he could proceed with his argument, he must here notice a position taken by the Senator from South Carolina, who addressed the Senate yesterday, (Mr. Preston,) and which position, he must say, he heard assumed with some surprise. It was, that the existing law had not produced a separation between the public Treasury and the State banks; that they were not legally separated, and that the only separation which did exist was one forced by the Secretary of the Treasury, without the requirement of law and against the public interests. If he correctly understood the Senator, this was a fair statement of his argument; and he would repeat, he had heard it with surprise. The answer to it should be an extract from the law itself; and it would be found a triumphant answer. That part of the eighth section of the deposit act of the 23d of June, 1836, which prescribed the rule for the action of the Secretary upon this subject, was in the following words:

"Sec. 8. And be it further enacted, That no bank which shall be selected or employed as the place of deposit of the public money, shall be discontinued as such depository, or the public money withdrawn therefrom, except for the causes hereinafter mentioned; that is to say, if at any time any one of said banks shall fail or refuse to perform any of said duties as prescribed by this act, and stipulated to be performed by its contract; or if any of said banks shall at any time refuse to pay its own notes in specie if demanded; or shall fail to keep in its vaults such an amount of specie as shall be required by the Secretary of the Treasury, and shall be, in his opinion, necessary to render the said bank a safe depository of the public moneys, having due regard to the nature of the business transacted by the bank; in any and every such case it shall be the duty of the Secretary of the Treasury to discontinue any such bank as a depository, and withdraw from it the public moneys which it may hold on deposit at the time of such discontinuance."

This was the law. What had the Secretary done? He had discontinued the defaulting banks

as public depositories. Had he obeyed the law in doing this, or had he forced the separation? It was true, as the gentleman had stated, that there were yet six specie paying banks, and consequently six deposit banks upon the list; but where were they located? What were the collections of the revenue at those points? What was the importance of any one of them as a fiscal agent of the Treasury? The gentleman had not seen fit to give to the Senate these facts in connection with his claim on behalf of this remnant of the deposit banks, and certainly he did not intend to detain the Senate to do it. It was enough for his purpose that the connection was, for all practical and useful purposes, either to the Government or the people, wholly dissolved; and if it again existed, must exist by a re-union, not as a continuance of any present existence.

The conduct of the Secretary of the Treasury was complained of by the Senator. Had the Secretary attempted to force a separation between the public deposits and the six remaining deposit banks? This was not alleged. They were placed upon the list of depositories in the report of the Secretary, laid before Congress at the commencement of the present session; and in the same statement the location of each, and the amount of public money on deposit in each, to enable the Senate and the country to judge of the importance of a continued connection with these banks as fiscal agents of the Treasury, were plainly given. From this statement the assertion had been made, and was now repeated, that, for all practical and useful purposes to the Treasury or the people, the connection between the deposit banks and the public moneys was at an end. Nor was the Secretary of the Treasury in any sense chargeable for the dissolution of this connection. So far from it, his own statements to Congress show that he has fallen short of the execution of the law. It commanded him, upon the failure of any bank to pay specie for its notes, when demanded, not only to discontinue such bank as a depository, but to "*withdraw from it the public moneys which it may hold on deposit at the time of such discontinuance.*" Has he done this? No: for he tells us that the larger portion of the means in the Treasury, at this moment, exist in balances due from these banks as portions of the deposits they have received for safe keeping. Has the Secretary brought suits to recover these balances, when the banks have failed to make legal payment? He tells us not, except in a few cases where it was considered necessary, for the eventual security of the public property. He, then, is the last person in the world who should be charged with persecution against the banks, or with an attempt to force a separation between them and the public Treasury. If he is culpable at all, it is in not having obeyed the law, by withdrawing from them the moneys they held in deposit at the time they discontinued the payment of their notes in specie, when demanded. If he has violated the law, he has violated it from lenity to the banks; and all know that this lenity has been wholly compulsory, growing out of the situation in which the banks have placed themselves. So much for the charge that the Secretary of the Treasury has forced the separation between the banks and the Government.

He would now proceed to inquire what influences, favorable or unfavorable, the bill to make this separation between all banks and the public money permanent, would exert upon the public Treasury. It would give to the Treasury direct possession, and a perfect knowledge, of its means, at all times, and under all circumstances. They would consist not of bank credits, but of money, and would, therefore, not be subject to any of the fluctuations to which bank credits must be always liable. The means of the Treasury would be the value received, and not the mere representation of that value in account.

It would give to the Treasury the perfect command of its means. It would no longer be troubled with unavailable funds, a description of funds well known to it for the last twenty years; which have always grown exclusively out of its connection with banks; which now constitute almost its only resource for the payment of the public creditors; and the consequence of which character given to

the means of the Treasury, so far as he was informed, had, more than any other single cause, compelled the convention of Congress at this inconvenient, and he thought he might safely say, dangerous season of the year. It might be well here to define this term "unavailable funds," as applied to the means in the public Treasury. He understood them to consist, now and upon all former occasions, either of bank notes, which the banks issuing them could not redeem in specie, or any thing else which would pay the debts of the Government; or of moneys received by the banks for safe keeping, and which they could not pay, upon demand, in the legal currency of the country, or in any currency, which the creditors of the Government would consent to receive as money. An entire separation from banks would, of course, relieve the public Treasury from this embarrassment for the future. It would, at all times, enable the Treasury to pay the demands upon it, when the money of the people had been collected and placed in its keeping for that purpose; whereas, under the connection, these moneys were liable to become unavailable in the hands of the banks, and the people again to be called upon to raise, either from their pockets, or upon their credit, the means to pay those very debts for the payment of which they had once provided, by depositing the money in bank.

A continuance of the separation would further relieve the Treasury from the necessity of using its means to sustain the credit of banks, when revulsions in trade, and general shocks to credit, should bring the banks in jeopardy. These revulsions must be always more or less frequent in every commercial country, and most frequent, and most severe, in those which most extensively adopt a system of paper or credit circulation and currency. If, then, the means of the National Treasury are confined to the safe keeping of the banks which furnish that paper or credit circulation and currency, they must be always subject to the fluctuations, revulsions, and incidents, to which the credit of the banks are subject. They become mere credits with the banks, and cannot be exempted from the influences which affect its other credits. Can the fiscal officers of the Government, then, neglect to put forth their exertions, and the means at their command, to sustain the credit of those banks, when occasion shall call; whose credits constitute the means of the public Treasury itself? He was not ignorant of the fact, that loud and startling complaints had been made in this hall, against a late Secretary of the Treasury, upon the mere suspicion that he had used the means of the Treasury to sustain the credit of the deposit banks; but would any gentleman deny that, under this concise and practical view of the consequences of a connection between the Treasury of the people and the banks, it must frequently become the imperative duty of that officer, a duty as binding as that of keeping the Treasury in a situation to answer the calls upon it, to exert this power, and so to locate the means of the Treasury, as to render it as effective as possible? The consequence was unavoidable, and still the exercise of such a power would always be odious in a political sense, and must always be more or less invidious in a financial sense. It could never be exerted equally towards all the banks, but must be used especially in favor of those which should be, for the time being, the depositories of the public funds. Its influence, then, might often be unfavorable, and even injurious, towards institutions which had promoted, as much as any other, the collection and prompt payment of the public revenues, but which should not, on the day of trouble, be safe keepers of any portion of those revenues. Is it not desirable, if it can be done with safety to all interests to be regarded, to relieve the Treasury, and the head of the fiscal department of this Government, from this always so delicate, and frequently so odious, an exercise of the power and influence of the public funds, upon the credit of the banks and the business of the country? He must say that a proper national pride, and a just feeling of patriotism, seemed to him to demand it, at any expense short of the positive sacrifice of some paramount public interest.

A further benefit to be derived from a system



which shall make the Treasury the keeper of its own means, and especially if those means shall be collected and disbursed in the legal currency of gold and silver, or of paper issued upon the faith and credit of the Government only, will be a perfect uniformity of value in the collections and disbursements of the Treasury, wherever made. Its operations will become stable and certain in every sense, and all the contracts with the Government may be made without the customary deductions on account of the anticipated receipt of a depreciated medium of payment. Every citizen can make his proposals for the public works or public supplies, wherever may be the place of his residence, or the place of payment under the contract, based upon the par of money, and will not be driven to an uncertain calculation upon the fluctuations of exchange and the uncertainties of credit.

These are some of the benefits to be anticipated to the public Treasury from a permanent separation from the banks. What are the injuries, the unfavorable influences, if any, to stand against these benefits? He had heard but one suggested, so far as the interests and conveniences of the Treasury are concerned, and he must say but that one had occurred to his mind. The expense and trouble of remitting specie, in cases where that should become necessary, was, he believed, the only drawback upon the Treasury for all these benefits, and a short examination would show the weight of this objection.

Under the system of bank deposits, drafts from the Treasurer, upon the different depositories, and from one depository upon another, are made the medium of remittance in all ordinary cases, and, where the drafts are fully credited, supersede the necessity of an actual transportation of the money in almost all the operations of the public Treasury. Nothing, in the system proposed, prevents the use of the same medium for remittance and exchange. The drafts of the Treasurer of the United States upon a receiving officer of the Government will certainly have as good credit as his drafts upon a deposite bank, and when they are known to be drawn upon the specie in safe keeping, and upon nothing else, they can not fail to be as acceptable to the public creditor as any similar drafts have heretofore been. The trouble and expense, therefore, of transporting specie funds from one portion of the country to the other, for disbursement to the public creditors, will not probably be more extensive under this bill than under the bank system, which it proposes to supersede.

But we here meet an objection from the Senator from South Carolina, (Mr. Preston,) which requires an answer. He says the system proposed, thus carried out, will constitute a bank, a bank of discount, a bank of issue, a national bank, a Government bank. He reasons thus. One of the depositories constituted by the bill will make his draft upon another and deliver it to the public creditor. The receipt of the draft by the public creditor is a discount of the paper of the officer making it. The person receiving the draft may transfer it to his neighbor before it is presented for payment, and it may pass from hand to hand, before it finds its way to the officer upon whom it is drawn, and who has the specie in keeping for its payment. This will convert the draft into an issue of paper, and as it is drawn upon specie funds in actual deposite in the hands of the drawee, the whole machinery must constitute a bank, and a bank, too, of deposite, discount and issue. Now the only answer which this argument requires is simply to say, that if this constitutes a national bank, a Government bank, or a bank of any sort, then we have had such a bank under the system of deposite with the State banks, because the public disbursements have constantly been made, and the public funds distributed and equalized by exactly similar drafts. He saw no force whatever in the argument, unless it was designed to frighten those who, like himself, were not very partial to banks of any description, and were most distinctly hostile to a national or Government bank, with the apprehension that such a bank was insidiously buried under the bill, and would be disinterred and spring into life at its passage. Now he was ready to say to the Senator from South Carolina, and to all the friends of that

Senator, who were so very anxious for the establishment of a national bank, that, opposed as he was to such an institution, in name or in principle, is they would compromise by the acceptance of such a bank as this bill would establish, they should have it with his cheerful assent, and this long and heated agitation about a Government bank should be for ever amicably settled.

He would now look at the influences of this measure upon the Government.

It would discharge its legislation from bank influences of all sorts. He spoke not of improper or corrupt influences, but of those constituent interests, which must be represented in Congress so long as the connection between the public Treasury and banks of any description was maintained. He addressed those who must understand him, and who must have seen and felt these influences in our official action here. Who, he would ask, had occupied one of these seats for the last five years, and had not seen the power of this influence upon our deliberations? Who had failed to see that it was an influence more nearly overpowering and beyond our control than any we had been called to encounter? Who did not see and feel it now as pressing upon us with a giant force? It was true, we had formerly and most usually encountered it in the consolidated form of a national bank, and that it now presented itself to us in State detachments; but it was the same influence similarly exerted. It was the effort of cupidity on our free institutions—an effort to make money out of the money and means and credit of the people.

He uttered these sentiments with extreme reluctance, and with the most extended charity towards all those who differed from him. He knew well that not only political opponents, but those who had ever been political and personal friends—those towards whom he had ever entertained, and still did entertain, the kindest feelings, did differ with him upon these points. He most cheerfully yielded to their integrity, sincerity, and patriotism, every indulgence which he asked for himself, but the crisis, the importance of the questions presented, and our imperious duty to our constituents, demanded from us frank and fearless action.

Was it not, then, in case he was right, most desirable to free the legislation of Congress from bank influence altogether? Would it not tend more than any other single act we could perform, to take from our debates and deliberations that bitterness and acrimony which had too strongly characterized them for the last few years, but which, he was proud to say, had entered, in a much less degree, into the present debate in the Senate, than into any similar debate for many years? For himself, he felt that this consideration alone demanded the passage of this bill; that it was entirely paramount to any objections he had yet heard urged against it; that it was as much superior to considerations of financial convenience and pecuniary profit, as was the purity and permanency of our political institutions to the temporary advantages of a bargain or the facilities of borrowing money.

This was not the only advantage the Government would derive from a permanent separation of its finances from the banks. It would discharge it from that eternal round of imputations to which, under the connection, its every fiscal action is subjected. If it be a time of prosperity and plenty, all are struggling for the profits arising from the safe keeping of the Government funds; and the failure on the part of its fiscal officer to select a given bank as a public depository, is not only matter of personal offence, but is immediately converted into the active cause of all the pecuniary calamities which the friends and customers of that bank may experience through all time to come. If it be a time of scarcity and pressure, like the present, the drafts of the Treasurer upon the money of the people in safe keeping with the banks is a ruthless attack, a war upon them, and is intended to prostrate the institutions. The former keeping of the funds becomes a merit and a virtue, and to ask for their payment to the public creditors is ingratitude and injustice.

If the Executive, in the exercise of a sound discretion, sees proper to issue an order requiring payment in money for the whole, or any portion, of

the public revenue, this is converted into an attack upon the banks, a distrust of their credit and solvency, and a wrong inflicted by the Government upon the whole people. Can it be desirable to preserve a connection which is the subject of incessant complaint on the part of the banks and their friends, and of constant embarrassment to the operations of the public Treasury, and of imputation upon the most faithful and worthy public officers? He thought not. He considered this connection of the fiscal affairs of the Government with the credit and business of the banks, and of business and commercial men, and the constant imputations brought upon the Government thereby, as promoting a political morality in the public mind most dangerous to our institutions; as doing more to weaken the confidence of the people in the Government of their choice, than any and all other causes of distrust combined. If we would listen to the slander and misrepresentations of the times, we must believe that all our misfortunes, public and private, are imputable to our Government—all our prosperity to a resistance to its measures and its policy. And whence do these imputations come, but from our connection with the banks? They all emanate from that source, and from no other. That connection is now dissolved, by the operation of law and the voluntary action of the banks themselves; and he would say, let it be perpetual—let it never be renewed.

The effect of this measure upon the banks should next occupy his attention.

It had been considered as a measure of open and violent hostility to those institutions, as fraught with unmixed evil to them. Was this the true view of it? Had it these exclusive tendencies? He thought not, and he would attempt to point out some positive benefits to the banks from its adoption.

It would leave the State banks to operate upon their own means—upon the capitals which the respective State Legislatures had thought proper to give to them, and upon the funds derived from their private depositors. These means would be perfectly certain and uniform, so far as they consisted of the capitals of the banks, and would be subject to no dangerous fluctuations, so far as they consisted of private depositories. Hence the action of the institutions could always be regulated by a certain standard—the extent of their means for the accommodation of their customers. This would discharge them from the inducement to those dangerous expansions and contractions, which not only promote, but cause, revulsions such as that under which the country now suffers.

The Government has been charged with being the cause of the present pecuniary embarrassments of the country, and he thought not without some foundation, but he considered the connection between the Treasury and the banks the only foundation for such a charge. What had we done? We had deposited our funds in the State banks. A period of unexampled prosperity had visited our country. Importations had become excessive, and the duties thereupon had swelled the public revenue from that source beyond all reasonable anticipation. The banks received the excess of revenue which the wants of the Government, and the public appropriations, did not call for. The same causes promoted unusual and unexampled sales of the public lands, and thus, from both of the great sources of revenue to the United States, streams were poured into the public Treasury, widened and deepened by their own accumulation and velocity. The banks were the safe keepers of the public funds, the fiscal agents of the Treasury, and they were also the reservoirs from which the importing and other merchants drew their means, and from which the speculating purchasers of our immense domain were supplied with funds for their operations. So far as the Government was concerned, the consequences are obvious. The moment the revenue exceeded the wants of the Treasury, the excesses fed the passion they ought to have controlled. The banks were the receivers and the payors. They received, to keep for the Government, and loaned to the merchants and purchasers of our lands. The system, in fact and in practice, was one of indefinite credit for both duties and

lands. The money paid for both went into the banks for safe-keeping. The Treasury did not want it or call for it for payment of the public dues. The banks loaned it to their customers, who were the payors for duties and lands. Under these circumstances, and this action of the system, excesses were inevitable; and they had visited their consequences sweepingly upon the country and upon the Treasury itself.

Ought not this state of things to be a lesson to the wise not to renew a connection which had been so disastrous to every interest involved? To the Government and the public Treasury, as a creditor of the banks; to the banks, as debtors to the Treasury and creditors to the citizens; and to the people at large, and especially to the commercial community, as debtors to the banks.

That the times have promoted over-trading and over-banking no one will deny; but that the connection between the Government and the banks, and the forty millions of dollars of surplus funds in deposit with them, immensely increased the over-banking, is equally undeniable. It is not to be expected that the managers of banks will keep money without making profitable use of it, when that use is presented and urged upon them. This remark was not made in censure of the officers of the deposite banks. Their stockholders, and the community about them, knew that they were in possession of the funds; and the use would be demanded, nay, he might say commanded, had the officers of the institutions resisted. The evil lay farther back. It was in placing and retaining the funds in the banks, which the immediate calls upon the Treasury did not require.

The fault of the Government, however, did not stop here. We passed a law exacting from the banks interest for these funds, and thus not only sanctioned, but compelled, their use of them in their ordinary loans and discounts. Could a bank keep money, and pay interest upon it, and derive no interest from its use? Most certainly not, and we, therefore, compelled the banks, by our express legislation, to promote the evils of which we now complain. We compelled them to loan our money in their hands for safe keeping, by charging and exacting from them an interest for its use, and thus stimulated them to increase the excesses of over-trading and over-banking. We furnished them with a capital of some forty millions of dollars, and forced them to use it in making loans.

Can any thing more strongly, or clearly, show the impolicy to every interest of any connection of a financial or interested character, between the local banks of the country, and the Treasury of the nation? The imputations cast upon us, as having caused the present pecuniary embarrassments of the country, have this justice, and let us discharge ourselves from similar imputations for the future. Our real fault has been, not that we have unduly checked the excesses of the times, but that, in the outset, we promoted the expansions by the banks which necessarily led to those excesses, and that all our efforts, legislative, and executive, have been insufficient to avert the catastrophe which has now come upon the country. We see our agency in the mischief, when it is too late for us to apply a remedy. The incidental relief in our power, we have already offered to the country, so far as the action of this body is concerned, and now let us pass this bill, and protect ourselves against all imputation as wrong doers for the future.

A further benefit to the banks, to be derived from a continuance of the separation is, that when they shall win the public confidence by their sound management and permanent means, they will possess and retain it, independent of public patronage, independent of any action of the Federal Government, and exempt from the fluctuations which congressional legislation or Executive discretion may otherwise cause. This is the description of public confidence which these institutions should possess and rely upon, and these should be its foundations. Its own capital, and the integrity and ability of its managers, should be the dependence of a banking institution; not the uncertain and changing patronage of any body, much less the fluctuating and dangerous patronage of Governments, State or National. A credit founded upon

such patronage must be delusive. To-day you deposit with a bank a million of dollars; to-morrow it extends its accommodations upon the strength of your funds in its keeping: the day following its favored customers expand their business, and enlarge their credits; on the fourth day you require your funds, and draw upon the bank for them. Your deposit has given to the bank a false confidence in its means; its extension has given its customers a false estimate of its ability to indulge them; their expansion has given to the community false expectations as to their power of indulgence; and your call for your money undeceives all, after the mischief is done, the excess committed, and just in time to produce the derangement and distress and suffering which must always, sooner or later, follow excessive credits and mistaken confidence. The institutions which are to furnish to the people of this country a circulating paper to answer the purposes of money, ought not to be subjected to fluctuations of this description. Their love of gain ought not thus to be stimulated, and especially by this Government, which has none but an incidental control over their proceedings. They should be left by us to operate upon their own means, to rest their credit upon their own ability and good character, and not upon our funds.

But it is said the withdrawal from the State banks of our confidence, countenance and patronage, in this particular, will prostrate and destroy those institutions; that the attempt to separate the finances of this Government from them, is, in effect, a declaration of war against them, which they can not survive. Is this, can this, be so? Will any sound and solvent State bank fail, because the United States does not entrust to it the safe keeping of the moneys of the people? Did the State Legislatures, in chartering these banks, expect, or intend, that their credit, or solvency, should be sustained by the legislation of Congress, or the use of the funds of the Federal Government. If so, why have they limited and fixed their respective capitals, and attempted to set bounds to their operations? Why have they assigned different amounts of capital to different banks, dependent upon their location and business associations? Certainly no other answer can be given to these interrogatories, than that they intended that each bank should have a capital equal to the wants of the business community surrounding it, and that all the banks of their creation should have a credit and confidence with the people, and should transact a business proportioned to the capitals granted to them respectively, and not beyond that limit. You, then, by making your deposits with these institutions, destroy the proportions which the State Legislatures have intended to establish and preserve. Your deposits are treated as capital by the banks, and an extension of their loans, and an augmentation of their business, beyond that which their own means would allow, is the necessary consequence of your patronage. Can this disposition of your moneys fail to promote excessive banking? The members of the State Legislatures have a knowledge of the business wants of all the places at which they locate banks, and their object is to measure the banking capital at any given point by the wants of business at that point. When they have done that, you come in with your deposits, distributed not upon the basis which governs the State Legislatures, but according to your own convenience for receipt or disbursement. The consequence is, that you pour your millions into these State institutions, without reference to the legitimate business calls for banking facilities at the points where your deposits are made; and thus derange and destroy the proportions, as to these facilities, which the local Legislatures have determined to be safe and proper. In this way your patronage becomes an evil, and not a benefit. It stimulates the cupidity of the banks, and they, in turn, stimulate the cupidity of the business community around them, until excesses on the part of all produce revulsion, distress, and bankruptcy.

Still it is urged that our withholding this evidence of our confidence in the State banks will destroy their credit, and prostrate the institutions. Will any one pretend that the States have rested the credit of their banking institutions upon the

patronage or confidence of this Government? Can that man be found who will admit that, as a member of the Legislature of his State, he has voted for banks with the expectation that they must be solvent, or insolvent, as the pleasure of Congress shall determine? Will not every such man tell you that he has given to the banks, which he has aided to create, a capital stock upon which its solvency and credit with the people is to rest? That, with honest and prudent management, each bank has within itself, and under its own control, the elements of its own prosperity, and is not dependent upon your smiles, or to be ruined by your frowns? This ought to be so, and is so.

How was it with the State banks during the period from 1816 to 1836? The Bank of the United States then enjoyed the exclusive privilege of keeping the public funds, and its notes alone were by law made receivable in payment of the public dues. Were the State banks discredited, or ruined, then? Was that separation between them and the funds of the Government treated as a war upon them? a war of extermination? No, sir. The operations of these institutions were never more stable and safe than during that period; nor did they ever stand stronger in the public confidence than then. Away, then, with the idea that the solvency or credit of the State banks rests upon our patronage, or favor, or that our frown upon them is annihilation.

He knew that, were we to withdraw our confidence from a particular bank, and extend it to all others, the inference would justly be that we suspected its solvency and responsibility, and that this might do it injury. But when we separate ourselves from all banks, State or National, and declare our object to be a political as well as a financial separation, will it be said that we cast distrust upon the banks, which will destroy their credit? Will it be contended that the banks established by the States have a right to the safe-keeping and use of the revenues of the nation? He thought not; and if not, then could the separation of our finances from them be justly termed a war against them? No. The position was absurd and unsustainable. He had no feeling of hostility to the State banks, but he was not to concede their right to the possession and use of the moneys of the people, lest they should choose to consider a denial of that right an act of hostility. He would go as far as any man should go to protect these institutions in the full enjoyment of all their constitutional and legal rights; and he would go quite as far to compel them rigidly to fulfil their most sacred obligations to that confiding people who take their promises to pay upon demand as money.

In every light, then, in which he could view this matter, it was his deliberate opinion that the banks would be benefited, and not injured, by making the existing separation between them and the public Treasury perpetual. The passage of this bill, at this time, might have some tendency to weaken the confidence of the community in the institutions; but if such a consequence must attend this change of our policy, could there be a better time than the present to make that change? The banks are now, he would not say insolvent, for he did not believe that was the condition of any large portion of them, but unable to pay the demands upon them. That fact was avowed by themselves, and known to all the world. They were in a quasi insolvent state, and all the distrust which could grow out of such a condition they had brought upon themselves by their voluntary suspension of specie payments. It was in vain, then, to talk of the delicacy of their present credit. That delicacy had been destroyed by their own act, and before they could ever again restore themselves to the confidence of the community, they must be sound in fact, and able to discharge, to the fullest extent, every obligation which general distrust could bring against them. It was erroneous to suppose that they could ever resume and sustain specie payments, until they were thus prepared and thus armed. They must build up for themselves a new character, based upon a perfect fulfilment of all their obligations. If, then, we are to separate from them, and that separation is to have any tendency to affect their credit, this is the very period when it

is most desirable to them that the declaration of a perpetual divorce should be made. Now it can do them no harm. They are already in a condition from which main strength alone can raise them; but at a time when their credit was unsuspected, and their operations unembarrassed and unimpeded, the measure might give them an injurious shock. Let it be done now, therefore, that when they do rise it may be distinctly known that they rise upon their own strength, unaided by our patronage, and untrammelled by our movements.

Mr. W. said he had touched but incidentally the question of the receptibility, or non-receptibility, of the notes of the State banks in payment of the public dues. He did not now propose to detain the Senate by remarks upon that point. The proposition affecting that question had not come from the committee, but from a member of the Senate in his place, and to him he should leave the discussion of that topic. For himself, he agreed with the view of this matter which he understood his honorable colleague to take, that, in case the deposits were confined to the safe keeping of the officers of the Government, it was a question of much less interest to the banks than seemed to be generally supposed. If the banks were not made the depositories, it could not be supposed that their notes, if made receivable, would be retained for any length of time in safe keeping. It would be a necessary result of this mode of keeping the public funds, that all bank notes received must be presented at short intervals for payment; and he could not see that it would be any very valuable favor to the banks, as a permanent system, to receive their notes merely for the purpose of immediate presentment and payment. In this respect, he was fully conscious that the change should not be precipitate or rash; most especially it should not while the heavy balances remain due to the Treasury from the late deposit banks. For this reason, the graduation provided for in the amendment proposed by the Senator from South Carolina (Mr. Calhoun) met his approbation; nor did he think time very material upon this point, and he should be willing to make the graduation even more slow than that proposed, in case any important interest would be favorably affected by further time. The preservation of the principle was what he wished, but he did not desire rashness or precipitancy in bringing it into practice.

He would now examine very briefly the influences which he supposed this measure would exert upon the currency generally.

It would give a stable and uniform value to the currency received into and paid from the public Treasury, in whatever portion of our widely extended country the receipts or payments should be made.

It would also preserve the currency of the Treasury at the standard fixed by the Constitution and the laws of Congress, and guaranteed to all the citizens of the country, as the only currency they should be compelled to take in payment of debts.

It would stimulate, if not compel, the banks to elevate their paper currency to a level with the currency of the public Treasury, and would go very far to measure the public confidence in these institutions by the standard which regulates the currency received and disbursed by the Government. If they keep their paper up to that standard of value, it will have currency and confidence; and if they do not, it will have neither. There will be a rule for judgment which cannot err, because it will be a rule of intrinsic value, and not of paper credit.

In this sense he deemed the measure of immense national importance. Hitherto the standard of currency fixed by the Constitution had been, in practice, erected no where; while the banks, State and National, had been left to establish the standards of value in all quarters of the country, and these standards had been as various, at different points, as the fluctuations of trade could make them. The fiscal operations of the Federal Government had, hitherto, been made, to every practical extent, to follow the interests of the banks, and the uniformity of receipts and disbursements in the various portions of the Union had only been the uniformity of bank credits; and the uniformity in value of bank

paper. It was high time that a more permanent standard, and one in conformity with the Constitution, should be established. Congress alone could establish it; and Congress, in his judgment, could only establish it in connection with the receipts and disbursements of the public revenue, and to the extent of those receipts and disbursements. He hailed this measure, then, as one calculated to produce this great reformation, and to bring us back to the starting point of 1789. With these feelings he advocated it, and hoped for its passage.

A further beneficial tendency of this measure will be an extension of the specie basis for our broad paper circulation. This is admitted by all to be a matter of indispensable necessity. Who then should contribute to it, if not the Federal Government. Are the banks expected to do it, when it is in the very face of their interests to promote the circulation of the metals? Are the States to do it, when they can not "coin money or regulate the value thereof?" Whence is this great good to the people of the country to be derived, unless Congress shall bring its powers to aid in the work? And how shall Congress accomplish this purpose but by the receipts and disbursements of the public revenue?

The adoption of such a system by Congress would constitute a point, in the broad field of our currency, exempt from the fluctuations and revolutions to which a currency of credit must be always subject. It would be a fortress to which public confidence would retreat in times of trouble, and within which it would remain uninjured, however violent the convulsion which should shake the monetary world. Now we were without any such rock of safety. The storm, which was now sufficiently powerful to agitate the great ocean of credit, shook alike the Treasury of our country and the humblest bank. This ought not so to be. The finances of a rich, and powerful and prosperous nation, ought not to be subject to these fluctuations. They ought to be exempted from the reverses and revolutions to which private cupidity will always subject the business of an enterprising people. Place them upon the basis of a currency of intrinsic value, and you accomplish this great object. Leave them to stand upon the credit of banks, and you ensure the recurrence of a crisis like the present, when, with abundant means in account, your Treasury is destitute of means at command.

But we are told that the passage of this bill will establish one currency for the Government and its officers, and another for the people. This argument had been repeated from various quarters of the House, and he was disposed to consider it as advanced in all candor and sincerity, and to reply to it in the same spirit.

He must premise, however, that he could not comprehend this mode of treating the Government and the people of this country as separate interests, much less as antagonist interests. He had supposed that our Government consisted of mere servants of the people, charged, in their several stations, with the execution of the will of the people; and that, beyond the execution of that temporary trust, the officers of the Government were, to the extent of their numbers, the people themselves, and one with them in feeling and interest. How, then, it would be possible to create or establish a currency which, properly and practically speaking, should be a currency for the Government, and should not, at the same time, be a currency for the people, was entirely beyond his comprehension. The officers of the Government principally reside in the country, and among the people. They receive their compensation, whatever it may be, from the people, and the expenses of themselves and their families are paid, like those of other citizens, to the people from whom they purchase and with whom they deal. The currency they receive from the people as a compensation for their services, they must pay to the people in discharge of their debts; and how a currency thus employed, received from the people and paid back again to the people, could be a Government currency as contra-distinguished from the currency of the people, he must again repeat, he could not at all comprehend.

But he would look at the argument in another

aspect. It necessarily presupposes that a better currency is to be secured to the Government and its officers, and a baser for the people. The currency proposed to be secured to the National Treasury is gold and silver, or their equivalent. The currency which the argument assumes the people are to have, is bank paper. What, then, do those who use the argument assume? Most certainly that the currency of bank paper is always to be baser than the currency of gold and silver; because if the currency of paper be equal in value to the currency of gold and silver, then the argument has no force, as urged, to show that the Government and its officers are to be preferred in our legislation to the people at large. Taking the argument with this assumption, and in what predicament do those who use it place themselves? They, by their own assumption, urge us to adopt, by a law of Congress, a standard of currency for the Treasury of the nation baser than gold and silver, to avoid the invidiousness of giving to ourselves a better currency than the people are to have. Has this argument been well considered, and its consequences duly weighed? He thought not, or it would not have been presented.

Gentlemen might suppose it popular to talk about the currency of the people as base and depreciated, but they would permit him to ask, to whom are the people to look for an elevated standard of currency—for a standard of currency such as is guaranteed to them by the Constitution—if not to Congress? Shall they look to the banks? The complaint of the argument is that the banks are to furnish them a base paper currency, while the Government secures to itself a currency of gold and silver. Are they to look to the States? They have no power to fix a standard of currency even for their own citizens, much less for the nation. They must, then, look to Congress and to the Constitution. And what shall Congress do to promote the interests of the people in this matter? Fix a standard of value baser than that which the Constitution has guaranteed to the people? Adopt bank paper as the standard of value of the country, for fear that the Government will have a better currency than the people? Can the people ever have a better currency than the Government, so long as the regulation of the standard rests with the Government? Most certainly not. If we adopt a standard baser than the coins, the people cannot elevate it. If we keep our standard upon the level of the Constitution, the people can compel the banks to come up to that standard, because no law can obligate them to receive the paper of the banks, or to give to them their confidence, and they will, of course, do neither, unless the banks furnish them a currency equal to the legal standard of the country; but, adopt by your legislation a baser standard than gold and silver, and do you think—does any one think—that the banks will furnish a better currency for the people than you prescribe for the public Treasury? No, sir. The supposition would be absurd. If you do not fix and maintain a proper standard of currency, none can exist in the country. If you adopt and adhere to the constitutional standard in your transactions, the influence of your example will be all-powerful with the banks, and with all future State legislation, in regard to them.

The Senator from Massachusetts, (Mr. Webster,) manifested some alarm, lest the officers of the Government should be set down at the first table, and the people left to supply themselves at the second. He was one of those who claimed to be as democratic as the honorable Senator, and as unwilling to degrade our masters the people, but if the cook were to supply the first table with base food, in order that the master of the mansion might set at it with the servants, he could not believe that the honor of the situation would compensate for the unwholesome character of the bill of fare. Would it not better comport with the duty of a faithful servant to provide sound, healthful, nutritious food for every table, and thus enable the master to consult his pleasure, as to which he would be fed from, without danger to his health. True, if bad food were not provided and cooked, the servants could not eat bad food, but it was as true, that if sound food were not provided, the master could not have sound food, whatever table he might choose it from.



If we do not provide a sound standard of currency, our masters, the people, cannot enjoy a sound currency, for to us, they have entrusted the duty of selecting and establishing that standard. We act for them, and not for ourselves, and the standard of currency we adopt for the public Treasury, is adopted for them, and not for us.

Another argument, very nearly allied in character to the last, is urged against the passage of this bill. It is said its effect will be to raise the salaries and compensations of the public officers. Some have stated the increase to be equal to ten, some to twelve and a half, and he believed he had seen some statements raising it as high as twenty per cent. upon the present compensations. What foundation had this argument? The same as the former. It went upon the assumption that the currency of the country was now, and was always to remain, base and depreciated. That a dollar of currency was not, and was not to be equal in value to a statute, standard dollar. Look at the position in its true light, and its fallacy will be instantly manifest. The compensations of all public officers are fixed by law. Take our own compensation for example. We are to receive a given number of dollars per day, for each day of our service. This is the contract between us and the people. How then are we to be paid? Are we to have eight dollars for each day we occupy these seats, or are we to have eight promises of some bank to pay, which are worth but four dollars? Does any man doubt which was the intention of the law? Will any man contend that we are over paid if we receive eight dollars in gold or silver, as the value thereof is regulated by Congress? Will not all admit that we are not paid according to the law unless we receive that value? But, say gentlemen, gold and silver bears a premium in the market, and therefore any given amount paid in the standard coins of the country, is over paid to the extent of the premium upon the coins. Here rests the error. The premises are false, and the conclusion, therefore, falls to the ground. Gold and silver does not, and can not, properly speaking, bear a premium: An American silver dollar can no more be worth one hundred and ten, or one hundred and twenty-five cents, in this country, than a standard pound can weigh a pound and a quarter. The one thing is as impossible as the other. Both are themselves standards, the one of value, and the other of quantity; and the former can no more vary than the latter. The dollar is worth exactly one hundred cents. It is the measure of that value, and cannot be worth either more or less than that sum. It is itself the par of money. Whatever is above it bears a premium, and whatever is below it is at a discount. This error in computing the value of money, and the value of our paper currency, is so universal, that it is not singular this argument should appear plausible to most minds, without a somewhat close examination. All the statements we see published, adopt the value of the paper as the par of money; and because the gold and silver are more valuable, and command a higher price in the market than paper, they are said to bear a premium. The error arises from adopting an erroneous standard for the par value. The paper is not par when gold and silver are worth more than it. They are the par, and the paper is depreciated. A moment's reflection will show every man that this is the true position. Why, then, it will be asked, are not the statements of the market value of our currency, daily published to the country, made upon the true, and not upon a false basis? The boards of brokers and bankers and dealers in money would probably be able to account for the manner in which these statements are made. It is much more acceptable to them, and doubtless much more favorable to the circulation and credit of the depreciated bank paper, to use it as the par, the standard of value, and to present gold and silver at a premium, as being actually worth a tenth beyond its statute value, its value as a tender in the payment of debts.

A single fact which transpired in this city but a day or two since will show the practical effect of this mode of computing the value of money. A member of the Senate, within the last few days, related to me the following incident. The Senator

stepped into a shop upon the Avenue to purchase some small article. The price was given to him by the shopkeeper at eighty-seven and a half cents. He presented a dollar in silver to make payment; when he was informed that the price was given at eighty-seven and a half cents under the expectation that payment would be made in paper, in "shin plasters," as they are called, and that it was but seventy-five cents if paid in specie, and he received a quarter of a dollar in change and the article he desired. Was this difference of price a premium upon the silver? No, sir. It was an addition to cover the depreciation of paper. The seventy-five cents was the value of the article in money. The eighty-seven and a half cents was the value in depreciated paper. This little incident shows us the tax which would be imposed upon the public creditors, including the officers of the Government, if we were to pay them in a depreciated currency. It shows us that we should, at once, sink their compensations about one-sixth, as that would be the additional charge against them for every necessary of life, because they must make payment in a currency so much depreciated. It shows us also the immense tax which the whole community must pay so long as they are compelled to use a base currency; and shall we then be urged to adopt a standard of currency for the public Treasury below the value of gold and silver?

A third argument against the passage of this bill, urged with great zeal and earnestness by those who put it forth, is, that it will extend most fearfully the Executive patronage of this Government; that it will tend to strengthen the Executive arm, to the danger of public liberty itself. He would examine concisely this startling objection. The bill creates no new officers. It proposes to entrust the safe-keeping of the public funds with the officers who now collect them. These officers are all appointed by the President and Senate, by the President alone, or by the heads of some one of the Executive Departments. They are all public officers of the Government, responsible to it, and to the people, for their official acts. They are all now removable at the pleasure of the President. The bill does not propose to change the mode of their appointment, or to increase their liability to dismission from office by the Executive. In what way, then, does it increase the Executive power over them, or strengthen that arm of the Government for good or for evil? He would take a case, the more clearly to illustrate his views: the collector of the port of New York, a place of high trust and responsibility already, and to be made much more so if this bill becomes a law, is appointed by the President, by and with the advice and consent of the Senate; he is removable at the pleasure of the President without cause, either proved or assigned; this is the relation of that officer to the Executive branch of the Government, under the existing laws. Does the bill before us propose to change that relation? Not in any way whatever. It merely proposes to make that officer keep and disburse the money he collects, instead of handing it over to a bank for safe-keeping; and it will require that he should strengthen his official bond and sureties to meet the increased official responsibility. But would any gentleman explain to him how the power or influence of the Executive over the officer was to be increased by these proceedings. That power and influence could only be exerted in reference to his appointment to, or removal from office; and the existing law upon that subject was not to be changed. The office was made no more valuable by this addition of duty and responsibility, and, therefore, the bill would cause no increase of a desire for the possession or retention of it.

It was a mistake, then, of fact, that the Executive patronage was increased, or the Executive arm strengthened, by the provisions of the bill. It was a delusion, which gentlemen had permitted their imaginations to practice upon them, which had no foundation in the proposed law. This would be rendered more apparent by the fact that this argument was most urged by those who preferred a return to the system of deposits with the State banks. Had any gentleman, who had occupied a seat here for the last few years, or who had turned his attention at all to the proceedings of Congress since the

public moneys were transferred for safe keeping from the late Bank of the United States to the State banks, forgotten the vivid pictures, daily drawn upon this floor, of the immense stride which had been taken by the Executive power in the adoption of that system of deposits? Were we not constantly told of the army of bank agents, bank officers, and bank directors, persons unknown to the Constitution, and the law, and not responsible to Congress or the people, which that system had brought within Executive influence, and engaged in the service of the Executive? Who did not then feel that there was some force in these remarks? And who that was a friend to the then administration, did not struggle incessantly to procure the passage of some law which should bring that system of deposits within the power and control of Congress? And are we now to be urged to return to that system, to re-enlist that numerous body of bank managers, and reconnect them with the Executive branch of the Government, to prevent an extension of Executive patronage and power, by the simple employment of officers of our own appointment, directly responsible to the people, and to the representatives of the people here? The position was absurd. It was to urge us upon the very evil we were cautioned to avoid; to embrace a danger existing in its worst form, to discharge ourselves from one of a merely imaginary character.

No, sir; if gentlemen would take a calm and dispassionate view of this subject, they would see that the bill would increase immensely, fearfully, the Executive responsibilities, not the Executive power. If the system proposed be adopted, the people will hold the President responsible for his selection of the officers to be entrusted with the safe keeping of their treasure; and they will hold the head of the Treasury Department responsible for an incessant and sleepless vigilance over these depositories. This will be the influence the bill will exert upon the Executive branch of the Government. It will throw upon the Executive officers a great increase of care and responsibility—not an increase of power or influence.

Indeed, so strongly had this increase of responsibility, even upon the minor Executive officers, impressed itself upon the mind of one of the gentlemen who had addressed the Senate, (Mr. Rives,) as to induce him to entertain the apprehension that men of proper character, standing, and responsibility could not be found willing to accept the trusts. For himself, he was almost ready to say that he wished he could entertain more apprehension upon this point than the argument of the Senator had inspired him with. He had no fear of living to see that period when the lucrative and honorable and desirable offices of this Government would go begging for incumbents; when candidates, of the most unquestioned qualifications in every sense, would not voluntarily present themselves, and conflict with each other for the places. At points where the emoluments of office did not present adequate temptation, the collections must be small, and the trust light; so that he was at perfect ease upon this point, and had only alluded to it to enforce his own position, that the bill was calculated to increase Executive responsibility, not to extend Executive power.

A fourth argument against the bill claimed a passing notice. It was that it would work the entire destruction of credit in the country. This appeared to him to be, most clearly, an objection springing from an excited imagination. What were the premises from which this frightful conclusion had been drawn? State them in their worst form and utmost extent, and what were they? That the Government of the United States was, hereafter, to confine the safe keeping of the public moneys to the hands of its own officers, and was gradually to discontinue the receipt of bank notes in payment of the public dues. These were the things proposed to be done. The effect of such a policy upon the credit and business of the local banking institutions of the country he had already fully discussed; and, to his own satisfaction, had shown that its adoption would promote, and not injure, the usefulness of those institutions, considered in the light of public institutions, founded for the benefit of the people at large.

and deserving credit and confidence precisely in proportion as they should confine their operations within their fixed means, and should discharge faithfully and promptly all the obligations imposed by their charters. In this light only was he disposed to discuss the claims of the local banks upon the country, or the confidence of the people. The profits of the corporators was not a consideration to enter into a discussion like the present. It was a mere consequence of the faithful discharge of one of the highest trusts which any Government could delegate, the trust of making a currency for the people of the country; and if he had succeeded in showing that this trust could be more safely and perfectly executed without, than with, a fiscal connection with this Government, he had accomplished his object, and proved that the just credit of these institutions was not to be injuriously affected by the bill.

Who would contend that its provisions were calculated to injure any other description of credit? Would not wealth and integrity receive the same confidence with the community, whether the funds of this Government were kept in the State banks, or in the hands of the officers of the people? Would not industry and enterprise gain the same esteem, and command the same credit, wherever the Government should choose to place its strong box? Would neighbor cease to trust and confide in neighbor, because bank notes were not to be received in payment of the public dues? Certainly not. The picture was an imaginary one, and this consequence of the passage of the bill, upon the credit between man and man, was not to be apprehended. It was the objection of an excited mind, and not of sober reason.

An argument of a character very similar to that last noticed, had proceeded from the same source. It was that the passage of this bill, the separation of the funds of the Government from the banks; and the gradual suspension of the receipt of their paper in payment of the public dues, would lead to an universal and exclusive metallic currency for the whole country in all its business operations. That it would lead to a currency equal in value to gold and silver, and convertible into gold and silver at pleasure, he hoped and believed. But that it would destroy the State banks, and send us back to an exclusive metallic currency, there was not the slightest reason for believing. If he had not labored in vain, in a former part of his argument, he had shown that the effect of this policy would be favorable to the banks, favorable to the certainty of their means, to a safe measure for their operations, and to the stability of their credit and confidence with the people. If these positions should prove to be true, there was no just fear that the banks would be destroyed, or that banks chartered by the States would not continue to exist. And surely, while banks of issue were in operation in the country, no one need fear the prevalence of an exclusive metallic currency; for nothing was more certain than that bank paper and gold and silver of equal denominations could not circulate together. The paper might be made, for the general purposes of business, of equal value with gold and silver; but while the one was the promise of a bank to pay, and the other the means by which alone that promise could be redeemed, and while it was the direct interest of the bank that the promise should take the place of the real value, and circulate in its stead, the one would be withdrawn from circulation and hoarded, and the other would be scattered upon the wings of the wind.

His fear was, that the whole operations of the public Treasury would be inadequate to furnish a sufficient specie basis for our paper circulation. What were those operations in the aggregate, compared to the monetary operations of the country? The Senator from Massachusetts (Mr. Webster) had said they were estimated at from one and a half to two per cent. Call them two per cent; call them five per cent, and will they distribute a quantity of the metals sufficient to sustain the immense superstructure of paper, amounting to the remaining ninety-five or ninety-eight per cent? And from what other source were we to look for an extension of our specie basis, if not from the operations of this Government? Here then was

the fear, and not that too extensive a metallic currency would be diffused among the people.

He would notice a single other objection to this system, and close his remarks upon this branch of the subject. It had been said that its effect would be to hoard vast amounts of cash capital from the uses of business. How far was this effect to be anticipated? When the revenues of the country were made to bear a just relation to its expenditures—a relation which he hoped our recent experience would induce us most rigidly to preserve for the future—there would be nothing to hoard, in the practical sense of that term. We should receive with one hand, and disburse with the other. The payments into the public Treasury, and the payments out of it, would be made in the same description of currency; and what was taken from the uses of business by the receipts, would be given back to those uses in the disbursements, without material delay. It was true that the great extent of our territory, the great number of points at which both receipts and disbursements were to be made, and the wide distance of their locations from each other, and from the Treasury here, keeps a large sum in suspense, and in transitu, during the whole time. That sum might be liberally estimated at from three to five millions, and it was the whole amount which the ordinary operations of the Treasury would, in any sense, hoard—the whole amount which it would withdraw from the uses of business, when the revenues and expenditure of the Government should be justly measured together. This same sum was now exactly similarly employed, and was suspended in the deposit banks to await the presentation of outstanding drafts: that is, it would be so suspended if the banks were in a condition to fulfil their obligations, and meet the drafts of the Treasury in specie or its equivalent.

But it might be said that, when our revenues should again become abundant, and exceed our expenditures, so that another surplus should accumulate, this system of deposits would necessarily lead to hoarding. This consequence he most cheerfully admitted, and he considered it one of the strongest merits of the system. He hoped never again to see the time, when a surplus revenue should afflict us; but if that time did ever again come, it must proceed from an excess of impositions, and a renewal of the speculations in our vast public domain. In that case he wished to see the excess of the revenue hoarded, closely locked up from the uses of the trading community, as the most efficient, speedy, and certain check to the over-trading and speculations.

What, he would ask, would have been the surplus of revenue during the late excesses, had the accumulations of money in the public Treasury, paid for duties and lands, been hoarded then, and not surrendered to the uses of the customers of the banks? That surplus, under the system of deposits then in use, reached an amount beyond forty millions of dollars. Does any one suppose it would have reached one-third of that sum, if the gold and silver had been demanded in payment of the public dues, and closely locked up in the public depositories? No, sir; a pressure upon the money market would have been produced, and the excesses arrested before you would have hoarded ten millions of coin by this process. What an infinite benefit to the country would have been produced by such an action. We should have been saved from the almost incurable evils of a surplus revenue, and of its practical distribution among the States of the Union; and what would have been of far more importance, we should have been saved from this tremendous revolution, which the excesses of credit have brought upon us.

What, sir, has been our own agency in this national calamity? Our revenue was accumulating millions upon millions beyond our wants. We placed it in the banks for safe keeping, exacted from them interest for its use, and thus compelled them to make loans upon it in the ordinary course of their business. It was a time of plenty, and their own means were full, but yet they must use ours to indemnify them for the use which the law compelled them to pay. Could any system have been better devised to promote the excesses of which we now complain. Every dollar collected towards the public revenue added, not one dollar simply, but, being used as capital, two or three dollars, to the loans which the cupidity of the banks stimulated them to make. Hence the evil, so far as the funds of the Government were concerned, promoted its own increase, and so it must ever be while the banks are made the depositories of the public moneys. Should we not, then, dismiss the idea that a hoarding of capital is to be a dreaded evil of the proposed system; so regulate our legislation that the revenues and expenditures, in times of stability and regularity of business, will meet each other; and desire to hoard, when excesses in trade, or credit, or speculation, threaten to disturb the healthful equilibrium of the currency, and to plunge us into reverses such as we are now experiencing? For himself, he had no hesitation upon the subject. If a regulator of the general currency of the country was within the power of Congress, he thought this that regulator, and this action of the proposed system of separation from the banks seemed to him to be more valuable than almost any feature in it.

In addition to the remarks he had made, and the objections he had attempted to answer, he found it to be his duty to notice a single feature of the bill which had been the subject of much apprehension and criticism. He referred to the provision for the security of the public moneys in the hands of the depositories proposed to be established. The committee had here introduced a guard of a most rigid character, new to him, and he believed new to our laws. It was that of making a use of the moneys a criminal offence, punishable by fine and imprisonment, in addition to the usual pecuniary liabilities. Their object was to draw the characters of the officers into security for the public, and to interpose that guaranty against an abuse of their trust. He considered this feature of the bill of vital importance to its successful operation, although the usual pro-

visions for sureties and pecuniary liabilities were full and complete without it.

The Senator from Delaware (Mr. Bayard) had expended much of his argument in showing that the public funds would be insecure in such keeping; and, to fortify himself in his position, he had exhibited to us the long list of defaulting public officers which is annually laid before us, and which comprises every defaulter from the commencement of the Government to the present day. This was a part of the history of our country most unpleasant and painful, and he could not dwell upon it with any pleasure; but the Senator, in bringing it to his aid upon this occasion, seemed to have forgotten that all these defaultations had happened under an established system of bank deposits, State or national; and, therefore, did not go a step to show either the danger of a permanent keeping and disbursement of the public moneys by the public officers, or the greater security of a system of deposit in bank than of a keeping by the officers themselves. The cases cited did go to show that there would sometimes be defaulting officers; and he did not flatter himself that the present bill, or any other which human ingenuity could form, would constitute a perfect exemption of the Government from such losses, or a perfect security to the public funds in any condition. One thing, however, was clear, and would be conceded by all, which was, that the depositories proposed to be established by this bill would not all fail at once, and thus effectually block the wheels of the Treasury, with an abundance of means in its possession, in case those means could be commanded. Such was its present condition under the system of State bank deposits. With millions in the banks, the Treasury had not a dollar at command, and is now, at this moment, compelled to resort to the public credit to carry on the Government. No such revulsion to the Treasury could be experienced under the system of deposits proposed to be adopted; and even if we should occasionally lose a small sum by a defaulting officer, we should not be driven to the expense of extra calls of Congress in consequence of such defaults.

He would not detain the Senate, to add any thing further to this branch of the argument. The President, in his Message, had placed the ordinary aspect of the subject too clearly before Congress and the country, to admit of confirmation by any thing he could add to these forcible and practicable views.

This closed the examination he proposed to make of the plan of the administration, for the exercise of the incidental powers of Congress over the general currency of the country, and of the prominent objections to that plan; and he would now pass to the alternatives proposed by those who differed from the President.

The first of these was the plan proposed by the honorable Senator from Virginia, (Mr. Rives,) which, in substance, is a return to the system of State bank deposits, connected with the general receptibility, upon certain conditions, of the notes of the State banks in payment of the public dues. What he had already said in reference to the administration plan, would excuse him from any further discussion of this proposition, than what related to its limitations. The proposition was, in substance, similar to one formerly introduced into this body by the same distinguished Senator, and upon that occasion it underwent a full discussion. It was not, therefore, a proposition new to the body; but as he had not taken part in its discussion then, and as it was now brought in conflict with a system he approved, he felt it to be his duty to test its efficacy to accomplish its proposed objects.

Those objects seemed to be two; the first of which was to strengthen and sustain the State banks, and facilitate their return to specie payments; and the second, to extend and strengthen the specie basis for the paper circulation of the banks, by expelling from circulation small bank notes.

The first object was proposed to be accomplished by a continuance of the public deposits with these banks, and by making their notes, when redeemed with specie, receivable in payment of the public dues. He had already discussed both these points, as fully as he proposed to do it, under the head of the influence upon the banks of the passage of the bill before the Senate. He had there given his reasons for the opinions that even a connection, as depositories, between the State banks and the National Treasury, was injurious to the banks; that if the connection as depositories did not exist, the receptibility of the notes of the banks in payment of the public dues was a matter of little practical interest to them, because the notes so received must be immediately presented for payment, and could not be permanently retained in safe keeping, and that if the separation between the banks and the Treasury was to be made perpetual, the present was the most favorable time, so far as the banks are concerned, to make that declaration.

It therefore remained for him simply and concisely to examine the efficacy of the Senator's plan to exclude small notes, and extend the circulation of specie.

These two great objects were proposed to be accomplished by the enactment that no note of any State bank should be received in payment of the public dues, which bank should, after a specified day, issue notes below a specified denomination. The restriction is made to commence at the passage of the act, with a limitation of notes not below five dollars; after the year 1839, no notes are to be issued below ten dollars; and after the year 1841, no notes below twenty dollars; and the receptibility of the bank paper by the public Treasury is made dependent upon an observance by the banks of these restrictions. No alteration of the present bank deposit law is proposed; and that compels the banks, as a condition of their participation in that patronage, not to issue notes below the denomination of ten dollars. Neither the deposit law, nor the proposition of the honorable Senator, appeals to the controlling power of State legislation to make them effective. Neither could do so, with propriety, as both are mere regulations of federal legislation, addressed to the interests of the State banking institutions. This address to such institutions is always the safe one, so far as their power of action is within their own control; for no principle can be more safely depended upon than that a moneyed incorporation, by whatever authority brought into existence, will govern its action by its interests.

It is in this single sense, then, that the practical results to be expected from the adoption of the plan of the Senator from Virginia are to be examined. How far will the interests of the State banking institutions of the country induce them to subject their action to his proposed restrictions? The inducement offered is the receptibility of their paper in the payment of the public dues. The disability is that of issuing no small notes. He had before suggested, as the result of his reflections, that, unaccompanied by a portion of the public deposits, the receptibility of the notes of a local bank in payment of the public

dues was a very trifling, if not a very questionable, boon. That impression confidently remained. He therefore concluded, that the interests of no banks would induce them, voluntarily, to subject themselves to the restrictions proposed, except such as should be selected as depositories. The value of this patronage would be greatly impaired, if the notes of the deposit banks were not so receivable. These institutions, therefore, would bring themselves within the restrictions and within the benefits of the system. What, then, would be the effect, in practice, upon the currency of the country? There are now some eight hundred State banks in organization. The greatest number selected under the late deposit law was about one-tenth of the whole; and it is known at the Treasury, and will be readily seen by all who will make a practical examination of the subject, that one of the greatest evils of that law was the large number of banks which its provisions compelled the Secretary of the Treasury, in the then bloated state of the public funds, to select as depositories. From thirty to forty is the largest number which the convenience of the receipts and disbursements, and the safe management of the public funds, can ever require. But suppose the highest number heretofore employed should be retained; still we should have more than seven hundred banks not submitting themselves to the proposed restrictions, and consequently not restrained, except by their charters, from the issue of small notes. Go farther, and suppose that the interests of one-half of all the banks of the country should induce them to come within the provisions of the proposed bill. The field for the circulation of small paper would only be made richer for those which did not come in, and until the established law of currency be radically changed, and silver dollars and half eagles can circulate in common with one and five dollar bank notes, the four hundred banks would make much more from this circulation, than from any additions we can make to their business, by receiving their notes. The inducement which the proposition holds out, is wholly inadequate to the accomplishment of the objects proposed, and not a dollar will be added to the specie circulation of the country under it. These considerations rendered this plan less desirable to him than that proposed by the President.

True it might be said that the plan of the President did not act upon the banks by way of restraint upon the amount or description of their issues. It was true as to the description of their issues. That was left to State legislation, the source from which they derived their existences, and to which belonged the limitation of their powers, so far as they were to be limited by legislation. The plan of the President sought to act upon these institutions in a different way, and by a more powerful lever. Specie was their life-blood; and the creation of a demand for it was the only efficient control over them. Bring the public revenues, then, to a specie standard, and you most effectually limit the amount of issues of the banks, so far as your operations can impose such a limit. Make your disbursements in gold and silver; and although the small bank paper will displace it, your continued and perpetual action will draw the same specie again from the banks, and will thus keep an amount, equal to your receipts and disbursements, in a constantly active state. In this way alone, in his judgment, is it in the power of this Government to expand the specie basis for our immense paper circulation.

He could not see that the action of the bill proposed by the Senator from Virginia would accomplish this object, while it did appear to him that a perfect separation from the banks, and a gradual return to a metallic currency for the operations of the National Treasury, might reach it.

The only other alternative which had been presented was a national bank. No distinct proposition, in a legislative form, for such an institution, was before the Senate; but the debate had developed the fact that such an institution was the favorite alternative of a large minority of the body, and therefore he made this allusion to it. It was not his purpose to discuss it in any manner. In the absence of any distinct proposition, and after the recent expression of the Senate upon that point, he could not feel warranted in taking the time even to reply to the arguments which had been advanced in favor of this plan. The whole subject had constituted a topic of constant discussion before the country for years, and he could not hope, at this late day, to give any new ideas upon it to the Senate, or to the public.

He had upon his notes several other replies which he had intended to make, but the lateness of the hour, and the full discussion which every important point in the debate had received from others, would induce him to omit them, with a single exception.

The honorable Senator from Virginia, (Mr. Rives) had seemed to suppose that nothing had transpired to weaken the confidence of those who had formerly favored the system of State bank deposits. He was one who had favored that system, when it was adopted by the Executive in 1833-4. He then expressed his confidence in the ability and fidelity of the State banks to discharge the trusts confided to them. At that time he entertained fully and honestly the confidence he expressed in those institutions. Their subsequent conduct had gone far to convince him that his confidence was excessive and misplaced. He would not say that that system of deposits had entirely failed, as that seemed to be a point of debate and question, but he would say that the banks had failed to comply with their obligations; that both the Government and the people had been reduced to extremities by this failure on their part; that we found ourselves here, at this unreasonable period, in consequence of it; and that, in view of these facts, he heard with some surprise, the declaration confidently pronounced, that nothing had taken place to authorize a change of opinion as to the feasibility of that system.

He had been repeatedly published to the country as grossly inconsistent, for supporting and sustaining that system of deposits in 1834, and for failing to support it now. He did not feel the force of the charge; but whether inconsistent or not, when convinced of his error, he was most cheerful to retract it. Time had shown that he then possessed a confidence in the banks which they had not sustained, and which he was bound to presume they could not sustain. Was he, for the sake of consistency, or for any other cause, to assume to entertain his former confidence, when every foundation for it had been swept away, by the voluntary action of the banks themselves? No, sir, such was not his course. He left the defence of such a position to those who could see no difference between sound specie paying banks, and banks which refused to pay specie upon their promises; between banks which promptly, upon demand, fulfilled all their obligations to the public and the National Treasury, and banks which complied with their engagements to neither.

## REMARKS OF MR. CALHOUN.

*In Senate, October 3, 1836.*—In reply, on his amendment to separate the Government from the banks.

MR. PRESIDENT: In reviewing this discussion, I have been struck with the fact, that the argument on the opposite side has been limited, almost exclusively, to the questions of relief and the currency. These are, undoubtedly, important questions, and well deserving the deliberate consideration of the Senate; but there are other questions involved in this issue, of a far more elevated character and commanding control, and which more imperiously demand our attention. The banks have ceased to be mere moneyed incorporations. They have become great political institutions, with vast influence over the welfare of the community; so much so, that a highly distinguished Senator (Mr. Clay) has declared, in his place, that the question of the disunion of the Government and the banks involved in its consequences the disunion of the States themselves. With this declaration sounding in our ears, it is time to look into the origin of a system which has already acquired such mighty influence; to inquire into the causes which have produced it, and whether they are still on the increase; in what they will terminate, if left to themselves; and, finally, whether the system is favorable to the permanency of our free institutions; to the industry and business of the country; and, above all, to the moral and intellectual development of the community. I feel the vast importance and magnitude of these topics, as well as their great delicacy. I shall touch them with extreme reluctance, and only because I believe them to belong to the occasion, and that it would be a dereliction of public duty to withhold any opinion, which I have deliberately formed, on the subject under discussion.

The rise and progress of the banking system is one of the most remarkable and curious phenomenon of modern times. Its origin is modern and humble, and gave no indication of the extraordinary growth and influence which it was destined to attain. It dates back to 1609, the year that the bank of Amsterdam was established. Other banking institutions preceded it; but they were insulated, and not immediately connected with the systems which have since sprung up, and which may be distinctly traced to the Bank of Amsterdam. That was a bank of deposit—*a mere store-house*—established under the authority of that great commercial metropolis, for the purpose of safe-keeping the precious metals, and facilitating the vast system of exchanges which then centered there. The whole system was the most simple and beautiful that can be imagined. The depositor, on delivering his bullion or coin in store, received a credit, estimated at the standard value on the books of the bank, and a certificate of deposit for the amount, which was transferrable from hand to hand, and entitled the holder to withdraw the deposit on payment of a moderate fee for the expense and hazard of safe keeping. These certificates became, in fact, the circulating medium of the community, performing, as it were, the hazard and drudgery, while the precious metals, which they, in truth, represented, guilder for guilder, lay quietly in store, without being exposed to the wear and tear, or losses, incidental to actual use. It was thus a paper currency was created, having all the solidity, safety, and uniformity, of a metallic, with the facility belonging to that of paper. The whole arrangement was admirable, and worthy of the strong sense and downright honesty of the people with whom it originated.

Out of this, which may be called the first era of the system, grew the bank of deposit, discount, and circulation—a great and mighty change, destined to effect a revolution in the condition of modern society. It is not difficult to explain how the one system should originate in the other, notwithstanding the striking dissimilarity in features and character between the offspring and the parent. A vast sum, not less than three millions sterling, accumulated and remained habitually in deposit in the Bank of Amsterdam—the place of the returned certificates being constantly supplied by new depositors. With so vast a standing deposit, it required but little reflection to perceive, that a very large portion of it might be withdrawn, and that a sufficient amount

would be still left to meet the returning certificates; or, what would be the same in effect, that an equal amount of fictitious certificates might be issued beyond the sum actually deposited. Either process, if interest be charged on the deposit withdrawn, or the fictitious certificates issued, would be a near approach to a bank of discount. This once seen, it required but little reflection to perceive, that the same process would be equally applicable to a capital placed in bank, as stock; and from that the transition was easy to issuing bank notes, payable on demand, on bills of exchange, or promissory notes, having but a short time to run. These combined, constitute the elements of a bank of discount, deposit and circulation.

Modern ingenuity and dishonesty would not have been long in perceiving and turning such advantages to account; but the faculty of the plain Belgian was either too blunt to perceive, or his honesty too stern to avail himself of them. To his honor, there is reason to believe, notwithstanding the temptation, the deposits were sacredly kept; and that for every certificate in circulation, there was a corresponding amount in bullion or coin in store. It was reserved for another people, either more ingenious or less scrupulous, to make the change.

The Bank of England was incorporated in 1694, eighty-five years after that of Amsterdam, and was the first bank of deposit, discount and circulation. Its capital was £1,200,000, consisting wholly of Government stock, bearing an interest of eight per cent. per annum. Its notes were received in the dues of the Government, and the public revenue was deposited in the bank. It was authorized to circulate exchequer bills, and make loans to Government. Let us pause for a moment, and contemplate this complex and potent machine, under its various character and functions.

As a bank of deposit, it was authorized to receive deposits, not simply for safe keeping, to be returned when demanded by the depositor, but to be used and loaned out for the benefit of the institution, care being taken always to be provided with the means of returning an equal amount, when demanded. As a bank of discount and circulation, it issued its notes on the faith of its capital stock and deposits, or discounted bills of exchange and promissory notes backed by responsible endorsers, charging an interest something greater than was authorized by law to be charged on loans; and thus allowing it, for the use of its credit, a higher rate of compensation than what individuals were authorized to receive for the use and hazard of money or capital loaned out. It will, perhaps, place this point in a clear light, if we should consider the transaction in its true character, not as a loan, but as a mere exchange of credit. In discounting, the bank takes, in the shape of a promissory note, the credits of an individual so good that another, equally responsible, endorses his note for nothing, and gives out its credit in the form of a bank note. The transaction is obviously a mere change of credit. If the drawer and endorsers break, the loss is the bank's; but if the bank breaks, the loss falls on the community; and yet this transaction, so dissimilar, is confounded with a loan, and the banks permitted to charge, on a mere exchange of credit, in which the hazard of the breaking of the drawer and endorser is incurred by the bank, and that of the bank by the community, a higher sum than the legal rate of interest on a loan; in which, besides the use of his capital, the hazard is all on the side of the lender.

Turning from these to the advantages which it derived from its connection with the Government, we shall find them not less striking. Among the first of these in importance is the fact of its notes being received in the dues of the Government, by which the credit of the Government was added to that of the bank, which added so greatly to the increase of its circulation. These again, when collected by the Government, were placed in deposit in the bank; thus giving to it not only the profit resulting from their abstraction from circulation, from the time of collection till disbursement, but also that from the use of the public deposits in the interval. To complete the picture, the bank, in its



capacity of lending to the Government, in fact paid in its notes which rested on the faith of the Government stock, on which it was drawing eight per cent.; so that, in truth, it but loaned to the Government its own credit.

Such were the extraordinary advantages conferred on this institution, and of which it had an exclusive monopoly; and these are the causes which gave such an extraordinary impulse to its growth and influence, that it increased in a little more than a hundred years, from 1694 to 1797, (when the second era of the system, commenced with the establishment of the Bank of England, terminated,) from 1,200,000 to nearly \$11,000,000; and this mainly by the addition to its capital by loans to the Government above the profits of its annual dividends. Before entering on the third era of the system, I pause to make a few reflections on the second.

I am struck, in casting my eyes over it, to find that, notwithstanding the great dissimilarity of features which the system had assumed in passing from a mere bank of deposit to that of deposit, discount, and circulation, the operation of the latter was confounded throughout this long period, as it regards the effects on the currency, with the bank of deposit. Its notes were universally regarded as representing gold and silver, and as depending on that representation exclusively for their circulation; as much so as did the certificates of deposit in the original Bank of Amsterdam. No one supposed that they could retain their credit for a moment after they ceased to be convertible into the metals on demand; nor were they supposed to have the effect of increasing the aggregate amount of the currency; nor, of course, of increasing prices. In a word, they were in the public mind as completely identified with the metallic currency as if every note in circulation had laid up in the vaults of the bank an equal amount, pound for pound, into which all its paper could be converted the moment it was presented.

All this was a great delusion. The issues of the bank never did represent, from the first, the precious metals. Instead of the *representatives*, its notes were in reality the *substitute* for coin. Instead of being the mere drudges, performing all the out-door service, while the coins reposed at their ease in the vaults of the banks, free from wear and tear, and the hazard of loss or destruction, as were the certificates of deposits in the original Bank of Amsterdam, they substituted, degraded, and banished the coins. Every note circulated became the substitute of so much coin, and dispensed with it in circulation, and thereby depreciated the value of the precious metals, and increased their consumption in the same proportion; while it diminished, in the same degree, the supply, by rendering money less productive. The system assumed gold and silver as the basis of its circulation; and yet, by the laws of its nature, just as it increased its circulation, in the same degree the foundation on which the system stood was weakened. The consumption of the metals increased, and the supply diminished. As the weight of the superstructure increased, just in the same proportion its foundation was undermined and weakened. Thus, the germ of destruction was implanted in the system at its birth; has expanded with its growth, and must terminate, one day or other, in its dissolution, unless, indeed, it should, by some transition, entirely change its nature, and pass into some other and entirely different organic form. The conflict between bank circulation and metallic (though not perceived in the first stage of the system, when they were supposed to be indissolubly connected) is mortal; one or the other must perish in the struggle. Such is the decree of fate: it is irreversible.

Near the close of the second era, the system passed the Atlantic, and took root in our country, where it found the soil still more fertile, and the climate more congenial than even in the parent country. The bank of North America was established in 1781, with a capital of \$400,000, and bearing all the features of its prototype, the bank of England. In the short space of a little more than half a century, the system has expanded from one bank to about eight hundred, including branches, (no one knows the exact amount, so rapid the

increase) and from a capital of less than a half million, to about \$300,000,000, without apparently exhausting or diminishing its capacity to increase. So accelerated has been its growth with us, from causes which I explained on a former occasion,\* that already it has attained a point much nearer the assigned limits of the system in its present form, than what it has in England.

During the year 1797, the Bank of England suspended specie payment; an event destined by its consequences to effect a revolution in public opinion in relation to the system, and to accelerate the period which must determine its fate. England was then engaged in that gigantic struggle which originated in the French revolution, and her financial operations were on the most extended scale, followed by a corresponding increase in the action of the bank, as her fiscal agent. It sunk under its over-action. Specie payments were suspended. Panic and dismay spread through the land—so deep and durable was the impression, that the credit of the bank depended exclusively on the punctuality of its payments. In the midst of the alarm, an act of Parliament was passed making the notes of the bank a legal tender; and to the surprise of all, the institution proceeded on, apparently without any diminution of its credit. Its notes circulated freely as ever, and without any depreciation, for a time, compared with gold and silver; and continued so to do for upwards of twenty years, with an average diminution of about one per cent. per annum. This shock did much to dispel the delusion that bank notes represented gold and silver, and that they circulated, in consequence of such representation, but without entirely obliterating on that point the old impression, which had taken such strong hold on the public mind. The credit of its notes during the suspension, was generally attributed to the tender act, and the great and united resources of the bank and the government.

But an event followed of the same kind, under circumstances entirely different, which did more than any preceding, to shed light on the true nature of the system, and to unfold its vast capacity to sustain itself without exterior aid. We finally became involved in the mighty struggle that had so long desolated Europe, and enriched our country. War was declared against Great Britain in 1812, and in the short space of one year, our feeble banking system sunk under the increased fiscal action of Government. I was then a member of the other House, and had taken my full share of responsibility in the measures which had led to that result. I shall never forget the sensation which the suspension, and the certain anticipation of the prostration of the currency of the country, as a consequence, excited in my mind. We could resort to no tender act; we had no great and central regulating power, like the Bank of England; and the credit and resources of the Government were comparatively small. Under such circumstances, I looked forward to a sudden and great depreciation of bank notes, and that they would fall speedily as low as the old continental money. Guess my surprise when I saw them sustain their credit, with scarcely any depreciation, for a time, from the shock. I distinctly recollect, when I first asked myself the question, what was the cause? and which directed my inquiry into the extraordinary phenomenon. I soon saw that the system contained within itself a self-sustaining power; that there was between the banks and the community mutually the relation of debtor and creditor, there being, at all times, something more due to the banks from the community, than from the latter to the former. I saw, in this reciprocal relation of debt and credit, that the demand of the banks on the community was greater than the amount of their notes in circulation could meet and absorb, and that, consequently, so long as their debtors were solvent, and bound to pay at short periods, their notes could not fail to be at or near a par with gold and silver. I also saw, that as their debtors were principally the merchants, they would take bank notes to meet their bank debts, and that which the merchant, and the Government, which

are the great money dealers, take the rest of the community would also take. Seeing all this, I clearly perceived that self-sustaining principle, which poised and impelled the system self-balanced in the midst of the heavens, like some celestial body, with scarcely a perceptible deviation from its path from the concussion it had received.

Shortly after the termination of the war, specie payments were coerced with us by the establishment of a national bank, and a few years afterwards, in Great Britain, by an act of Parliament. In both countries, the restoration was followed by wide-spread distress, as it always must when effected by coercion, for the simple reason, that banks cannot pay unless their debtors first pay, and that to coerce the banks, compels them to coerce their debtors before they have the means to pay. Their failure must be the consequence; and this involves the failure of the banks themselves, carrying, in their consequences, universal distress. Hence I am opposed to all kinds of coercion, and am in favor of leaving the disease to time, with the action of public sentiment, and the States, to which the banks are alone responsible.

But to proceed with my narrative. Although specie payments were restored, and the system apparently placed where it was before the suspension, the great capacity it proved to possess of sustaining itself without specie payments, was not forgot by those who had its direction. The impression that it was indispensable to the circulation of its notes, that they should represent the precious metals, was almost obliterated; and they were regarded rather as *restrictions on the free and profitable operation of the system than as the means of its security*. Hence a feeling of opposition to gold and silver gradually grew up on the part of the banks, which created an *esprit du corps*, followed by a moral resistance to specie payments, if I may so express myself, which in fact suspended, in a great degree, the conversion of their notes into the precious metals, long before the present suspension. With the growth of this feeling, banking business assumed a bolder character, and its profits were proportionably enlarged; and with it the tendency of the system to increase kept pace. The effect of this soon displayed itself in a striking manner, which was followed by very important consequences, which I shall next explain.

It so happened that the charters of the Bank of England and the late Bank of the United States expired about the same time. As the period approached, a feeling of hostility, growing out of the causes just explained, which had excited a strong desire in the community, who could not participate in the profits of these two great monopolies, to throw off their restraint, began to disclose itself against both institutions. In Great Britain, it terminated in breaking down the exclusive monopoly of the Bank of England, and narrowing greatly the specie basis of the system, by making the notes of the Bank of England a legal tender in all cases, except between it and its creditors. A sudden and vast increase of the system, with a great diminution of the metallic basis in proportion to banking transactions, followed, which have shocked and weakened the stability of the system there. With us, the result was different. The bank fell under the hostility. All restraint on the system was removed, and banks shot up in every direction almost instantly, under the growing impulse which I have explained, and which, with the causes I stated when I first addressed the Senate on this question, is the cause of the present catastrophe.

With it commences the fourth era of the system, which we have just entered—an era of struggle, and conflict, and changes. The system can advance no farther in our country, without great and radical changes. It has come to a stand. The conflict between metallic and bank currency, which I have shown to be inherent in the system, has, in the course of time, and with the progress of events, become so deadly, that they must separate, and one or the other fall. The degradation of the value of the metals, and their almost entire expulsion from their appropriate sphere, as the medium of exchange and the standard of value, have gone so far, under the necessary operation of the system, that they are no longer sufficient to form the basis of the widely extended system of banking. From the first, the

\*NOTE.—See speech on Mr. WEBSTER'S motion to renew the charter of the United States Bank in 1834.

gravitation of the system has been in one direction—to dispense with the use of the metals; and hence the descent from a bank of deposits to one of discount; and hence, from being the representative, their notes have become the substitute, for gold and silver; and hence, finally, its present tendency to a mere paper engine, totally separated from the metals. One law has steadily governed the system throughout—the enlargement of its profits and influence; and under that operation, through which metallic currency became insufficient for circulation, it has become, in its progress, insufficient for the basis of banking operations; so much so, that, if specie payments were restored, it would be but nominal, and the system would in a few years, on the first adverse current, sink down again into its present helpless condition. Nothing can prevent it but great and radical changes, which would diminish its profits and influence, so as effectually to arrest that strong and deep current which has carried so much of the wealth and capital of the community in that direction. Without that, the system, as now constituted, must fall, unless, indeed, it can form an alliance with the Government, and through it establish its authority by law, and make its credit, unconnected with gold and silver, the medium of circulation. If the alliance should take place, one of the first movements would be the establishment of a great central institution; or, if that should prove impracticable, a combination of a few selected and powerful of the State banks, which, sustained by the Government, would crush or subject the weaker, to be followed by an amendment of the Constitution, or some other device, to limit their number and the amount of capital hereafter. This done, the next step would be to confine and consolidate the supremacy of the system over the currency of the country, which would be in its hands exclusively, and, through it, over the industry, business, and politics of the country; all of which would be wielded to advance its profits and power.

The system having now arrived at this point, the great and solemn duty devolves on us to determine this day what relation this Government shall hereafter bear to it. Shall we enter into an alliance with it, and become the sharers of its fortune and the instrument of its aggrandizement and supremacy? This is the momentous question, on which we must now decide. Before we decide, it behoves us to inquire whether the system is favorable to the permanency of our free republican institutions, to the industry and business of the country, and, above all, to our moral and intellectual development, the great object for which we were placed here by the Author of our being. Can it be doubted what must be the effects of a system whose operations have been shown to be so unequal on free institutions whose foundation rests on an equality of rights? Can that favor equality which gives to one portion of the citizens and the country such decided advantages over the other, as I have shown it does in my opening remarks? Can that be favorable to liberty which concentrates the money power, and places it under the control of a few powerful and wealthy individuals? It is the remark of a profound statesman, that the revenue is the State; and, of course, those who control the revenue control the State, and those who can control the money power can the revenue, and through it the State, with the property and industry of the country, in all its ramifications. Let us pause for a moment, and reflect on the nature and extent of this tremendous power.

The currency of a country is, to the community, what the blood is to the human system. It constitutes a small part, but it circulates through every portion, and is indispensable to all the functions of life. The currency bears even a smaller proportion to the aggregate capital of the community, than what the blood does to the solids in the human system. What that portion is, has not been, and perhaps can not be, accurately ascertained, as it is probably subject to considerable variations. It is probably between twenty-five and thirty-five to one. I will assume it to be thirty to one. With this assumption, let us suppose a community whose aggregate capital is \$31,000,000; its currency would be, by supposition, one million, and the residue

of its capital thirty millions. This being assumed, if the currency be increased or decreased, the other portion of the capital remains the same, according to the well known laws of currency; property would rise or fall with the increase or decrease; that is: if the currency be increased to two millions, the aggregate value of property would rise to sixty millions; and, if the currency be reduced to \$500,000, it would be reduced to fifteen millions. With this law so well established, place the money power in the hands of single individual, or a combination of individuals, and by expanding or contracting the currency, they may raise or sink prices at pleasure; and by purchasing when at the greatest depression, and selling at the greatest elevation, may command the whole property and industry of the community, and control its fiscal operations. The banking system concentrates and places this power in the hands of those who control it, and its force increases just in proportion as it dispenses with a metallic basis. Never was an engine invented better calculated to place the destiny of the many in the hands of the few, or less favorable to that equality and independence, which lies at the bottom of all free institutions.

These views have a bearing not less decisive on the next inquiry—the effects of the system on the industry and wealth of the country. Whatever may have been its effects in this respect in its early stages, it is difficult to imagine any more mischievous on all of the pursuits of life than the frequent and sudden expansions and contractions to which it has now become so habitually subject, that it may be considered its ordinary condition. None but those in the secret know what to do. All are pausing and looking out to ascertain whether an expansion or contraction is next to follow, and what will be its extent and duration; and if, perchance, an error be committed—if it expands when a contraction is expected, or the reverse, the most prudent may lose by the miscalculation the fruits of a life of toil and care. The effects are to discourage industry, and to convert the whole community into stock-jobbers and speculators. The evil is constantly on the increase, and must continue to increase just as the banking system becomes more diseased, till it shall become utterly intolerable.

But its most fatal effects originate in its bearing on the moral and intellectual development of the community. The great principle of demand and supply govern the moral and intellectual world no less than the business and commercial. If a community be so organized as to cause a demand for high mental attainments, they are sure to be plausible, without containing one particle of real development. If its honors and rewards are allotted to pursuits that require their development by creating a demand for intelligence, knowledge, wisdom, justice, firmness, courage, patriotism, and the like, they are sure to be produced. But, if allotted to pursuits that require inferior qualities, the higher are sure to decay and perish. I object to the banking system, because it allots the honors and rewards of the community, in a very undue proportion, to a pursuit the least of all others favorable to the development of the higher mental qualities, intellectual or moral, to the decay of the learned professions, and the more noble pursuits of science, literature, philosophy, and statesmanship, and the great and more useful pursuits of business and industry. With the vast increase of its profits and influence, it is gradually concentrating in itself most of the prizes of life—wealth, honor, and influence, to the great disparagement and degradation of all the liberal and useful and generous pursuits of society. The rising generation can not but feel its deadening influence. The youths who crowd our colleges, and behold the road to honor and distinction terminating in a banking house, will feel the spirit of emulation decay within him, and will no longer be pressed forward by generous ardour to mount up the rugged steep of science, as the road to honor and distinction, when, perhaps, the highest point he could attain in what was once the most honorable and influential of all the learned professions, would be the place of attorney to a bank.

Nearly four years since, on the question of the removal of the deposits, although I was opposed

to the removal, and in favor of their restoration, because I believed it to be unconstitutional and illegal, yet, foreseeing what was coming, and not wishing there should be any mistake as to my opinion on the banking system, I stated here in my place what that opinion was. I declared that I had long entertained doubts, if doubts they might be called, which were daily increasing, that the system made the worst possible distribution of the wealth of the community, and that it would ultimately be found hostile to the further advancement of civilization and liberty. This declaration was not lightly made; and I have now unfolded the grounds on which they rested, and which subsequent events and reflection have matured into a settled conviction.

With all these consequences before us, shall we restore the broken connection? Shall we again unite the Government with the system? And what are the arguments opposed to these high and weighty objections? Instead of meeting them and denying their truth, or opposing others of equal weight, a rabble of objections (I can call them by no better name) are urged against the separation; one currency for the Government, and another for the people; separation of the people from the Government; taking care of the Government, and not the people; and a whole fraternity of others of like character. When I first saw them advanced in the columns of a newspaper, I could not but smile; in thinking how admirably they were suited to an electioneering canvass. They have a certain plausibility about them, which makes them troublesome to an opponent, simply because they are merely son. I little expected to meet them in discussion in this place; but since they have been gravely introduced here, respect for the place and company excites a passing notice, to which of themselves they are not at all entitled. I begin with that which is first pushed forward, and seems to be most relied on—one currency for the Government and another for the people. Is it meant that the Government must take in payment of its debts, whatever the people take in payment of theirs? If so, it is a very broad proposition, and would lead to important consequences. The people now receive the notes of non-specie-paying banks. Is it meant that the Government should also receive them? They receive in change all sorts of paper, issued by we know not whom. Must the Government also receive them? They receive the notes of banks issuing notes under five, ten, and twenty dollars. Is it intended that the Government shall also permanently receive them? They receive bills of exchange. Shall Government too receive them? If not, I ask the reason. Is it because they are not suitable for a sound, stable, and uniform currency? The reason is good; but what becomes of the principle, that the Government ought to take whatever the people take? But, I go further: It is the duty of Government to receive nothing in its dues, but which it has the right to render uniform and stable in its value. We are by the Constitution made the guardian of the money of the country. For this the right of coining and regulating the value of coins was given, and we have no right whatever to receive or treat any thing as money, or the equivalent of money, the value of which we have no right to regulate. If this principle be true, and it can not be controverted, I ask what right has Congress to receive and treat the notes of the State banks as money? If the States have the right to incorporate banks, what right has Congress to regulate them or their issues? Show me the power in the Constitution. If the right be admitted, what are its limitations, and how can the right of subjecting them to a bankrupt law in that case be denied? If one be admitted, the other follows as a consequence; and yet those who are most indignant against the proposition of subjecting the State banks to a bankrupt law, are the most clamorous to receive their notes, not seeing that the one involves the right of the other. I am equally opposed to both as unconstitutional and inexpedient. We are next told to separate from the banks, is to separate from the people. The banks then are the people; and the people the banks—united, identified, and inseparable; and as the Government belongs to the people, it follows of course, according to this

argument, it belongs also to the banks, and of course is bound to do their biddings. I feel on so grave a subject, and in so grave a body, an almost invincible repugnance in replying to such arguments; and I shall hasten over the only remaining one of the fraternity which I shall condescend to notice, with all possible despatch. They have no right of admission here, and if I were disposed to jest on so solemn an occasion, I should say they ought to be driven from this chamber under the 47th rule.\* The next of these formidable objections to the separation from the banks is, that the Government, in so doing, takes care of itself, and not of the people. Why, I had supposed that the Government belonged to the people; that it was created by them for their own use, to promote their interest, and secure their peace and liberty; that, in taking care of itself, it takes the most effectual care of the people; and in refusing all embarrassing, entangling, and dangerous alliances with corporations of any description, it was but obeying the great law of self-preservation. But enough; I can not any longer waste words on such objections. I intend no disrespect to those who have urged them; yet these, and arguments like these, are mainly relied on to countervail the many and formidable objections, drawn from the highest considerations that can influence the action of Governments or individuals, none of which have been refuted, and many not even denied.

The Senator from Massachusetts (Mr. Webster) urged an argument of a very different character, but which, in my opinion, he entirely failed to establish. He asserted that the ground assumed on this side was an entire abandonment of a great constitutional function conferred by the Constitution on Congress. To establish this, he laid down the proposition, that Congress was bound to take care of the money of the country. Agreed; and with this view the Constitution confers on us the right of coining and regulating the value of coins, in order to supply the country with money of proper standard and value; and is it an abandonment of this right to take care, as this bill does, that it shall not be expelled from circulation, as far as the fiscal action of this Government extends? But having taken this unquestionable position, the Senator passed (by what means he did not condescend to explain) from taking care of the money of the country to the right of establishing a currency, and then to the right of establishing a bank currency, as I understood him. On both of these points, I leave him in the hands of the Senator from Pennsylvania, (Mr. Buchanan,) who, in an able and constitutional argument, completely demolished, in my judgment, the position assumed by the Senator from Massachusetts. I rejoice to hear such an argument from such a quarter. The return of the great State of Pennsylvania to the doctrines of rigid construction and State rights, sheds a ray of light on the thick darkness which has long surrounded us.

But we are told that there is not gold and silver enough to fill the channels of circulation, and that prices would fall. Be it so. What is that compared to the dangers which menace on the opposite side? But are we so certain that there is not a sufficiency of the precious metals for the purpose of circulation? Look at France, with her abundant supply, with her channels of circulation full to overflowing with coins, and her flourishing industry. It is true that our supply is insufficient at present. How could it be otherwise? The banking system has degraded and expelled the metals—driven them to foreign lands—closed the mines, and converted their products into costly vases, and splendid utensils and ornaments, administering to the pride and luxury of the opulent, instead of being employed as the standard of value, and the instrument of making exchanges, as they were manifestly intended mainly to be by an all-wise Providence. Restore them to their proper functions, and they will return from their banishment; the mines will again be opened; and the gorgeous splendor of wealth will again reassume the more humble, but useful, form of coins.

But, Mr. President, I am not driven to such al-

ternatives. I am not the enemy, but the friend of credit—not as the substitute, but the associate and the assistant of the metals. In that capacity, I hold credit to possess, in many respects, a vast superiority over the metals themselves. I object to it in the form which it has assumed in the banking system, for reasons that are neither light nor few, and that neither have nor can be answered. The question is not whether credit can be dispensed with, but what is its best possible form—the most stable, the least liable to abuse, and the most convenient and cheap. I threw out some ideas on this important subject in my opening remarks. I have heard nothing to change my opinion. I believe that Government credit, in the form I suggested, combines all the requisite qualities of a credit circulation in the highest degree and also that Government ought not to use any other credit but its own in its financial operations. When the Senator from Massachusetts made his attack on my suggestions, I was disappointed. I expected argument, and he gave us denunciation. It is often easy to denounce, when it is hard to refute; and when that Senator gives denunciations, instead of arguments, I conclude that it is because the one is plenty, and the other scarce.

We are told the form I suggested is but a repetition of the old continental money—a ghost that is ever conjured up by all who wish to give the banks an exclusive monopoly of Government credit. The assertion is not true: there is not the least analogy between them. The one was a promise to pay when there was no revenue; and the other a promise to receive in the dues of Government, when there is an abundant revenue.

We are also told that there is no instance of a Government paper that did not depreciate. In reply, I affirm that there is none, assuming the form I propose, that ever did depreciate. Whenever a paper receivable in the dues of Government had any thing like a fair trial, it has succeeded. Instance the case of North Carolina, referred to in my opening remarks. The drafts of the Treasury at this moment, with all their incumbrance, are nearly at par with gold and silver; and I might add the instance alluded to by the distinguished Senator from Kentucky, in which he admits that, as soon as the excess of the issues of the Commonwealth Bank of Kentucky were reduced to the proper point, its notes rose to par. The case of Russia might also be mentioned. In 1827, she had a fixed paper circulation, in the form of bank notes, but which were inconvertible, of upwards of \$120,000,000, estimated in the metallic ruble, and which had for years remained without fluctuation, having nothing to sustain it, but that it was received in the dues of the Government, and that, too, with a revenue of only about \$90,000,000 annually. I speak on the authority of a respectable traveller. Other instances, no doubt, might be added; but it needs no such support. How can a paper depreciate which the Government is bound to receive in all payments to it, and while those to whom payments are to be made be under no obligation to receive it? From its nature, it can only circulate when at par with gold and silver; and if it could depreciate, none could be injured but the Government.

But my colleague objects that it would partake of the increase and decrease of the revenue, and would be subject to greater expansions and contractions than bank notes themselves. He assumes that Government would increase the amount with the increase of the revenue, which is not probable, for the aid of its credit would be then least needed; but if it did, what would be the effect? On the decrease of the revenue, its bills would be returned to the Treasury, from which, for the want of demand, they could not be re-issued; and the excess, instead of hanging on the circulation, as in the case of bank notes, and exposing it to catastrophes like the present, would be gradually and silently withdrawn, without shock or injury to any one. It has another and striking advantage over bank circulation, in its superior cheapness, as well as greater stability and safety. Bank paper is cheap to those who make it, but dear, very dear, to those who use it—fully as much so as gold and silver. It is the little cost of

its manufacture, and the dear rates at which it is furnished to the community, which gives the great profit to those who have a monopoly of the article. Some idea may be formed of the extent of the profit, by the splendid palaces which we see under the name of banking houses, and the vast fortunes which have been accumulated in this branch of business; all of which must ultimately be derived from the productive powers of the community, and of course adds so much to the cost of production. On the other hand, the credit of Government, while it would greatly facilitate its financial operations, would cost nothing, or next to nothing, both to it and the people, and of course would add nothing to the cost of production, which would give every branch of our industry, agriculture, commerce and manufactures, as far as its circulation might extend, great advantages, both at home and abroad.

But there remains another and great advantage. In the event of war, it would open almost unbounded resources to carry it on, without the necessity of resorting to what I am almost disposed to call a fraud—public loans. I have already shown, that the loans of the Bank of England to the Government, were very little more than loaning back to the Government its own credit; and this is more or less true of all loans, where the banking system prevails. It was pre-eminently so in our late war. The circulation of the Government credit, in the shape of bills receivable exclusively with gold and silver in its dues, and the sales of public lands, would dispense with the necessity of loans, by increasing its bills with the increase of taxes. The increase of taxes, and, of course, of revenue and expenditures, would be followed by an increased demand for Government bills, while the latter would furnish the means of paying the taxes, without increasing, in the same degree, the pressure on the community. This, with a judicious system of funding, at a low rate of interest, would go far to exempt the Government from the necessity of contracting public loans, in the event of war.

I am not, Mr. President, ignorant, in making these suggestions, (I wish them to be considered only in that light,) to what violent opposition every measure of the kind must be exposed. Banks have been so long in the possession of Government credit, that they very naturally conclude they have an exclusive right to it, and consider the withdrawal of it, even for the use of the Government itself, as a positive injury. I have some experience on this subject. It was my fortune to take a stand on the side of the Government against the banks during the most trying period of the late war—the winter of 1814 and 1815—and never in my life was I exposed to more calumny and abuse—no, not even on this occasion. It was my first lesson on the subject. I shall never forget it. I propose to give a very brief narrative of the scenes through which I then passed; not with any feeling of egotism, for, I trust, I am incapable of that, but to illustrate the truth of much I have said, and to snatch from oblivion not an unimportant portion of our financial history. I see the Senators from Massachusetts, (Mr. Webster,) and of Alabama, (Mr. King,) who were then members of the House of Representatives, in their places, and they can vouch for the correctness of my narrative, as far as the memory of transactions so long passed will serve.

The finances of the country had, at that time, fallen into great confusion. Mr. Campbell had retired from the head of the Treasury, and the late Mr. Dallas had succeeded—a man of talents, bold and decisive, but inexperienced in the affairs of the Department. His first measure to restore order, and to furnish the supplies to carry on the war, was to recommend a bank of \$50,000,000, to be constituted almost exclusively of the new stocks which had been issued during the war, to the exclusion of the old, which had been issued before. The proposed bank was authorized to make loans to the Government, and was not bound to pay specie during the war, and for three years after its termination.

It so happened that I did not arrive here till some time after the commencement of the session, having been detained by an attack of bilious fever. I had taken a prominent part in the declaration of

\*NOTE.—It is the rule regulating the admission of persons in the lobby of the Senate.



the war, and had every motive and disposition to sustain the administration, and to vote every aid to carry on the war. Immediately after my arrival, I had a full conversation with Mr. Dallas, at his request. I entertained very kind feelings towards him, and assured him, after he had explained his plan, that I would give it my early and favorable attention. At that time I had reflected but little on the subject of banking. Many of my political friends expressed a desire that I should take a prominent part in its favor. Their extreme anxiety roused my attention, and being on no committee, (they had been appointed before my arrival,) I took up the subject for a full investigation; with every disposition to give it my support. I had not proceeded far before I was struck with the extraordinary character of the project: a bank of \$50,000,000, whose capital was to consist almost exclusively of Government credit in the shape of stock, and not bound to pay its debts during the war and for three years afterwards, to furnish the Government with loans to carry on the war! I saw at once that the effect of the arrangement would be, that Government would borrow back its own credit, and pay six per cent. per annum for what they had already paid eight or nine. It was impossible for me to give it my support under any pressure, however great. I felt the difficulty of my situation, not only in opposing the leading measure of the administration at such a crisis, but what was far more responsible, to suggest one of my own, that would afford relief to the embarrassed Treasury. I cast my eyes around, and soon saw that the Government should use its own credit directly, without the intervention of a bank; which I proposed to do in the form of Treasury notes, to be issued in the operations of the Government, and to be funded in the subscription to the stock of the bank. Treasury notes were, at that time, below par, even with bank paper. The opposition to them was so great, on the part of the banks, that they refused to receive them on deposit, or payment, at par with their notes; while the Government, on its part, received and paid away notes of the banks at par with its own. Such was the influence of the banks, and to such degradation did the Government, in its weakness, submit. All this influence I had to encounter, with the entire weight of the administration thrown into the same scale. I hesitated not. I saw the path of duty clearly; and determined to tread it, as sharp and rugged as it was. When the bill came up, I moved my amendment, the main features of which were, that, instead of Government stock already issued, the capital of the bank should consist of funded Treasury notes, and that, instead of a mere paper machine, it should be a specie paying bank, so as to be an ally, instead of an opponent, in restoring the currency to a sound condition on the return of peace. These were, with me, indispensable conditions. I accompanied my amendment with a short speech of fifteen or twenty minutes; and so overpowering was the force of truth, that notwithstanding the influence of the administration, backed by the money power, and the Committee of Ways and Means, which was unanimous, with one exception, as I understood, my amendment prevailed by a large majority; but it in turn failed—the opposition, the adherents of the administration, and those who had constitutional scruples, combining against it. Then followed various but unsuccessful attempts to charter a bank. One was vetoed by the President, and another was lost by the casting vote of the Speaker, (Mr. Cheves.) After a large portion of the session was thus unsuccessfully consumed, a caucus was called, in order to agree on some plan, to which I and the few friends who still adhered to me, after such hard service, were especially invited. We of course attended. The plan of compromise was unfolded, which approached much nearer to our views, but which was still objectionable in some features. I objected, and required further concessions, which were refused, and was told the bill could be passed without us; at which I took up my hat and bid good night. The bill was introduced in the Senate, and speedily passed that body. On the second reading, I rose and made a few remarks, in which I entreated the House to remem-

ber that they were about to vote for the measure against their conviction, as had been frequently expressed; and that in so doing, they acted under a supposed necessity, which had been created by those who expected to profit by the measure. I then reminded them of the danger of acting under such pressure, and I said that they were so sensible of the truth of what I uttered, that if peace should arrive before the passage of the bill, it would not receive the support of fifteen members. I concluded by saying, that I would reserve what I intended to say on the question of the passage of the bill, when I would express my opinion at length, and appeal to the country. My objections had not gone to the people, as nothing that I had said had been reported—such was my solicitude to defeat the bill, without extending our divisions beyond the walls of the House, in the then critical condition of the country. My object was to arrest the measure, and not to weaken confidence in the administration.

In making the supposition, I had not the slightest anticipation of peace. England had been making extensive preparations for the ensuing campaign, and had made a vigorous attack on New Orleans, but had just been repelled; but, by a most remarkable coincidence, an opportunity (as strange as it may seem) was afforded to test the truth of what I said. Late in the evening of the day I met Mr. Sturges, then a member of Congress from Connecticut. He said that he had some information which he could not withhold from me; that a treaty of peace had been made, and that it had actually arrived in New York, and would be here the next day; so that I would have an opportunity of testing the truth of my prediction. He added that his brother, who had a mercantile house in New York, had forwarded the information to him by express, and that he had forwarded the information to connected houses in the southern cities, with direction to purchase the great staples in that quarter, and that he wished me to consider the information as confidential. I thanked him for the intelligence, and promised to keep it to myself. The rumor, however, got out, and the next day an attempt was made to pass through the bill; but the House was unwilling to act till it could ascertain whether a treaty had been made. It arrived in the course of the day, when, on my motion, it was laid on the table, with less than fifteen votes against the motion; and I had the gratification of receiving the thanks of many for defeating the bill, who, a short time before, were almost ready to cut my throat for my persevering opposition to the measure. An offer was then made to me to come to my terms, which I refused, declaring that I arose in my demand, and would agree to no bill which should not be formed expressly with the view to the speedy restoration of specie payments. It was afterwards postponed, on the conviction that it could not be so modified as to make it acceptable to a majority. This was my first lesson on banks. It has made a durable impression on my mind.

My colleague, in the course of his remarks, said he regarded this measure as a secret war waged against the banks. I am sure he could not intend to attribute such motives to me. I wage no war, secret or open, against the existing institutions. They have been created by the legislation of the States, and are alone responsible to the States. I hold them not answerable for the present state of things, which has been brought about under the silent operation of time, without attracting notice, or disclosing its danger. Whatever legal or constitutional rights they possess, under their charters, ought to be respected; and if attacked, I would defend them as resolutely as I now oppose the system. Against that I wage, not secret, but open and uncompromising hostilities, originating not in opinions recently or hastily formed. I have long seen the true character of the system, its tendency, and destiny, and have looked forward for many years, as many of my friends know, to the crisis in the midst of which we now are. My ardent wish has been to effect a gradual change in the banking system, by which the crisis might be passed without a shock, if possible; but I have been resolved for many years, that should it arrive in my time, I would discharge my duty, however great the difficulty and danger.

I have, thus far, faithfully performed it, according to the best of my abilities, and with the blessing of God, shall persist, regardless of every obstacle, in performing with equal fidelity to the end.

He who does not see that the credit system is on the eve of a great revolution, has formed a very imperfect conception of the past, and anticipation of the future. What changes it is destined to undergo, and what new form it will ultimately assume, are concealed in the womb of time, and not given us to foresee. But we may perceive in the present, many of the elements of the existing system which must be expelled, and others which must enter it in its renewed form.

In looking at the elements at work, I hold it certain, that in the process there will be a total and final separation of the credit of Government and that of individuals, which have been so long blended. The good of society, and the interests of both, imperiously demand it, and the growing intelligence of the age will enforce it. It is unfair, unjust, unequal, contrary to the spirit of free institutions, and corrupting in its consequences. How far the credit of Government may be used in a separate form, with safety and convenience, remains to be seen. To the extent of its fiscal action, limited strictly to the function of the collection and disbursement of its revenue, and in the form I have suggested, I am of the impression it may be both safely and conveniently used, and with great incidental advantages to the whole community. Beyond that limit I see no safety, and much danger.

What form individual credit will assume after the separation, is still more uncertain; but I see clearly that the existing fetters that restrain it will be thrown off. The credit of an individual is his property, and belongs to him as much as his land and houses, to use it as he pleases, with the single restriction, which is imposed on all our rights—that they are not to be used so as to injure others. What limitations this restriction may impose, time and experience will show; but whatever they may be, they ought to assume the character of general laws, obligatory on all alike, and open to all; and under the provisions of which all may be at liberty to use their credit jointly or separately, as freely as they now use their land and houses, without any preference by special acts, in any form or shape, to one over another. Every thing like monopoly must ultimately disappear before the process which has begun will finally terminate.

I see not less clearly, that in the process a separation will take place between the use of capital and the use of credit. They are wholly different, and under the growing intelligence of the times, can not much longer remain confounded in their present state of combination. They are as distinct as a loan and an endorsement; in fact, the one is but giving to another the use of our capital, and the other the use of our credit; and yet so dissimilar are they, that we daily see the most prudent individuals lending their credit for nothing, in the form of endorsement, or security, who would not loan the most inconsiderable sum without interest. But as dissimilar as they are, they are completely confounded in banking operations, and which is one of the main sources of the profit, and the consequent dangerous flow of capital in that direction. A bank discount, instead of a loan, is very little more, as I have shown, than a mere exchange of credit—an exchange of the joint credit of the drawer and endorser of the note discounted for the credit of the bank in its own note. In the exchange, the bank insures the parties to the note discounted, and the community, which is the loser if the bank fails, virtually insures the bank; and yet, by confounding this exchange of credit with the use of capital, the bank is permitted to charge an interest for this exchange, rather greater than an individual is permitted to charge for a loan, to the great gain of the bank, and loss to the community. I say less; for the community can never enjoy the great and full benefit of the credit system, till loans and credit are considered as entirely distinct in their nature, and the compensation for the use of each be adjusted to their respective nature and character. Nothing would give a greater impulse to all the business of society. The superior cheapness of credit would add incalcula-

bly to the productive powers of the community, when the immense gains, which are now devised by confounding them, shall come in aid of production.

Whatever other changes the credit system is destined to undergo, these are certainly some which it must; but when and how the revolution will end—whether it is destined to be sudden and convulsive, or gradual and free from shock, time alone can disclose. *Much will depend on the decision of the present question, and the course which the advocates of the system will pursue.* If the separation takes place, and is acquiesced in by those interested in the system, the prospect will be, that it will gradually and quietly run down, without shock or convulsions, which is my sincere prayer; but if not—if the reverse shall be insisted on, and, above all, if it should be effected through a great political struggle, (it can only be so effected,) the revolution would be violent and convulsive. A great and thorough change must take place. It is wholly unavoidable. The public attention begins to be roused throughout the civilized world to this all absorbing subject. There is nothing left to be controlled but the mode and manner, and it is *better for all* that it should be gradual and quiet than the reverse. All the rest is destiny.

I have now, Mr. President, said what I intended without reserve or disguise. In taking the stand I have, I change no relation, personal nor political, nor alter any opinion I have heretofore expressed or entertained. I desire nothing from the Government or the people. My only ambition is to do my duty, and shall follow wherever that may lead, regardless alike of attachments or antipathies, personal or political. I know full well the responsibility I have assumed. I see clearly the magnitude and the hazard of the crisis, and the danger of confiding the execution of measures in which I take so deep a responsibility, to those in whom I have no reason to have any special confidence. But all this deters me not, when I believe that the permanent interest of the country is involved. My course is fixed. I go forward. If the administration recommend what I approve on this great question, I will cheerfully give my support; if not, I shall oppose; but, in opposing, I shall feel bound to suggest what I believe to be the proper measure, and which I shall be ready to back, be the responsibility what it may, looking only to the country, and not stopping to estimate whether the benefit shall enure either to the administration or the opposition.

#### SPEECH OF MR. GHOLSON, OF MISSISSIPPI,

*In the House of Representatives, October 8, 1837*—On the proposition of Mr. Underwood to amend the bill reported by the Committee of Ways and Means, to authorize the President of the United States to issue \$10,000,000 in Treasury notes, so as to defer the issue of the Treasury notes, except for the amount of \$3,500,000, until after the Government bonds held by the Bank of the United States shall have been sold: *Provided*, That, if those bonds are not sold at the expiration of three months, then the Treasury notes, to the amount of \$10,000,000, are to be issued, as proposed in the bill.

Mr. GHOLSON took the floor, and addressed the House substantially as follows:

MR. SPEAKER: If, by remaining in my seat, I believed the vote on the amendment proposed by the gentleman from Kentucky, (Mr. Underwood,) or on the bill itself, would be taken at an earlier period, I surely would content myself with giving a silent vote, however anxious I may be, or may have been, to express my views. I am in bad health, worn down with previous labor, and find myself but illy calculated for the effort of debate. The course of the whigs on this floor, ever since the commencement of the session, has assured me that their object is, and has been, that this House shall not act on any bill likely to relieve the embarrassments of the country.

Sir, I am justified in saying that the object of the whigs is, and has been, to keep up excitement

in the country, and add embarrassment to the already embarrassed condition of the Government and the people. When this session first commenced, we were told by the gentleman from Tennessee, (Mr. Bell,) and the gentleman from Virginia, (Mr. Wise,) who are regarded by me and by the country as the oracles of the whig party, that they had no measures of their own to bring forward to relieve the Union. The gentleman from Virginia went further. He requested or directed his whig allies to bring forward no measure to relieve the country. He said that, for one, he would let the country groan on; that it was not the intention of the administration party here to carry out the recommendations of the President; and even went so far as warn my friend from South Carolina (Mr. Pickens) to be on his guard, lest he were arrested and shot as a deserter. Being how hard pressed in this quarter, and this bill (which has been so bitterly denounced) being likely to be finally voted on before the close of the session, he calls in the aid of his ally from Tennessee, (Mr. Bell,) and solicits that gentleman to aid him in occupying the time of the House with fruitless discussion and rapid denunciation until the close of this extraordinary session; and thus prevent what is so much dreaded by both gentlemen—that relief which the country so imperiously demands, and which, if we possess the power, we are bound to afford to it.

Well, sir, the gentleman from Tennessee has not been unmindful of the appeal of the gentleman from Virginia. He has promptly obeyed the mandate, and has gone to his aid; and with the skill and management of a political grimalkin, he consumed the whole of Saturday in discussing a motion that he never intended should be voted on; and after a day and a part of the night had been consumed by descanting on that time-killing motion, the gentleman from Ohio (Mr. Whittlesey) came forward, and asked the gentleman from Tennessee to withdraw his motion. The request was instantly complied with, thus conclusively proving, to my mind, that the whole design and object of the gentleman was, and is, confusion, excitement, embarrassment, not action or relief to the Government or the people.

Sir, we have now progressed on this legislative journey till we have reached the last week of the session. And what, Mr. Speaker, let me ask, have we, the administration party, been permitted to do? By our untiring exertions we have got one little bill through the House! The suffering people have a right to know to whom this delay, this waste of time, of money, this trifling with their rights and interests, is to be ascribed. Sir, this remissness, this flagrant injustice, and wanton dereliction of duty, can not, and must not, be charged to the administration party; for if the whigs, as they avow, have no projects or plans of relief of their own, why have they not permitted us to carry out those plans of the administration, which we stand ready to execute? Is it because they fear the country will be relieved?

What, sir, said the gentleman from Tennessee, (Mr. Bell,) when he came forward, on Saturday, with his time-killing project? He said he had told the people, "the dear people," just before the election—at a time when he undoubtedly cherished a very warm and tender feeling of regard for the people—that it would be in the power of the administration to relieve the country in sixty days at furthest! Well, sir, why does not the gentleman bring forward the plan that he suggested to his constituents? Is he not bound to do so, if he believes what he has said in relation to the plans set forth in the President's Message? Surely he is. When he undertakes to say that the schemes suggested in the President's Message are wild and visionary, and impracticable, have we not a right to expect from him some plan that will, according to his own views, afford relief, practicable relief—a plan that is in itself practicable and reasonable? What was the vast and wonderful scheme that the honorable gentleman suggested to the people of his district? He says that it was a scheme to force the Government to take up the \$100,000,000 of irredeemable bank paper now afloat in the country! Indeed, sir!

Mr. Speaker, common sense, the commonest

reasoning, and the teachings of every day's experience and observation, all go to prove the utter impracticability of the proposition. I have too high a regard for the gentleman's intelligence, to believe, for a single moment, that he believes in the practicability of any such project. Those banks which have flooded the country with a redundant paper circulation, have failed, and their paper become worthless in the hands of the people, at the very time when they were sustained by all the resources of this mighty and munificent Government daily poured into their vaults. They failed, sir, when they were sustained, not only by the Government, but by the confidence of the whole American people, and by that still stronger power, public opinion. If they failed under the existence of such props and such patronage—if they could not exist as organic bodies, and perform the functions required of them by law and by their charters, under the existence of circumstances so favorable—and if their paper, as we all know to be the fact, has depreciated fifteen per cent. how much more signal and complete must be their failure, when they do not and can not obtain the confidence of the people?

Sir, I defy the Government to give the people confidence in these banking institutions. They have already failed, and without the confidence of the people, they can not be resuscitated; they can not sustain themselves.

Mr. Speaker, who, let me inquire, ever heard of a Government like ours, in a time of profound peace, dealing in paper known to be depreciated, and attempting to make that paper the circulating medium of the country? Do we not all know that this plan is wild, visionary, impracticable, and unheard of? I know, sir, the gentleman from Tennessee does not believe it practicable; if he did, he would bring it forward in a tangible shape. I have too much confidence in his ability as a statesman, too much confidence in his intelligence as a financier, to do him the injustice of believing him at all in favor of the plan of which he has spoken.

The causes that have moved the gentleman from Tennessee in this matter, are easily divined; nay, they cannot be misunderstood. He had said something on this subject to the people of his district, to his constituency if you please, and he wished to consume the time of this House, above all, he wished to aid the federal bank party in this House, and to attain his ends, he came out with the plans on which I have animadverted, and hoped to impose on the country. I say this, for this further reason, that the whole course of the opposition, with whom the gentleman from Tennessee is acting, has been directed to the single and sole purpose of preventing any thing being done by the administration to relieve the country. They are influenced in their course by the belief that if they can keep up the present excitement in the country, they can force from the necessities of the people the recharter of the United States Bank, or a national bank subservient to their wishes. They know that this question has been again and again submitted to the people, and the PEOPLE, after calm deliberation and reflection, have decided that they will not have a bank. But, not satisfied with the unqualified expression of the people's voice, they still cling with tenacity to the desperate hope, that has been made to tell its "flattering tale," by the present unnatural excitement and derangement that now pervades every section of the country. They know that if the country is relieved, and the present excitement can be quelled, their hopes of a national bank will be laid prostrate. And this is the reason, Mr. Speaker, this struggle has been so desperate; this, sir, is the reason that the cry of Executive Bank, has been sounded through this hall; this is the reason that we have been so often boastfully told, that unless a national bank were incorporated, the country would be convulsed. This is the true and only reason that exists for the cry we have so often heard, that this bill will sap the liberties of the country; that by means of this Executive bank, the President would be enabled to place his foot on the necks of the people. This cry has been raised because gentlemen know that a bank is yet unpopular; and they hope to prejudice the country against this bill before it passes, by calling it an Executive bank bill. Sir, they seek to frighten us by telling us that when

we give our assent to this bill we give our assent to a measure that is to convulse the country. For one, Mr. Speaker, let me tell gentlemen, that names have no terror for me. I have no fear that this bill will enable the President to place himself above the Constitution and the people; I am not so timid that I can be alarmed by such bug-bear appeals to my courage.

But why, let me ask, have we this constant cry of *bank, bank*, from the known bank party on this floor? It has been said that this bill was intended to defeat a National Bank. I am willing to place it on that issue before the American people; I will, and do, hereby declare my assent to this measure, humble as gentlemen say it is, and at the same time I avow my decided opposition to any national bank. And, sir, if convulsions, anarchy and confusion are to be the consequences of our refusal to charter a national bank, let them come, and I shall be prepared to meet them. Sir, I have stated that names have no terror for me. I am in favor of this bill. I wish these Treasury notes to enter into the circulation of the country, and if they do get into circulation, depend upon it, sir, the one-half of your embarrassments will be removed at the instant they find their way from the hands of the Secretary. This bill has no similitude to a bank, Mr. Speaker, and if gentlemen attempt to distort it into any thing of the kind, they will get their labor for the pains. The Treasurer, under it, has no power to issue bills, except as the creditors of the Government may require them. The passage of the bill will not enable the Secretary of the Treasury to throw thousands and millions of paper into circulation in a day, by which the price of property, and of labor, and of every thing else, will receive fictitious valuations, and then by suddenly withdrawing the circulation, depress the price of the same substances and properties far beneath their intrinsic value.

Mr. Speaker, I respectfully ask gentlemen to do me the favor of pointing out the resemblance that this bill bears to a bank; I ask them to particularly point out the characteristics by which they are enabled to determine that this is an Executive bank.

The next direct attack made upon this bill, is the one now pending in favor of that defunct monster, the late United States Bank, offered by the gentleman from Kentucky, (Mr. Underwood.) This amendment, has, I believe, been already twice rejected by this House, and is now properly out of order. But, as I am no stickler for points of order, I will make no question of that sort. This amendment, like the late United States Bank, is no sooner defeated in one shape, than it rises in another. By this amendment, it is proposed to offer in lieu of the bill, the bonds executed by the late United States Bank to this Government, in that institution. Then it is proposed to throw into the market in these times of general depression, \$6,000,000 of bank bonds due in the course of the next four years, payable by instalments of \$2,000,000, bearing interest from the date of their execution. Now, sir, who are to be the purchasers? We know in these times of general distress, no individual, and scarcely any incorporation, has the ability to make such a purchase. Then if these bonds are thus untimely thrown into the market, the Government must and will sustain an immense loss. The old bank may or may not be the bidder for these bonds. The course that that institution has heretofore, and is now pursuing, is this: A short time after the suspension of specie payments, that bank threw into the market \$5,000,000 of bank bonds, or post notes, payable at a future day in England. These bonds or notes were sold in the market for a premium of five per cent. The agents of the bank proceeded to the cotton-growing States, and with the notes of the Pennsylvania Bank of the United States bought cotton to meet these bonds. The notes of the institution commanded a premium, owing to the immense debt due from the South and West to the eastern and northern cities. The fund upon which these \$5,000,000 was first drawn, having been exhausted, this is the game that is now being played off by Mr. Biddle on the South. He has his agents there, selling the notes of the old bank, which neither the United States Bank of

Pennsylvania, nor any other institution, is bound to redeem. This paper, in these times of distrust and oppression, commands a premium over the local bank paper of the country. It first passes into the hands of our southern merchants, they paying a premium for it of about 15 per cent. above local bank paper. The merchants pay it over to the agents of the northern merchants, who are literally swarming like hungry locusts through the country; who, knowing its utter worthlessness, and that no one is bound to redeem it, immediately sell it for local bank paper at a premium. With this paper they buy cotton. In this way, one set of these irredeemable notes buys the cotton of the whole neighborhood at a discount of at least 15 per cent. Thus is the ghost of this institution enabled to plunder my constituents out of 15 per cent. of their labor.

This system of plundering the South, so long practised by the northern capitalists, has enabled that section of the country, through the agency of the institution of which I speak, to play a game that must be suspended, and it is to an evil so monstrous that I am anxious to apply a remedy. This can be done effectually by the rejection of the amendment and the passage of the bill. In this way, this institution will be driven out of the market; for when the notes proposed to be issued by this bill enter, as they will, into the circulation of the country, the worthless paper of this insolvent institution referred to, will be banished from circulation.

Mr. Speaker, the gentleman from Tennessee (Mr. Bell) complains that I have no right to place the construction on his acts that I have so freely and fully expressed; and, sir, he has added that I have expressed opinions in reference to him that are not justifiable by facts. Sir, I must be allowed to tell that gentleman that the actions and conduct of public men in this hall are, and of right should be, public property. As such, I have a right to come to my own conclusions in relation to them. Having formed my opinions as to the moving cause for the conduct of that gentleman in the present instance, I have taken the liberty to express those opinions, and I claim the right of doing so. Sir, I should be sorry to do any gentleman an act of injustice: I have misstated no matter of fact; and if I have otherwise done the gentleman injustice, I shall be found at all times ready to render him the most prompt and adequate satisfaction.

Mr. Speaker, the gentleman has taken occasion to say something in relation to the interest of my constituents. Now, sir, I will tell the gentleman that I am their representative, and that if I misrepresent them I am accountable to them for the act. Therefore, neither they or we require any aid or advice from the gentleman from Tennessee.

I know, sir, that I represent a suffering people, a people who are immensely in debt; but, thank God! we have a climate, a soil, and a production, that, when added to the never-ceasing vigilance of our people, will enable us to pay, in a short time, a larger debt than can be extinguished by any other people of the globe.

Much, sir, has been said about the immense debt our banks owe the Government, and not a little has been said and insinuated about the alleged insolvency of those institutions. Sir, I ask gentlemen, before they make any more assertions on this subject, to examine into the true situation of our banks. I make the assertion, without fear of contradiction, that our banks, THE BANKS OF THE STATE OF MISSISSIPPI, have as large an amount of assets in their possession as any banks in this Union which have not a greater circulation afloat. I have no doubt they are as solvent, and will resume specie payments as soon, as any banks in the Union having at the time of the suspension as large a circulation as they had.

But it is said the banks have asked for indulgence. I say it is untrue. If they have asked indulgence I am not informed of it. I, on my own responsibility, asked indulgence for them in order that I might favor their debtors. Now, sir, if the gentleman from Tennessee (Mr. Bell) with his proclaimed charity for my constituents, will aid me in keeping the hands of this Government off of

our banks for a short time, he will render us good service. Any attempt to force these banks to pay their debts unnaturally oppresses the debtor's interest. Whenever the Government presses the banks, it presses its own debtors, and thus the Government directly oppresses the people.

If the Government continues, according to the suggestions of the gentleman from Tennessee, who is so charitable, to draw on our banks, these drafts must, for some time to come, come back protested. This will keep down our money, and force us to pay the highest premium that we have heard so much talked of.

Sir, I care but little for those banks as mere corporations, but I have a great good feeling for the people who are in their power. You have relieved the balance of your Government debtors, and why not relieve them also? I am sure they are as meritorious as your northern merchants. Now, sir, the passage of this bill, without the amendment, appears to me to be the only means by which the country can be relieved. It is the only hope I have for our banks soon resuming specie payments; for, when this bill shall have passed, the Government will be relieved. Ten millions will be liable to be gradually thrown into circulation. You can then give our banks reasonable time; and thus the whole will be accommodated.

Sir, the gentleman from Tennessee (Mr. Bell) said something about forcing the Government into terms. What terms does he mean? The terms of these irresponsible banks? If these are his terms—if a submission on the part of this administration to the dictations of these banks are the terms upon which we are to buy the peace of the country, it is such a peace as I do not want. If this is the way that quiet in this land is to be kept, let us have the confusion of which we have heard so much since the commencement of the session. I think the sooner it comes, the better.

Sir, has it come to this, in this land of liberty and of law, that these banks can, and will, dictate to an American Congress? Are we to be no longer independent? Are we to be forced to ask these most soulless corporations what we shall do, and what we shall not do? Surely not yet. This is the direct policy of the bank party on this floor. I am prepared to record my vote; I am prepared to meet the crisis, and share my fate. I have no fears of the result.

Mr. Speaker, I had intended to have proceeded further in discussing these topics, but I find myself unable, from exhaustion and debility, to go on any further.

## REMARKS MR. HUBBARD, OF NEW HAMPSHIRE,

In Senate, October, 11, 1837.—On the bill to revoke the charters of certain banks in the District of Columbia.

MR. HUBBARD remarked that before the motion of the Senator from Massachusetts to strike out the first and second sections of the bill shall be voted upon, he should propose amendments, and his motion to amend the sections, takes precedence of the motion to strike out. He felt an entire confidence that the bill could be amended, so as to make it entirely acceptable to the banks in this city. He was well satisfied that there was no disposition in this body, nor was there any feeling among the members of the Committee on Finance, to harass or in any way to incommode the District banks. The committee felt it to be their duty to present the subject to the consideration of the Senate. It was here that Congress possessed the necessary jurisdiction. The banks created by their legislation, had all suspended specie payments; they had done no more than the other banks of the country had done; but it was here, and here alone, that Congress could act with effect; and Congress was now in session, and it seemed to the committee to be not only in itself proper, but in a measure indispensable, for Congress to consider the course which the institutions established by their power had taken, and to see if there was an unavoidable necessity for the action of the banks. No one doubted that



these local banks had violated their charters by refusing to redeem their notes with specie, when demanded; and yet there may have been such a controlling necessity for this measure, as would exonerate the banks from censure. The committee then had reported the bill now before that body as a measure called for by existing circumstances, by the exigency of the times; a measure due to the banks themselves, and due also to this community. But, sir, the committee felt no unkindness towards these banking institutions. The measure they have recommended would, if adopted, have a most salutary influence. He had no belief that the banks in this District could resume specie payments, while the banks of the surrounding States continued to refuse the redemption of their paper.

But if Congress should require the banks within their jurisdiction to resume specie payments within a limited time, it could not fail to produce upon the whole country a most happy and beneficial effect. It would induce a corresponding action in the several States; and, so far from expecting that the banks will be able within thirty or sixty days to resume specie payments, be believed that the Committee on Finance would sanction the proposition for amendment which he intended to make. He would move to strike out in the sixth line of the first section the words "sixty days," and to insert the words "four months;" and in the eighth line to strike out the word "thirty," and insert the word "sixty." If these amendments should be agreed to by the Senate, the banks would have sufficient time, it is believed, to resume specie payments, as the section would then require. He was satisfied that the banks in this city were in as good condition to resume specie payments as the other banking institutions of the country. The last official returns from these banks show this; and he had no hesitation in saying that those who had the direction of the banks in this city, as far as his knowledge extended, were anxious to have the banks resume specie payments. But it must occur to every man conversant with this subject, that the means of resuming specie payments must be drawn from the debtors of the banks. For it can not be questioned that the extent of bank credits has involved the banks in their present calamities—and as soon as this bank credit shall be in a measure cancelled—as soon as the debtors of the banks shall be able to satisfy their liabilities, then will the banks be able to fulfil their obligations to the people. The fact can not be denied, that the banks must be able to withdraw a portion of their paper circulation, before they can safely resume specie payments. This can only be accomplished through the agency and instrumentality of the debtors to these institutions. The banks in this District, and throughout the country, have, since May last, greatly curtailed their paper circulation. Their discounts have been, within that period, much reduced; and the time can not be far distant when these banks will be perfectly able to resume specie payments. As far as his own knowledge extended, and he had endeavored to make himself acquainted with the fact, these banks have had no connection with the manufacture of paper money of a less denomination than five dollars; if they have received the bills of other corporations of a small denomination, the fact is undeniable that the banks themselves are not justly obnoxious to the charge of making any such paper currency. Whether these banks can be justified in issuing small bills, he would not pretend to say; but the banks have not considered themselves as acting in the violation of their charters to receive and to pay out these small bills of other corporations; certain the fact is, that the banks have, in no instance, been guilty of manufacturing bills of a less denomination than five dollars. He was anxious to have his amendment adopted, and the sections, as amended, passed. He was persuaded that the effect here and elsewhere would be most salutary. He was also much in favor of an immediate action upon the third section of the bill: the interest and the well-being of this people demanded this measure at our hands. The state of the currency in the District of Columbia was such, that every Senator must feel himself called upon to correct this gross evil. And, sir, he did hope that

something would now be done. He thought the best interests of the banks demanded it, and that the best interests of this community demanded it; and if no other part of the bill could be acted on for want of time, he trusted that the knowledge of the present paper currency in this District would induce an immediate action upon the third section of the bill.

### REMARKS OF MR. BRONSON, OF NEW YORK,

*In the House of Representatives, October 7, 1837*—On the bill to authorize the issuing of Treasury notes; and on the motion of Mr. BELL of Tennessee to strike out the enacting clause of the bill.

Mr. BRONSON said he felt unwilling that the question should be taken on this motion now pending, and that the bill should finally pass from this House, without giving his views upon the measure under consideration; and, from the peculiar character which this debate had now assumed, and particularly since the remarks of the honorable gentleman from Tennessee, Mr. Bronson said he felt more strongly impelled to state some of the reasons which would influence his vote, and which rendered it clear to his mind that the bill under consideration should become a law. I have (said Mr. B.) regarded this measure as one peculiarly calculated to relieve the pecuniary distresses of the country generally, and to benefit the people, as well as to furnish immediate aid to the Treasury; as one which has been viewed in that light by all parties in and out of this House; and even till within the last forty-eight hours, I did not consider that there was any serious opposition to an issue of Treasury notes, or Government stock, in some form. On my journey to this city, I frequently heard it suggested that such a measure would be eminently calculated to give relief, and one which Congress should adopt by all means, if practicable; and, what is worthy of remark, these suggestions, in almost all instances, came from the opposition—from the political friends of those who are now opposing this bill on this floor. After my arrival here, the project was frequently spoken of, and always with favor; in fact, a sentiment decidedly friendly to the measure prevailed here, so far as I heard any expression on the subject, (with one or two exceptions,) until about forty-eight hours ago, and after this bill had been some time under discussion, when suddenly it seemed that new light had broken in upon this matter. Yesterday morning, Mr. Speaker, we heard from New York that specie had fallen in that great commercial mart—that Treasury drafts were worth as much all to about 1 per cent. as specie—stocks rising and trade apparently reviving. There was also, Mr. Speaker, every reason for the public then to suppose, not only that this bill would pass, but that the duty bonds would be extended and further time given to the deposit banks to pay the balances due from them as provided by the bills on your table. Now, sir, it is a little singular that on the receipt of this news, and when it would seem that better times were dawning upon the country, when business appeared to be reviving, and when this and other measures recommended by the Executive, which it might be supposed would pass this House, appeared to have the effect to allay excitement and restore confidence, I say it is singular, sir, at such a moment, that a most vigorous effort is suddenly made to defeat this bill, and prevent the issue of Treasury notes, which, on all hands, so far as I have understood, has been viewed as a measure so well calculated for the relief of the country. We have heard much, sir, on the subject of the Government taking care of itself without any care for the people. The measures recommended by the administration have been denounced on this floor as having a single eye to that object, and it has been made matters of complaint here that no measures of relief for the people were proposed. This, however, has been looked upon as a measure calculated to relieve the people as well as the Government; as a measure that would throw into circulation ten millions of dollars, which would be equal to so much addition to the

specie capital of the country—furnishing great facilities, either as remittances or domestic exchanges, particularly to all classes of the commercial community. And yet, sir, the moment there is a prospect that this measure will be adopted, and carried too as an administration measure, the whole opposition party are arraigned against it; and unless I have entirely misunderstood the scope and tenor of this debate, their hostility to the measure, if it did not originate on reception of the news from New York above alluded to, it did, at least, then assume a more vigorous, obstinate, and powerful shape, so much so as to impress upon my mind most strongly the belief that there was some connection between the cause and effect.

Did gentlemen of the opposition suppose that if this bill passed it would immediately give relief, restore confidence, and redound to the credit of the administration? That such will be the effect to a very great extent, I have no doubt; and I had hoped that this consideration might not be entirely overlooked by the opponents of this bill—or if noted by them, that it would not add zeal to their opposition. I hope it has not.

My Speaker: I have listened to the debates on this bill, and given them all due attention; and the various objections which have been raised in the progress of this discussion against an issue of Treasury notes, have received from me attentive consideration.

I was in favor of the project from the first, if the state of the Treasury was such as to warrant it, and I have heard nothing yet which to my mind is a sufficient objection against it. Let us look for a moment to the ground which we occupy in relation to this matter, and the point at which we have arrived in this discussion.

Is it not, sir, a conceded point that the Treasury is nearly or quite exhausted—that in a short time it will be necessary to raise money, either by loan or otherwise, unless the unavailable funds now in hand can be realized? I shall not here go into a review of the financial condition of the country, or the state of the Treasury, as exhibited by the Secretary's report, or the various explanations of that report, which have been made on this floor. I assume the position that there is no money in the Treasury, or that such will be the case very shortly—and that money is needed to carry on the operations of the Government. We are told so by the Secretary of the Treasury, and by the chairman of the Committee of Ways and Means. The whole of this debate has proceeded upon that supposition; and with the exception of the honorable gentleman from Tennessee, (Mr. Bell) and perhaps one or two others such has been allowed to be the true state of the Treasury by all who have addressed the House on this subject. There can be no question that such is the fact, and the point that is now presented is simply, in what manner shall we replenish the Treasury; I say merely ~~the~~ Treasury, and not an exhausted or bankrupt Treasury; for, sir, we have ample resources, as soon as they can be realized, without resorting to taxes or duties. It is only necessary to resort to some temporary expedient to enable the Government to go on and to furnish the Treasury with the necessary means, until the debts due to the Government, and the ample but at present unavailable means which we have, can be realized without unnecessary distress or pressure upon the people.

By the strong vote in this House last evening on the subject of selling the United States Bank bonds, it was unequivocally determined that we would not adopt that measure. We must then call upon the deposit banks for the immediate payment of all balances due from them, and also upon the merchants for the instant payment of the duty bonds, or a resort must be had to the issue of Treasury notes or Government stocks for a short time until those claims can be realized. Can gentlemen devise any other course?

You have now, sir, upon your table a bill postponing the payment of duty bonds nine months, and another allowing time to the deposit banks to pay the balances due from them, neither of which are yet acted upon in this House, but both of which, so far as any opinion has been elicited, meet with universal favor. In fact, sir, I doubt whether

there is a member on this floor who is not prepared to support both of those measures; and gentlemen opposed to the administration and to this bill, are supposed to be particularly favorable to those. Can gentlemen of the opposition then fail to see the effect that the defeat of this bill must have upon those measures? Are they sincere in desiring a delay upon the duty bonds, and the allowance of further time to the deposit banks, and yet oppose this measure, which if defeated must necessarily result in the defeat of both those bills? Are they willing to assume the responsibility of denying any extension to the banks, or on the duty bonds, which must be the inevitable consequence of refusing to pass this bill? I apprehend, sir, that gentlemen have not duly weighed these considerations, and yet it would seem impossible that they can have overlooked the fact that, by exacting immediate payment of the duty bonds and bank balances, not only the security or safety of the debts might be endangered, but that increased pressure and distress must be felt through all the ramifications of society; and yet, sir, how can that result be avoided if this bill is defeated?

But, sir, another and more weighty objection is now urged to this bill. After it had been debated nearly two days, it was suddenly discovered to be an enemy in disguise; a scheme fraught with all sorts of mischief to the country, and danger to our institutions: in short, an incipient step towards a Treasury bank, as an entering wedge towards a permanent national paper currency. The changes have been rung upon these words in all forms and shapes, until the ear is weary of the repetition; and, like the old United States Bank, which the gentleman from Massachusetts insisted had become a kind of "stalking horse" in this House, sir, this idea of a "Treasury bank," "a Government paper currency" has become a kind of "stalking horse" to this bill, which is led in upon this floor by every speaker of the opposition, to frighten members out of their votes in favor of this measure. Now, sir, I am as much opposed to a Treasury bank as any of the gentlemen who oppose this bill; and I would go as far in opposing any measure which would be an incipient step towards such an institution, or towards the establishment of an irredeemable Government paper currency, as the most patriotic of them; but after a very candid examination of the subject in all its bearings, and after a careful perusal of the bill, I can not discover the lurking dangers with which other gentlemen seem to think it is fraught. I am not able to perceive any foundation for a Treasury bank or for a permanent Government paper currency lurking about the bill, or incident to it. It is, sir, a very plain, intelligible bill; just what it purports to be on the face of it, and meaning nothing more than is expressed: a mere temporary expedient, to enable the Treasury, by an issue of Treasury notes, to a limited amount, to fulfil its obligations; thus anticipating the moneys due to the Government, and at the same time to do it without laying any taxes or new duties. The issue of Treasury notes is confined to ten millions, beyond which amount no issue can be made; and to make assurance doubly sure, I will myself propose the amendment offered in Committee of the Whole, by the gentleman from Maryland, (Mr. Johnson,) limiting the time within which these notes shall be issued to the first of June, 1839, or some other shorter time, so as to throw around the bill all those safeguards necessary to render it, as it is intended to be, and as it purports to be on the face of it, a measure merely temporary. By the passage of this bill we shall, sir, be able to extend all reasonable indulgence to the Government debtors, at a time when it is not only the interest but the duty of the Government to do so; we shall furnish a temporary circulation which may and will be used, not only as a remittance to Europe, but between the different parts of the Union—which will have a tendency to equalize exchanges, retain our specie from foreign exportation, restore commercial confidence, and in every way relieve the country, without injury to the Government or danger to our institutions. I say without danger to our institutions, for really, sir, I cannot see the least shadow of foundation for the apprehensions of gentlemen on that point.

This is a measure which has before been adopted by this Government, and without any objection as to its constitutionality. It is no new experiment, sir; no trifling with the supposed powers given us by the Constitution; but the judicious exercise of those powers clearly granted, and an exercise sanctioned as well by authority of a former Congress, as by sound discretion and a just regard for a suffering country.

But, Mr. Speaker, before resuming my seat, I feel bound to notice more particularly, some of the remarks of the honorable gentleman from Tennessee, (Mr. Bell.) That honorable gentleman, sir, addressed himself to various interests in this House—to the South and Southwest—and particularly to those members whom he denominated the *Conservatives* on this floor, and invited them most earnestly to come and do battle with him on this field, against this measure. Whether he intended to include me among the members of this latter class I can not say; but at all events I beg leave most respectfully to decline his invitation altogether. I can not do battle in any such cause or in such ranks. But the honorable gentleman says he does not understand the course of the administration party in this House; that he is mystified as to the conduct of a certain portion of the party which he denominates the *Conservatives*; that on all subjects they go with the administration, and are uniformly arrayed on this floor in favor of the measures of the administration; that he does not know what to make of it, and he inquires, very significantly, whether they have made peace, and what are the terms; and asks to see the bond of compromise, or to be told what is to be the future course of those whom he calls conservatives.

Now, sir, I shall not affect to misunderstand this, or doubt, whether I was one of those members to whom these queries were addressed. I was one of those who voted for Thomas Allen as printer to this House, and neither then nor now, here or elsewhere, have attempted to conceal my vote on that occasion. My reasons for that vote, I am not now called upon to give; this is not the time or the occasion for that, sir; but the fact, perhaps, furnishes a sufficient reason of itself, why, I may conclude that the honorable gentleman addresses himself, in part at least, to me. Neither, sir, will I affect to misunderstand the ultimate object of the gentleman's inquiries, and I beg to carry out those queries, and give them the point, to which the whole seemed to tend—to arrive at once to the gist of the matter, which the delicacy of the gentleman, and perhaps, his disposition to avoid bluntness, induced him to suppress—and which was no more or less, than asking myself and others, "Do you intend to act with the opposition? will you throw yourselves into the arms of the whigs?" I answer, no! and I thank the gentleman for the opportunity he has afforded me, of answering this question thus unequivocally and unreservedly in the negative. To my friends, no such answer was necessary; but if he or any other member of the opposition, have supposed from that vote that any such expectation could be fairly entertained, I now take this occasion to put a final extinguisher upon any such supposition or expectation. I speak without authority as to others, and only for myself; but I feel persuaded that I do but speak the well-known sentiments of those members of the New York delegation, who the honorable gentlemen calls conservatives, or who voted for Mr. Allen, when I say that there are no truer friends of the present Executive on this floor, than they are, and none less likely to abandon their principles or their party. They were elected as the friends of the present administration, and I have no doubt will sustain it in all honor and good faith. For myself, at least, I can say that I shall do so. And though I did differ, on the occasion above alluded to, in the choice of a printer, with some of my political friends, and may perhaps again have occasion to differ with some of them on unimportant or unessential points, or questions of expediency merely, not involving any political principle, and not touching the fundamental principles of the democratic party, yet I feel confident that I am surrounded here by political friends, who are too magnanimous, and who have too high a respect for personal independence and

freedom of opinion, to look upon every difference of opinion as a difference of principle; who do not consider that party faith means party servility; and who will respect honest differences of opinion, and not, as a test of party faith or political integrity, exact a blind and slavish obedience to every whim or project which any or every member of the party may bring forward. I stand here, sir, as the representative of a free constituency, to act as becomes a freeman, and to represent my constituents faithfully, so far as I am able to do it. I was elected as a friend of the administration, and by its friends; and while I have the honor of a seat here, it will be no less my inclination than my duty, to give to this administration that honorable and hearty support, which, from these circumstances, may be justly expected of me, and which shall be alike consistent with patriotism and principle, and a conscientious discharge of duty.

But, sir, the honorable gentleman from Tennessee asks, what are the terms of compromise between the members of the democratic party on this floor? what is the bond of union?—as though some contract had been drawn up and entered into between the friends of the administration, by which they were enabled to act in concert and harmony in the House; and one could suppose that he expected to see some written instrument, perhaps, with the great seal of state appended to it. I can assure the gentleman that there is no such document in existence, to my knowledge; but should there be, he shall certainly be gratified with a perusal of it.

But there is a bond of union, sir, between the friends of the administration, much stronger and more powerful than any such written instrument; and that bond of union, sir, is the political principles which we hold in common; those principles which were characteristic of the last and present administration; which were promulgated by Thomas Jefferson; which from his day to this time have distinguished the democratic republicans from their opponents, of whatever name or description, and have been sanctioned by the voice of the people, and by the dictates of justice and reason. This is the bond of union between the friends of the administration; and this it is that enables them to act unitedly; and this, sir, is the reason why the honorable gentlemen see such a uniform array on the floor of this House, in favor of the administration's measures; and why he will continue to see the same thing so long as those measures are in accordance with those principles, and while they tend (as they necessarily must, when in accordance with those principles) to the welfare of the country, and the permanency of the Union.

I trust the mystery is explained, and that the honorable gentleman will, hereafter, have no difficulty in comprehending the course of the friends of the administration, and the reason for their acting in concert.

I hope, Mr. Speaker, that the motion to strike out the enacting clause will not prevail; but that this bill, as well as the other one now before this House, which I have before alluded to, will pass; and that thereby the most essential and immediate relief will be afforded, (as I verily believe it will,) not only to an almost exhausted Treasury, but more especially to the people generally, whose patience, I fear, is as nearly exhausted as the public Treasury, and who are anxiously looking (and I trust not in vain) for such relief as it is in the power of Congress to afford, and such as we can consistently grant, and which the exigency of the times so imperiously demands.

## SPEECH OF MR. TURNEY,

OF TENNESSEE,

In House of Representatives—Upon the Report of the Committee of Elections in the case of the Representatives from Mississippi.

MR. SPEAKER: The question submitted for the consideration of the House, by the report of the Committee of Elections, now on your table, is one that is new and somewhat novel in its character. We are now called on, for the first time since the adoption of the Constitution of the United States, to put a construction on the second section of the first article of that instrument, which is in these

words: "When vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies." In order to arrive at the legitimate interpretation of this section, gentlemen advocating different sides of this perplexed question have had reference to the third section of the first article of the same instrument, which provides for the filling of vacancies that may happen in the United States Senate. They have also read and commented on the cases of Lanman and Sevier, and insist that those cases are decisive of the question now under consideration.

I have taken a different view of this subject. Let us for a moment reflect and see what was intended to be provided for by each of those sections, by which means I think we will be enabled to arrive at the true intent and meaning of the section which provides for the filling of vacancies in this House; and in doing this, I do not feel myself called on to inquire into the correctness of the cases before referred to. I hold, sir, that the framers of the Constitution did intend that each State should have its full representation in each branch of the Congress of the United States, and effectually to secure which, the two sections which I have adverted to, were inserted, and in each of which the word *happen* is used. The use of this word creates the only doubt or difficulty in the case. Let us compare the two sections, and see if we can not, by that means, arrive at the sense and meaning of the word *happen*, which the framers of that instrument intended it to have. Let it be borne in mind, that in the case of a Senator, the vacancy is to be filled, not by an election, the only safe and constitutional mode of appointing members of that body, but by the temporary appointment of the Governor, to continue only until the Legislature of the State shall be in session, when they shall fill such vacancy. This, sir, was conferring a very extraordinary power upon the Executive of a State; one, in the opinion of the framers of the Constitution, very unsafe, and therefore not to be exercised, except on extraordinary occasions, and times of great emergency. And, sir, to prevent an abuse of that power by the Executive authorities of the States, the framers of the Constitution have carefully inserted additional guards to prevent Executive usurpations of power. This, sir, brings us to a more minute and critical examination and comparison of the two sections of the Constitution now under consideration.

The second section, sir, simply provides that if vacancies should *HAPPEN* in the representation of any State, then the Executive thereof shall issue his writ of election to fill such vacancy. In the case of a Senator, the provision is very different. It provides that should a vacancy *happen*, by resignation or otherwise, in the recess of the Legislature, then the Executive may appoint, &c.

Here, sir, to authorize the Executive to make an appointment, there must not only be a vacancy, but that vacancy must have occurred in the recess of the Legislature, and by resignation or otherwise. Permit me to ask you, Mr. Speaker, why these words were used in the third section? Were they not used for the purpose of limiting and restricting the power of the Governor? and was not this limitation and this restriction imposed to prevent the frequent use of a power which the framers of the Constitution believed to be safely, and with more propriety, lodged with the immediate representatives of the people? This, sir, it seems to me, will not be controverted by any one. Then they fixed the tenure of the Senatorial office at six years. It was believed that no vacancy could, or would, happen in the recess of the Legislature, except those produced by resignation, death, or removal, and therefore they made the power to appoint to be dependent on the cause which produced the vacancy, to wit: by resignation or otherwise. It can not, and I presume, will not, be pretended, that the word "*otherwise*," as used in the section, will have the effect, or was designed, to destroy the sense and meaning of the words "by resignation;" but all must agree that that word was inserted to cover every possible case where a vacancy occurred by any unforeseen event, and in the recess of the Le-

gislature; and, sir, I am fully sustained in this conclusion, by the cases which have been referred to.

We come now, Mr. Speaker, to consider more fully the second section of the first article of the Constitution of the United States. Here we find no such language to limit and restrict the power of the Governor of a State to issue his writ to fill a vacancy in this House, that we find to limit and restrict his power to fill a vacancy in the Senate by his own appointment. In the case of a Senator, sir, I have shown the vacancy is to be filled, not by the safe and constitutional mode of an election, but by the legal constituted authority, giving rise to an uncertain and dangerous exercise of Executive patronage.

How, sir, in relation to filling vacancies which occur in this House, is there a departure from the fundamental principles of the Government. In this case the member is to be elected by the people, and will any member on this floor pretend that the people can not at all times, and under all circumstances, be trusted to choose their own agents to represent them in this House.

But, sir, to return to the section under consideration. If the framers of the Constitution intended to limit the power of the Executive to issue his writ of election to cases where the vacancy had not only happened, but to such vacancies as had been produced by "resignation or otherwise" of the incumbent, I ask why they did not so express it by their language, as they did in the case of a Senator? Sir, the fact of their failing to do so, coupled with the consideration that there was no good reason why this power should be limited, is conclusive, to my mind, that such was not their intention; and I am more inclined to this opinion from the consideration that the meaning of the word *happen*, as used in this section, was a subject of deliberation when the Constitution was framed, and that it was intended to authorize and empower the Executive to issue his writ of election in all cases where a vacancy existed in the representation of a State. In the case of Senator, the power of the State Executive is made to depend not alone upon the fact of vacancy, but that the vacancy must have been produced by a specified cause. There the Constitution looks not only to the vacancy to be filled, but also to the cause which produced it. In this case, however, the Constitution looks alone to the vacancy, and, if it is found to exist, it provides the mode and manner by which it is to be filled. This, sir, has been done in this instance, and in strict conformity with the provisions of the Constitution.

But suppose, sir, I was mistaken in this view of the subject, and that it should be believed, as insisted on by my colleague, (Mr. Maury,) that the second section is to be viewed and interpreted in the same limited and restricted sense that is embraced in the third section, still, sir, if the case of Sevier is to be received as authority, Messrs. Claiborne and Gholson are entitled to their seats. In that case the vacancy happened by the expiration of the term of service of the Senator, and that term was made to depend upon the allotment of the Senator, which allotment and expiration happened during the recess of the Legislature, and, of course, was unforeseen, and, consequently, could not be provided for. In this case, case, sir, the Senate has made the word "*otherwise*" embrace not only the cases of death or removal, but also to embrace every possible case of unforeseen vacancy, although that vacancy may happen by the expiration of the term of service. What, sir, is this case? The Constitution provides that Congress shall convene at least once a year, and that the time of meeting, until otherwise altered by law, shall be on the first Monday of December. It also authorizes the President to convene Congress on extraordinary occasions. Here, sir, the Legislature of Mississippi, with a full knowledge that Congress was not to meet until the month of December, had fixed by law the day of election in the month of November, in ample time for their members to arrive in time to take their seats on the first day of the session. But, sir, in the mind of the President of the United States, Congress ought to be convened to consider of and act upon weighty and important business of the nation, at an earlier day than that fixed by

the Constitution, and he accordingly issues his proclamation for that purpose. Did the Legislature of Mississippi know that the President would issue his proclamation? Could they have known of those extraordinary events which rendered it necessary for him to do so, or were not those circumstances which rendered the filling of the vacancies of the representation from that State at an earlier period than that fixed by the Constitution, and were not all these circumstances unforeseen by them? If so, sir, then, according to the strictest construction contended for, those gentlemen are entitled to their seats.

But, Mr. Speaker, it is contended by the gentleman from Kentucky, that for as much as the Constitution requires that the Legislatures of the States should fix the times and places of holding elections, that this election is void, because the Legislature of Mississippi had not by law fixed the day on which this election was held as the day of election of their representatives to this House. This argument, sir, if it proves any thing, it proves too much; for, sir, if no election but those held on the days fixed by law are legal, then, sir, if a seat was vacated, either by resignation, or death, or removal, the Executive of the State would have no power to issue his writ of election to fill such vacancy, because he would have no power to prescribe the time of holding the same. This general provision of the Constitution, and the laws enacted in pursuance thereof, were only intended to regulate the time, place, and manner of conducting the general elections; and was not intended to interfere with or to abridge the power in those special cases, provided for in the section under which this election was held.

Mr. Speaker, Permit me here to admonish gentlemen to pause and reflect before they give their votes, denying to the people of Mississippi the right to be represented on this floor; a right, sir, which has been secured to them by that instrument which gives life and existence to this Government, and which, sir, each of us stands most solemnly pledged to support. I am one of those, sir, who believe that the people are capable of self-government, and that they can, and ought to be, trusted at all times, and under all circumstances; and when I am called on to give a construction to the great charter of our liberties, I shall endeavor to adopt that rule of interpretation which will best secure to the great mass of the people their full privileges and powers; and knowing, as I do, that the State of Mississippi has an undeniable right to her representation in this House, and believing that her late election was at least authorized by the spirit and meaning of the Constitution, and also by its letter, I will, sir, unless the reasons which has brought my mind to this conclusion, shall be met and confuted, vote for a concurrence in the report upon your table.

#### SPEECH OF MR. PENNYBACKER, OF VIRGINIA,

In the House of Representatives, September, 1837—  
On the Mississippi Election.

MR. SPEAKER: I, like the gentleman from Tennessee, (Mr. Maury) am a member of the Committee of Elections. The relation which I bear to the report of the majority has caused me to rise. It is due to myself, due to the majority, and perhaps due to the House, to explain the reasons which induced the committee to come to their conclusion. In doing so, sir, I shall endeavor to be as brief as possible.

The facts of the case are simply these: Messrs. Gholson and Claiborne were members of the 24th Congress; their term of office expired with that Congress: this came to pass on the 3d of March last. By the law of Mississippi, her general elections are directed to be held in the month of November, biennially. The coming November will be the time at which her general elections would have taken place, under ordinary circumstances. But, the President of the United States having issued his proclamation convening Congress on the first of this month, it was seen by the Executive of the State of Mississippi, that, unless the elections were sooner brought on, the State of Missis-



issippi would be unrepresented in the extra session. To prevent this, he issued his writs, commanding the sheriffs to hold an election, in July last, for two representatives, to serve, however, until the first Monday in November next, when, it was supposed, their successors could be regularly chosen. The writs were executed, and Messrs. Gholson and Claiborne were returned as elected.

Upon this state of facts a question has arisen: are these gentlemen entitled to their seats? and, if so, for what period of time?

First. Are the gentlemen entitled to their seats?

This brings us immediately to the consideration of the clause in the Constitution read by the gentleman, (Mr. Maury,) and which is in these words: "When vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies." From this clause the Executive of Mississippi claimed his authority to issue his writs: under this clause the members elect insist upon their seats. We are bound, therefore, to ascertain its meaning.

Before Mr. P. would enter upon a particular examination of the clause in question, he would trespass upon the House a very few moments, by making some remarks of a general nature.

Sir, (said he,) the will of the lawgiver makes the law. The intention of the law is that which alone constitutes it "a rule of action." It is its essence, and must ever be sought after in cases of construction. How shall it be found? Partly by looking to the language employed; but not by looking to the language alone. The thoughts of man are almost infinite; the combinations of the human mind are almost infinite. Words are finite; language is finite; and the one, therefore, can never properly become the representative of the other. If it were otherwise; if it were possible for each word to have an exact and invariable meaning, and it were possible for every intellect to become acquainted with such meaning, and it were then possible for each word, or for any combination of words, to represent exactly the thoughts conceived, language of itself would be sufficient. But this, unfortunately, is not so. We are constrained (said Mr. P.) by our very natures to look to other aids. Happily for truth, such aids exist. One powerful one is ever at hand. What is it? A consideration of the object of the law. When this is ascertained and well understood, another aid rises and comes to our help. And what is this? The thought, sir, that where there is the like reason, there should be the like law; where the evil is the same, the remedy should be the same; where the mischief is identical, the means of removing it should not be different. Thus a standard is created: by this standard the given case can be judged. Tried by it, if it shall come up to it, we at once conclude that the framers of the law had the given case in view. And from this conclusion, though the language employed should seem not to justify it, we will not be driven; nay, sir, from this conclusion we ought not to be driven; for to be so, would be to say, we will be governed by an opinion formed only upon a given set of means, rejecting all others, no matter how powerful; and that, too, when the very means employed are acknowledgedly imperfect.

Bearing these remarks in memory, let us proceed (said Mr. P.) to the clause in question.

Its language is: "When vacancies happen, &c." Here, at the threshold, the inquiry arises, had vacancies happened when the writs were issued? That vacancies existed can not be denied. The thing of itself was nearly self-evident. Mr. P. did not know that he could make it any plainer; nevertheless, he would attempt to do so. By the Constitution of the United States various offices are created. Those of President, Vice President, Judge of the Supreme Court, Senator in Congress, and Representative in Congress, are among the number. By the same instrument, also, the tenures of those offices are fixed and established; those of President and Vice President being four years; that of Judge during good behavior; that of Senator, subject to classification, six years; and that of Representative two years. Though the terms of the offices may expire, the offices themselves remain with the Constitution. Now, the terms of office of Messrs. Gholson and Claiborne, as members of the 24th Congress, ex-

pired with that Congress. This came to pass on the 3d of March last. On the 4th of March, then, their offices were vacant. So they continued until after the writs were issued.

Having established this position, Mr. P. would proceed:

It was said by the gentleman, (Mr. Maury,) though vacancies existed they had not happened; that he had examined the dictionary for the meaning of the term, and found its meaning not to apply; that it was only applied to cases of casualty; that it would be absurd to say the sun happened to rise, the tides happened to flow, &c.; that there was nothing fortuitous in these events—they were foreseen, foreknown, and must occur—so with a vacancy by efflux of time; and that the obvious meaning of the Constitution was, vacancies occurring by death, &c. To this Mr. P. could not subscribe. It appeared to him that the term chance more exactly represented the gentleman's meaning. The Constitution did not read "when vacancies chance to happen;" but its terms were "when vacancies happen, &c." He, like the gentleman, had looked into authority. He had found one exactly in point. From it he learned (to use a figure) that to happen was a genus, whilst to chance was a species; that the one included the other, but not vice versa. Mr. P. then read from Crabb's Synonymes, (a book from the library,) the following: "To happen (that is, to fall out by a hap) is to chance as the genus to the species; whatever chances happens, but not vice versa. Happen respects all events without including any collateral idea; chance comprehends likewise the idea of the cause; and order of the events. Whatever comes to pass happens, whether regularly in the course of events, or particularly and out of order; whatever chances happens altogether without concert, intention, and often without relation to any other thing. The newspapers contain an account of all that happens in the course of the week." Now, (said Mr. P.) whilst I do not aspire to the character of a critic, and will not arrogate to myself any great degree of learning, I will say, upon the authority I have just read, that the rising of the sun may be well said to happen; the going down of the same may be said to happen; the flowing of the tides may be said to happen; eclipses happen; and that vacancies, occurring by the efflux of time, may be said to happen: And why, sir? Because they all come to pass.

Then, from the language of the clause, the Executive of Mississippi had authority for his writs.

But, sir, (said Mr. P.) let us still go further. Let us avail ourselves of the other great aids. What was the object of the clause in question? Was it not to keep the seats here filled? Was it not that each State, and the whole nation, might be fully represented upon this floor? It was, sir. None will deny it;—none can deny it. Now, what reason can exist for filling the one kind of vacancy, which does not exist, for filling the other? None can be conceived of. I can readily imagine some shades of difference; but they are merely shades—no substance—no reality in them, and very attenuated in themselves. Again, sir: If it be desirable that a single vacancy, occurring by death, resignation, &c. in ordinary times, when all is tranquillity, should be filled, how much more important is it, in extraordinary times, when all is dismay, confusion, and calamity, and when necessity has forced a call of Congress, that a whole State should not be unrepresented? But, again, sir: Every Government should be capable of self-existence; it should contain within itself the principle of its own preservation. It is true (said Mr. P.) that the Constitution provides, that "the times, places, and manner of holding elections for Senators and Representatives, shall be prescribed in each State, by the Legislatures thereof," and "that Congress may, at any time, make or alter such regulations"—but what then? Congress has, as yet, made no such regulations; and suppose the States should omit to do their duties, will it be said that no means have been provided by which to keep full the national representation? Would not the State Executive, in a case such as this, though the vacancies had occurred by purpose and design, have a right to issue his writs to fill such vacancies? It will not do to say, that Congress might be conven-

ed "to make regulations." Suppose some six States, who hold the majority of the whole representation, should fail to do their duty; there would be no Congress which could be convened.

I know (said Mr. P.) I shall be met with an argument here. It will be said, if my construction be correct, the Executive of a State, though a time has been prescribed for holding her elections, may cause them to be held whenever he pleases:—Yea, sir, it will be said, the Executive of a State would be bound to issue his writs whenever the vacancies happened; for the language of the clause is imperative in that respect. In answer, I say: first, that the possibility that a power may be abused which has been granted, can never safely be made an argument against its existence. The President is empowered, "on extraordinary occasions," to call together Congress. He, too, alone, is the judge of those occasions. Yet, because he may upon ordinary occasions exercise the power, no one will say the power has not been granted. Secondly, I reply, I think differently from gentlemen. I construe the clause according to its spirit. Look at it. It obviously contemplates the existence of a necessity before it shall be exercised. Suppose a case to happen: suppose a gentleman has been elected; that he has served a first and second session of Congress; that the second session terminated on the first day of January, leaving a little more than two months of the Congress yet to expire; let the gentleman then die; will any one say that the Executive of the State would be justified in issuing his writs to fill the vacancy? harrassing the people by an unreasonable election, when there was no necessity for it; and that, too, when the member to be elected would go out of office in a few days? And yet, if the argument be correct, that the clause is imperative, such a result would necessarily be produced. Sir, (said Mr. P.) there must be a necessity for calling into action the latent power.

The language of the clause then, its spirit, its object, all go to prove the correctness of the report.

But, sir, (said Mr. P.) suppose, for the argument, that the language of the clause did not embrace the case. Will it be said, we must stick to its letter? By no means. Take the clause under consideration. Look at it. It says, when vacancies happen writs shall be issued. Now, will any one say, if a vacancy has happened a writ can not be issued? Again, sir, there is a parallel clause in the Constitution, which empowers the President "to fill up vacancies which may happen during the recess of the Senate, by granting commissions," &c. Suppose that, whilst the Senate were in session, and, consequently, when there was no recess, the collector of the port of New York should die, and the Senate should adjourn before the news of his death had reached the President, and, consequently, before it were possible for him to nominate his successor, would it not be competent for the President to fill the vacancy? Or, would he be required, though perhaps three-fourths of the revenue of the United States are collected at that port, to wait until the Senate should again come together, in order to be enabled to make a nomination? Sir, (said Mr. P.) the Constitution is a practical instrument, and as such should be practically construed: "Qui hæret in litera, hæret in cortice." Mr. P. regarded, also, the clause in question as analogous to a remedial statute, and felt disposed to apply to it the rules by which such statutes were always to be expounded. They justified a liberal construction, and enjoined it upon the judges as an imperative duty to "suppress the mischief, and advance the remedy."

The gentleman from Tennessee, (Mr. Maury,) had relied upon precedents. He had cited the cases of Johns and Lannan. On examination of them they would be found not to support him. In John's case, Mr. Read of Delaware, had resigned his seat in the United States Senate, on the 18th of September, 1793; that was during the recess of the Legislature. The Legislature met in January following; it adjourned in February, 1794. On the 19th of March, and subsequent to the adjournment, Mr. Johns was appointed Mr. Read's successor. Thus, it will be perceived, that the Legislature had met after the vacancy happened, and adjourned without electing any successor. Now

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the Constitution authorized the Executive to appoint only in the recess. The appointment was to continue, too, only "until the meeting of the next Legislature." But the time had passed by, within which to make it; consequently the appointment was void.

The case of Lanman was as little to be relied on. He was appointed before a vacancy; though it was anticipated that one would happen. The ground of the decision could readily be imagined. The Executive of the State was only authorized to make his appointment "if vacancies happened." No such occurrence had taken place, and therefore the appointment was without authority. Look to the consequences growing out of this doctrine. If an appointment could be made before a vacancy, it might be made at any time before. Thus a Governor, elected simultaneously with a Senator, might appoint his successor; and this, though the appointment might not take effect for six years to come. This evidently was the ground of decision. In the report of the case, in a marginal note, it is said, *in italics*, that the appointment had been made before a vacancy had happened.

Mr. P. had himself looked into some precedents. Two had been found which seemed to be authority. The one was the case of Mr. Anderson, of Tennessee; the other the case of Mr. Smith, of Maryland. Both the gentlemen had been members of the Senate, and their terms had expired by efflux of time. They were reappointed by their respective Governors, and were solemnly pronounced to be entitled to their seats.

There were two more cases Mr. P. would allude to. He regretted exceedingly he had not been able to see them. They were the cases referred to by the gentlemen from Mississippi, (Messrs. Gholson and Claiborne,) in their printed argument. If those cases were properly stated, (and no doubt they were,) then here were the opinions of distinguished jurists (Messrs. Wirt and Taney, late Attorneys General) upon the very point. They had solemnly advised their respective Chief Magistrates that the Constitution of the United States empowered them to fill original vacancies.

So much, said Mr. P. for the first branch of the question. The gentlemen elect are entitled to their seats.

As to the second branch, Mr. P. would not discuss it. There was scarcely a diversity of opinion about it. The Constitution had settled the question. The tenure of office was fixed to two years, and no power of the Governor of Mississippi could change or alter it. As well might the President and Senate of the United States, in filling the office of one of the judges, attempt to change the tenure of the office.

Mr. P. would conclude. His remarks had been desultory. He had scarcely expected to speak upon the subject, and certainly not upon that day.

## REMARKS OF MR. ROBERTSON, OF VIRGINIA,

In the House of Representatives, October 11, 1837—  
On the bill imposing additional duties, as depositories in certain cases, on public officers.

MR. CHAIRMAN: As the gentleman from South Carolina (Mr. Legare) has declined for the present occupying the floor, and no other gentleman seems disposed to address the committee, I avail myself of the occasion to ask a share of its attention. Before attempting to express my views, permit me, sir, to advert to an amendment which I had the honor, some two weeks past, to lay upon the table, and which, with some modifications, it is still my wish, at a proper time, to present.

[Mr. ROBERTSON here requested that the Clerk might read a part of his proposed amendment.]

My proposition, sir, substantially is, that the public treasure shall be placed as a *special deposit* in the local banks.

The bill before us, Mr. Chairman, presents for our consideration two questions, essentially distinct, which, however, seem frequently confounded: one, as to the medium in which the public dues should be paid; the other as to the manner in which it

should be kept. The one is a question of currency: the other of custody merely.

Agreeing, sir, with my colleague, (Mr. James M. Mason,) that no Government ought to exact from the people a currency which they cannot command without a heavy sacrifice, I am prepared to go farther than he is. After so strongly protesting against such a policy, he must pardon me for saying that in insisting, as he does, on specie, or the notes of specie paying banks, he runs counter to his own doctrine. There is but little difference between his scheme indeed, and that of the bill before us, which he denounces as oppressive. The only difference is, that he would permit the whole revenue to be paid in notes of specie paying banks, whereas this bill permits three-fourths only for the ensuing year, gradually diminishing the proportion, until, at the end of four years, specie only shall be received. But at this time, and until the banks shall open their vaults, both propositions are equally oppressive; for until that shall happen, and no man can foretell the day, there can be no notes of specie paying banks, and gold and silver therefore is exacted by both. To afford any effectual relief, we must receive such currency as the people can procure; we should take from them, until the resumption of specie payments by the banks, such notes as they take from each other; such as the State Governments receive in payment of public dues—provided they be not too greatly depreciated. If gentlemen can ensure a speedy resumption, it may be well to insist on gold and silver, or the notes of banks which pay it out; but to exact either at this time, is to be guilty of the very oppression my colleague so justly denounces. The only remedy for the evil which those who have the power, propose to apply, is to be found in the plan they have adopted of issuing Treasury notes. The manufactory of paper money just established in Washington, is to afford us a currency adequate to all our wants. My colleague who supported the measure, disavows any design of creating this currency with a view to circulation. I am glad that he does. But the object has been explicitly avowed by many of its friends on this floor. We have been told by the President that eight or ten millions will suffice for public payments; and with the view of meeting those payments, we authorize the issue of ten millions in Treasury notes. It only requires authority to continue them in circulation, by a reissue, to supply the whole annual revenue. Should this system become established, all the channels that lead to the Treasury will be supplied with our new paper money, and not a dollar of specie, in all probability, find its way to it, except what may flow from the mint. This is the plan of our hard money Government; and to reconcile us to it, the gentleman from Maryland, (Mr. McKim) by a strong figure of speech, calls this paper gold and silver.

I do not profess to measure the consequences of this new issue of paper money. I believe it to be calculated, if not intended, to throw discredit upon the State banks, and am unwilling myself to engage in a war upon them. All the States have adopted the policy of banking. Their right to do this none will question: they have a deep interest in their respective banking institutions. The State represented by myself and colleagues has invested in them her funds for education and internal improvement. Under these circumstances, it is not in our place to read homilies to the State Governments on the impolicy of banks, nor to do any thing here in our representative character, with the view of crippling or destroying them. On the contrary, within our constitutional power, we should rather endeavor to restore their credit and stability.

As for that part of the bill which directs in what currency the public dues shall be paid in all time to come, it seems to me unnecessary and premature. We need not legislate in this matter for posterity; nor even for the next three or four years. The present state of the currency is such, that we should act more wisely to leave this question to those who will come after us, and content ourselves with providing for the present emergency. But, sir, I waive the subject of currency, as one in regard to which the Government has already settled its policy, and pass on to the other very interesting question

presented by the bill—that relating to the custody of the public money.

The plan which I have had the honor of suggesting—by no means, however, of originating—that of *special* depositing the public funds in the local banks, is essentially different, not only from the bill, but also from the amendment, of my colleague, (Mr. Garland.) It maintains the principle of separating this Government, both in its pecuniary and political concerns, from banking corporations, which my colleague's amendment, providing for a general deposit, does not, and at the same time secures the public treasure from the risk to which the bill subjects it, by leaving it in the custody of individuals. We have already experienced the ruinous consequences of leaving the vast revenues of the Government in the banks as a basis for banking operations. The plan of special deposits, if adopted, will prevent their recurrence for the future; and prevent, too, the no less serious evils which may be anticipated from suffering these immense treasures to remain in the hands of our revenue officers. There is every reason to fear that those officers will themselves use the money, as the deposit banks have done, by way of loan and discount, or be tempted to employ it in private speculations. The instances of such abuses are, unfortunately, but too frequent. I must say, however, that those alluded to by my colleague, (Mr. Garland,) as having occurred in Virginia, do not justify the use he has made of them to show that his plan of general deposits in bank is exempt from danger; for they occurred under that very system, and not, as he seems to have supposed, under a system resembling what is called the Sub-Treasury. The same may be said of the almost innumerable defaults in the Post Office. Still, they prove the difficulty of resisting temptation, and the danger to which the public treasure must be always exposed under the most guarded regulation; and, it must be acknowledged, apply with increased force to the scheme contained in the bill.

There are but three modes suggested, of providing for the custody of the public money; by placing it in bank as a general deposit; or as a special deposit; or leaving it in the hands of individuals. I prefer the plan of special deposit; but if compelled to select between the bill upon your table, and the amendment, imperfect and exceptionable as it is, I must say unequivocally, I will take that which insures a separation, rather than that which perpetuates the union between the Government and the banks; between political power and moneyed capital. I hope, sir, the measure in its present shape will not be forced upon us. It is because I wish the principle to be successfully carried into practice, that I object to a plan almost certain, by its failure, to give a triumph to its enemies, and pave the way for a national bank.

All agree, Mr. Chairman, that a national bank, at this time, is inexpedient and unattainable. Yet no one can be so blind as not to see that the friends of such an institution have it in full prospect. The whole course of the debate during the present session proves that they by no means despair of its ultimate establishment. Elaborate arguments have been urged with a view to forestall public opinion. I must, therefore, sir, ask the indulgence of the Committee, not to enter at length into the examination of a subject so thoroughly investigated by the ablest statesmen that an idea can scarcely be presented that has not been repeatedly presented before; but to glance at the grounds upon which it is urged, and the reasons which render it the object with me of apprehension and aversion.

The power to establish a national bank is deduced from various clauses in the Constitution. No one pretends that it is granted in express terms; and the variety of sources from whence it is inferred, is a strong argument against the pretension. We are referred to the clause which authorizes Congress to regulate commerce with foreign nations and among the several States. The term *regulate* is expounded as synonymous with *facilitate*, and then the grant of power is made out without difficulty; for banks, none will deny, facilitate commerce; and so, it may be asserted with equal truth, do ships, and canals, and roads;

and the conclusion to which we arrive that Congress may incorporate a bank, is equally strong in favor of the right to build ships or incorporate companies for constructing roads and canals; and this conclusion, accordingly, Mr. Hamilton and the federalists have always adopted. It leads us still farther: for it would justify, as indeed Mr. Hamilton asserts, the power to incorporate companies to carry on a foreign trade, and, as may upon the same principles be maintained, to incorporate companies to carry on agricultural pursuits—for commerce is essentially dependent upon agriculture, and, indeed, cannot exist without it. The argument that proves all this, proves too much; and, proving too much, proves nothing.

But Congress may coin money and regulate its value, and, therefore, may establish a bank. Making bank notes is not, in the sense of the Constitution, or in any sense, "coining money." It would be a reflection upon the understanding of those who framed the Constitution, to suppose they did not know the meaning of the terms they used. If to issue paper be to coin money, then every State bank has exercised this high prerogative of sovereignty, and usurped the power exclusively conferred upon Congress. Printing or stamping paper is not *coining*, more than a bit of worthless paper so printed or stamped is really what the gentleman from Maryland terms it, gold and silver. I will not admit, sir, that bank paper or Treasury paper is a coinage; but I fear that in establishing this manufactory of paper money, the friends of State rights have done the very act which they denounce. They have established a bank—the worst of all banks—a Government bank. Let gentlemen turn to the able argument of Mr. Hamilton—for able it unquestionably is—and they will find that one of his strongest reasons in favor of the right to incorporate a national bank is deduced from the power, which he contends they possess, to establish just such a manufactory of Treasury notes as that which we have recently created. Assuming that power, which he considers in essence the power to engage in banking operations, he readily and plausibly at least contends, that it to create a bank be lawful, it cannot be unlawful to incorporate it. Sir, I will not say that; but I will say, if it be lawful to create a bank, it is wholly immaterial whether the power to incorporate it exist or not. It is the banking principle to which I am opposed, not the mode in which it shall be carried into practice; or rather I would say, this power to engage in banking operations, is more odious when exercised directly by the Government, than when exercised through the instrumentality of a corporate body. One man may be a banker, as well as a corporate body; a Government as well as an individual. Gentlemen war against the power of incorporation; but the real danger is in the power of banking; and of all the modes of which that power can be exercised, the most odious, I repeat, and the most dangerous, is that by its own direct agency; in other words, a Government or Treasury bank, such as we have just created.

Gentlemen tell us again, that all duties must be uniform, and that this provision presupposes the right to establish a national bank. No, sir, it requires nothing more than to exert the power vested in Congress to coin money, and regulate its value. When this is done, all duties are easily made uniform by requiring them to be paid in the same currency, or in other equivalents. It requires no bank to do that.

There is yet another ground: the plea which justifies every usurpation—the plea of necessity. Congress may make all laws necessary and proper to carry into effect its granted powers; and we are told that a bank is necessary to enable the Government to collect and disburse its revenue. I deny the necessity or propriety of such an institution for such a purpose. That institution can not be regarded as necessary or proper in the contemplation of the Constitution, which did not exist for years after it was adopted; without which we conducted our fiscal operations from 1811 to 1816, and from 1832 to the present moment. We have the authority, too, of Mr. Madison, recently after its adoption, uncontradicted, that the power to grant corpora-

tions was applied for, and refused. It would be a reflection upon the understanding of the sages who framed that instrument, to hold that the incorporation of a bank was necessary and proper, and yet that all power of incorporating such an institution was denied.

Sir, to assert the necessity of such an institution is to fly in the face of facts, and to endow Congress with a discretionary power to do whatever they may choose to declare necessary. It is to assume absolute and unlimited power.

If the constitutional right of Congress, however, sir, were undisputed, I should still oppose a national bank as inexpedient. I concur, sir, most fully, with my colleague, (Mr. Hunter,) that the credit system needs no artificial stimulus; or, if it does, that it has no claim to derive its aliment from the public treasure. I am no enemy to the credit system within its legitimate bounds: that credit which rests upon anticipated returns of capital or labor, will deserve aid and encouragement; but a credit having no such solid foundations, leads to far different results. The facilities afforded by an undue increase of banking capital, often tempt those who rest solely on borrowed means, to engage in wild and reckless adventures; speculations in fancy stocks, in lands yielding no product, in cities without a house, harbors without a ship. If the gambler in these lotteries should fail, the loss falls on the laborer or the capitalist. If he succeed, it is often at their expense. His palaces rise like exhalations, and he lolls in his magnificent coach, while the farmer or the mechanic, often with ten times his substantial capital, can scarcely afford a humble dwelling or a one-horse chaise.

But the gentleman from New York (Mr. Hoffman) informs us that the credit system works well: not, I believe, sir, just at present. Doubtless it has worked well, through the aid of the Bank of the United States; at least in the North, and so it may again. But what has been its effect at the South? Upon this subject, my friend from South Carolina (Mr. Pickens) has given us some interesting details. Look back, sir, to the condition of the South before and since the establishment of the first national bank, and you will not fail to be struck with the rapid advance of the northern States compared with the southern. It may be that other causes have conspired to increase the relative prosperity of the North, and depress the South. But the result is most striking: Virginia, with one of the finest harbors in the Union—with three large rivers leading to the interior; rich as she is in vegetable and mineral wealth—is tributary to the North for most of the foreign goods she consumes. And is it not reasonable to suppose that much of this may be attributable to the cause I have mentioned? Would not the necessary effect of such an institution be to afford superior facilities to those among whom its capital was principally divided, and render it impossible that the southern merchant could come in competition with the northern?

There is another and obvious injury which a national bank may inflict upon the South. The able man who presided over the last, has boasted, it is said, of his power, whenever he pleased, to crush the banking institutions of the States. This power—the power materially to affect our prosperity, by sudden expansions or contractions of its loans—may never be exerted. But it is one too dangerous to be entrusted with those whose interests are not identified with our own. Money, sir, it has been often and well said, is power. We should not be satisfied to look at the mere expediency of the moment! We should look to the future, as well as to the past. In all free States, collisions may be expected to arise. An oppressive tariff has once, already, nearly shaken our confederacy to its centre, and brought us to the very verge of civil war. A restless band at the North are even now plotting the destruction of our domestic institutions. We have heard of a Pennsylvania legion of ten thousand ready to draw the sword at the command of the Executive. Such threats should not disturb us; but for one, sir, I frankly declare that I should be unwilling the South should contribute the means which may be employed for

her own destruction. A national bank was never a favorite measure in Virginia. Even in 1816, though many yielded to the pressure of the times, a majority of her delegation voted against it, and in 1791, when the original sin was committed, it received the support of but three members of the entire representation from the south side of the Potomac. I trust the attempt will never again succeed.

I say not this, sir, in an invidious spirit, or with any unkind feelings to the North. But the common treasure—the credit of the Government—should not be made the means of aggrandizing one section of the Union exclusively, still less made the instrument of oppression to another. It is for these reasons, Mr. Chairman, I have no desire to see a national bank ever re-established. Sincerely approving the principle which the bill upon your table proposes to carry into practice, I would have it as free as possible from all serious objection; that this Government may be once again, and for ever, separated from any direct interest in the business of banking corporations, and they cease to have any influence over the political movements of the Government. That principle, assailed as it has been by argument and ridicule, every friend of our free institutions should wish to see successfully adopted. It is not, as my colleague (Mr. Wise) supposes, a novel one, originating in an agrarian spirit. It claims a much loftier origin. It received the sanction, many years ago, of Mr. Jefferson. Sir, it is not my habit to lean upon the authority of great names; but it may be regarded as among the evil auguries of the times, that the opinions of Mr. Jefferson are made the theme of ridicule, while the ultra federal doctrines of Mr. Hamilton are quoted with approbation in this hall. No man was ever more ardently devoted to the cause of liberty than Mr. Jefferson; few ever possessed a more vigorous or original mind, or more independently expressed the opinions he entertained. It is to him, as much at least as to any of the great statesmen of his day, that we are indebted for what is most valuable in the free institutions under which we live.

But, sir, we need not the aid of his name to vindicate the principle we maintain. Our own history gives us proofs that it is neither a new idea, nor had its birth in a factious spirit. We need only go back to the session of 1834 to find it supported by men whose patriotism and sound republican principles will not be questioned. Early in that session, Mr. Gamble of Georgia moved an inquiry into the practicability of dispensing with banks in our fiscal operations. Subsequently, when the deposit bill was before the House, Gen. Gordon, then my colleague, proposed his plan for what is now called the Sub-Treasury. Approving the principle, but believing it imperfect in details, I had the honor of submitting a motion to recommit the bill, with instructions to amend it so as to dispense with bank agency. On this motion the yeas and nays were called: ninety-one members, including Gen. Gordon, himself, and the opposition party almost to a man, voted in favor of the motion: one hundred and fifteen, almost exclusively the friends of the administration, voted against it. Were those who sustained it agrarians, or actuated by a spirit of factious opposition? None will assert it. For myself, I can truly say the motion was made in good faith. It was placed upon the ground of the insecurity and danger, both in a pecuniary and political view, of a connection between this Government and banking corporations. On the contrary, the administration party derided the proposition; those particularly, who have since occupied conspicuous stations in the House. The present Speaker, then chairman of the Committee of Ways and Means, warmly commended the State banks as every way competent, and worthy of all confidence. The present chairman of the Committee of Ways and Means (Mr. Cambreleng) also opposed it. He has reminded us of his speech, in which he said he concurred with me in the principle, but did not think that the proper time to assert it. Yes, sir, I remember it well. He approved the principle, but refused to carry it into practice: he spoke in favor of the proposition, and voted against it. The bill providing for a general deposite of public



money in the State banks was passed. It was the favorite measure of the party in power. But, sir, strange to say, those who seemingly, at least, favored the principle of separation, now denounce it as factious and chimerical; and its opponents have become its warmest advocates. It is not for me to question the sincerity of either party. That is between them and their consciences. We have to do here with measures, not motives. I think now, as I thought then; and will not change my course, because the administration party, or the opposition party, may think fit to change theirs. I have never so far enlisted under the banners of either, as to give up the exercise of my own judgment, nor consented to submit to the dictation of any party, or of any man in this House—or in the other House—or in the White House. Still less will I yield up the convictions of my own mind, because my political adversaries have acknowledged their truth. The experience of the last two years has been enough to open their eyes; and I will hope, sir, they have seen their error. To adhere to an opinion, when reason and experience show it to be erroneous, is to be a bigot, or a hypocrite. It is equally true that those who desert their own principles, and act in opposition to their own judgment, are slaves, mere puppets, moved by the will of another. Maclellan could construct a House of Representatives, as fit to exercise the functions of legislators—yes, sir, Speaker, orators, and all, down to that important personage—The Previous Question.

But it is asked, why legislate upon the subject now? The separation has taken place, and the Sub-Treasury scheme is in full operation. True, sir; but how has this been effected? By the simple mandate of the Executive. Is it not obvious, too, that this plan itself, as now practised, is insecure, and stands in need of legislative provisions?

It is the duty of Congress to provide for the safety of the public treasure. We can not justify ourselves if we abandon it to the control of the Executive. It is a power never safely entrusted to any but the immediate representatives of the people. Yet our legislation is almost wholly shaped, so far as concerns the revenue, by the other House, or by the Executive. We have even received bills for raising supplies from the Senate almost without a murmur. The bill for depositing the surplus with the States, it has been often said, was amended at the White House, so as to meet the views of the President. Look, sir, to the history of the Treasury circular—a measure, adopted in known opposition to the will of Congress:—and the act repealing it:—pocketed by the President, and, for aught we know, now at the Hermitage. Look to the course pursued for years past, in regard to the custody of the public money: removed from the place where you had appointed it to be kept, to places you had never authorized to receive it. Yes, sir, you had ordained an union between the Government and the national bank; not, perhaps, strictly in the bonds of lawful matrimony. This union lasted for years; it was severed by the Executive fiat; our Chief Magistrate cut the knot with as little ceremony as Henry VIII., and then took up with almost as many wives as surrounded King Solomon—forty or more—eighty, sir, it is said around me. The State banks came into favor. It was an illicit connection; the bans had never been celebrated. We were called upon to sanction both acts, the divorce, and the new union; and we complied:—most obediently. The State banks, in turn, have given offence:—by too faithfully obeying the orders of their lord and master; and now, the royal edict has again gone forth, and the cry is, “off with their heads.” The chamber of Blue Beard never exhibited a more bloody spectacle. Yes, sir, in little more than two years, these new favorites are discarded; and after the flattering picture drawn of the entire security of the State banks, we now behold upon our table a bill to settle up our accounts with the late depositories of the public money. The Executive has again taken the public treasure into its keeping, or, rather, has scattered it throughout the land, without the authority of law, in the hands of thousands of individuals. I repeat, sir, it does not become us to leave it in that condition. We may avoid the danger to which it is exposed,

in my humble judgment, by placing it as a special deposite in the local banks, and in making that deposite, preserve, substantially, the principle which the Sub-Treasury scheme is designed to assert. Special depositories no more imply any pecuniary or political union between the Government and the banks, than such an union would spring from employing a railroad, or steamboat company, to transport the mail or munitions of war. I trust, therefore, sir, we shall have the aid of the chairman of the Committee of Ways and Means to amend the bill in the way I have had the honor to suggest. It would be the most effectual means of rendering the measure successful, and putting an end to the hopes of those who look to its failure as resulting in the establishment of a national bank.

### REMARKS OF MR. HUNTER, OF VIRGINIA,

In the House of Representatives, October 10, 1837—

In Committee of the Whole, on the bill “imposing additional duties, as depositories in certain cases, on public officers.”

MR. SPEAKER: I arise under the painful sense that I am asking almost too much of this committee, when I throw myself upon its indulgence whilst I express my views in relation to the subject before us. But our present position is highly respectable; the consequences of our action in the existing crisis may be lasting to the country, and I wish to be heard in vindication of the principles which will govern my course. We stand, sir, in the midst of a great commercial revolution; we have just witnessed an explosion in the credit system, through which the stream of capital circulates and dispenses its mighty agency to the country. Old channels have been abandoned, new ones are being formed; and now, sir, when every institution of the land is trembling under the shock, and our most important interests are sympathizing with the distress in the circulating system of the body politic, the eyes of the people are turned in anxious solicitude upon our course.

They have suffered with exemplary patience, under calamities which would have goaded almost any other people to tumult and bloodshed; and they have even forbore to speak forth their grievances, as if fearful that the clamor might disturb the presence of mind of those whose peculiar task it was to work the ship of state off the lee shore upon which it was driving—“*Nec tumultus, nec quies*,” but there is that state of deep and silent suspense which more forcibly than by words seems to say that, upon this occasion, “our country expects every man to do his duty.” I feel, sir, a most painful sense of the responsibility of my position. On the one hand, I know that he can not be justified on the plea of ignorance who lightly tampers with the important interests now concerned in our action; and, on the other, if personal or party considerations were to deter me from doing whatever may be done for the relief of the country, I feel that my name would deserve to be pursued through all posterity with execrations. I might, perhaps, escape responsibility by declaring that, as I had nothing to do in producing the present distress, so I was bound to do nothing towards restoring things to a sounder condition. Sir, I scorn the excuse. I think I see something which may be done for the good of the country, and I am willing to share the responsibility with those who will attempt it. In taking my course I form no new connections, I make no alliances; I act as I was sent here to act. I legislate not for party, but for the good of our common country. I tread all personal and party considerations into the dust, when they present themselves in competition with the most important interests of the people.

Mr. Chairman, if I can free this Government from a corrupting connection, if I can aid in so moulding its action as to remove the causes by which it has disturbed the natural level of our circulating capital, and advance one more step towards that perfect freedom which American trade ought to enjoy, I shall be content, be my own fate what it may; but if I should unfortunately

work harm where I mean good, I shall only regret that others will suffer under the consequences of my mistake. But, sir, I turn from these considerations to the great question before us. How can we exercise the powers given us by the Constitution, and remould the fiscal action of the Government, so as to relieve the country of its sufferings, and prevent their recurrence again? It has been well said that debt is the evil under which we are suffering. The real balance of trade has been against us; the foreign creditor demanded the adjustment of this balance in specie; and the currency system of the country, having been inflated beyond its just dimensions, was unable to meet the demand for a conversion so sudden. What, then, can be done, sir, to relieve the people from this pressure? There are but two modes of relief from debt: the one consists in its payment; and the other palliates the evil by obtaining time, so as to divide between several years the burden which is too heavy for one. It is obvious that, as a Government, we have neither the right nor the means of paying the debt. Governments may spend money, but they never make it; and their attempts at political alchemy have always resulted, like the vain search after the philosopher's stone, in more expense than profit. Has the Government the means of extending the credit upon the debt due abroad? If this could be done, we should undoubtedly find immediate relief. Instances have occurred in the history of English commerce, and in some of our own States, in which Government has effected this purpose, by interposing its own credit between the domestic debtor and the foreign creditor. There are times when a people may be unable, without great suffering, to meet a sudden call for the balance of trade which exists against them. But it can scarcely happen that they should not be ultimately able to meet the call, if time were given. On these occasions, the foreign creditor presses, because he can not well know the actual responsibility of individuals. In such situations, the English Government has exchanged its own credit, which was undoubted, for that of the domestic creditor, who was thus enabled to make his remittances abroad in undoubted securities. We have no power here to enter into any such trade; and although the exercise of this power might occasionally be useful, yet it is too liable to abuse to have been wisely entrusted to us. The direct fiscal action of Government might have been rendered conducive to this end, and eminently beneficial. If we had issued certificates of loan upon time for the money necessary for Government, I believe, sir, that the merchant, instead of exporting his specie, would have given it to us in exchange for this paper, which would have served a better purpose abroad. In this way we should have done much for the relief of the country; we should have avoided all danger of a depreciated paper currency issued by Government, and we should have been clearly within the limits of our constitutional power. But the occasion has passed away; we have passed a bill for Treasury notes; and when I connect the discretion, as to interest, confided to the Secretary, under the bill, with his known opinions on that subject, I am bound to conclude that they will be issued and designed as currency.

But, Mr. Chairman, that subject is not now before us, and I will not detain the committee with its further consideration.

I shall pause but a moment to consider the expedient of a United States Bank, which has been suggested by some as affording the means of producing immediate relief. If this were so, the suggestion would be useless to those who, like myself, believe that it is demonstrable, and that it has often been demonstrated—that we have no power under the Constitution to charter such a bank. But, for one, I do not believe that the expected effect would flow from an institution. It would enter the field as a rival of the State institutions, and could only sustain the competition by either debasing its currency to the level of the State institutions, or by elevating their circulation to the sounder level which it might establish for itself. The first operation would prolong the present evils; and the other, if attempted by any but the most gradual means, would break the State banks, and aggravate the distress of the

community. But I pass from the consideration of the means of immediate relief, real or imaginary, which are not within our reach, to those which may be. And here I beg leave to pause upon our fiscal policy, and its incidental effects upon currency and trade. If it has introduced causes which disturb the natural level of circulating capital, and furnished a false excitement to currency and credit, that policy ought to be changed. Public convenience may require that the change should be gradual, but important interests demand that it shall be ultimately made. After much consideration, I have come to the conclusion that the present and past commercial distresses have been mainly produced by the American banking system; a system, sir, which, by the law of its creation, hurries to its downfall as the necessary result of its own action; and this catastrophe is only hastened by the excitement of the connection between it and the Government.

It has been said, Mr. Chairman, by McCulloch, one of the ablest political economists of the present day, that our system of banking is the worst in the world. I will not stop now to institute that comparison, or to examine his conclusion; but I shall demonstrate that its natural tendencies are to produce a state of things like the present, if I succeed in showing, first, that it causes a false distribution of capital, and secondly, that it creates a diseased action in the credit and currency systems, by forming an improper connection between them.

According to our banking policy, these institutions have the exclusive right of making a paper currency; and their paper only is received in payment of public dues. To these exclusive privileges they unite the power of drawing interest from an amount greatly exceeding their capitals. Take, in connection with this, the usury laws, which exist, I believe, in all of the States of the Union, and you have the result that capital, loaned through bank agency, will draw an interest greatly exceeding that which any other capitalist can derive from money lent. The loanable capital of the country will of course seek that investment, and fill those channels of circulation before it reaches any other—the consequences of the artificial direction thus given to capital, is its false distribution between the different sections of that country, and the different classes of society in that country, in which banks have those exclusive privileges. The loanable capital will seek the places in which these institutions exist, until it has exhausted the demand for it there, before it reaches those portions of the same country in which banks do not exist. It will do so, because through bank agency it can derive more than the legal interest within the sphere of its operations, whilst beyond that sphere its profits are confined to that interest. The system establishes, in effect, a bounty upon capital lent to the mercantile, and those classes whose labor brings a speedy return, at the expense of the agriculturists, whose returns are slow. Loans for thirty or sixty days are obviously more profitable than those for longer periods. It is the difference between simple and compound interest. The merchant, therefore, whose outlay is speedily returned to him, can thus afford to deal in these short credits, whilst the agriculturist, whose returns are generally annual, finds himself forced to pay compound, for what the merchant returns only simple interest. The effect of this is so much felt, although its causes are perhaps not generally understood, that in my State it is received almost as an adage, that no farmer can afford to go into bank. There is yet another mode, sir, in which the system produces a false distribution of capital. The available profits of these institutions, within the limits presented to them, are so great that they may become credit insurance offices. The directors, under these extraordinary advantages, may run the risk of insuring a favorite's credit when it is doubtful, when he may have no real resources, and thus the fair trader will be injured by the reckless and often ruinous competition of these men who have nothing in fact to lose. This, sir, will always happen when a bank has supplied the demands of good customers without reaching the limits of circulation prescribed to them. The temptation to run this risk is so strong that they too often yield to it.

Mr. Chairman, it is no answer to these objections, to say that every section of the country may be supplied with its due proportion of banking capital. The country is supplied with banks through its Legislature, and no Government has the means of ascertaining the relative wants of different sections in this respect. But, sir, if the Government could ascertain the relative proportions in which the different sections should be supplied to make the distribution just, it would be unable to make that distribution. A supply of all the capital wanted for loan in any country, through the medium of banks like ours, would expand the credit system so rapidly, from causes which I shall endeavor to show, as to produce revulsions which would present a scene of wide spread ruin and disaster. A fact which is so impressed upon the public mind, that every Legislature not perfectly wild in its movements, seems to have endeavored to restrain the system within the supposed wants of the country, rather than make the attempt to supply the value demanded. If I have been successful so far, Mr. Chairman, I have shown that this system is injurious in giving a false direction to capital, which, if left to itself, would seek those investments which had most natural advantages, and which therefore would have paid the highest profits.

I come now then to the false and artificial laws of expansion and contraction, which are introduced into our currency and credit, (as I maintain) by the banking system as it exists here. Instead of leaving currency and credit to the regulation of the great laws ordained by nature for that purpose, instead of leaving them to that self-regulating power which would adapt them to the changing condition of society, and harmonise them with each other, our Governments vainly practice their political alchemy, to the injury, and sometimes to the destruction of both. At their very creation, we arm these corporations with incompatible functions. We unite in them the money-making and the money-lending powers, and what, sir, are the inevitable consequences? Why they make as much money as possible, that they may have the more to lend. They have a direct interest in issuing as much as possible, and they always do it. When their capitals are loaned out, they can not add a dollar to the credit of the country, without making a like addition to the currency. The latter, under this system, is swelled to an undue proportion, and when once it is beyond its level, its overflow is inevitable. Debase it in the least degree, and its downward tendency is ever increasing. The moment you increase, in this way, the nominal or money price of commodities, the catastrophe is unavoidable. The merchant who deals annually in \$10,000 of bank credit, when wheat was \$1 per bushel, will require \$20,000 of the like credit to deal in the same quantity of grain. The banks which supplied the demand for credit, when wheat was at one dollar, are unable to meet that demand, when it is at double its former price. The cry is therefore, "more banks," and more paper money is the consequence, until the proportion between the currency and the material wealth of that country is greater than in other parts of the world. If the real balance of trade then turns for a moment against us, a great commercial catastrophe occurs. And even if this should not be the case, the trade in our currency becomes more profitable than that in our commodities. This currency promises to be convertible into specie, which is of uniform value every where. The Constitution of this country requires that it should be so convertible, and when the paper currency is purchased with commodities, the holder seeks a redemption of the pledge to pay in specie.

Mr. Chairman, I refer to that period in the English history, when its paper currency was so inflated as to furnish to a foreign enemy, the means of a direct attack upon its credit system. It is known that Claviere, whilst the Brissotine faction prevailed in France, bought up bills with the direct purpose of presenting them for specie, and breaking the Bank of England. A scheme which threatened so much of mischief as to have furnished the secret cause (as many believe) of the suspension of specie payments by that bank in 1793, a measure which is said to have been advised by the

ministry itself. I am greatly mistaken, sir, if this very trade in our currency has not been one of the leading causes of our present distress. But I will not enter into an inquiry which would lead through so wide a field of speculation. I have thus endeavored to show, sir, how this artificial connection between credit and currency causes them to perform that perpetual cycle of contraction and expansion from which our country has suffered so much and so often. It ought not to surprise us then if these vortices in our credit system, like those of the wild theorist of antiquity, should produce strange combinations and unexpected results. The epicurean philosopher accounted for the existence of the world, by supposing it to result from the fortuitous concourse of atoms, in these notices and we, not at all wiser, have attempted to build up a fabric of credit upon a revolving foundation.

I have said, Mr. Chairman, that the process which I have just described is the result of an unnatural connection between the credit and currency systems. It may be asked, in what respect is this connection unnatural? Why, sir, in this: we make the currency expand with the credit of the country, when in truth, although credit *must* expand when currency is increased, yet it *may* increase when currency remains the same. For instance, if we were suddenly to double the amount of money in the world, the same real value in credit must be doubled also in its nominal amount. But if the currency remained the same, new resources discovered in one country, making the employment of capital more profitable there, might readily draw a greater proportion of currency, as a measure of value, than circulated there before the discovery. Instead, then, of making the currency and credit systems the means of mutual expansion, they ought to be left separate. When each is true in the discharge of its own functions, they vary according to different laws and upon different principles. Let us look for a moment to the functions of each separately, for the purpose of ascertaining the true laws of their variation. And here I first inquire what is currency? It is that nominal and floating standard, by which mankind have consented to measure the value of their commodities, and to regulate their exchanges. To discharge these functions, it must first be durable, so as not to be consumed in the use; secondly, it must be portable, so as to be transferred conveniently from place to place, as the uses of exchange may require; and, thirdly, it must be uniform as a measure—by which I mean that the proportion between the currency and the material wealth of all countries should be the same; and to be a perfect measure of value, this proportion should not only be invariable in all places, but in all time, from age to age. The last desideratum, as to uniformity from time to time, has never been supplied in practice or even suggested in theory; but the first requisites are to be found but in one medium—I mean the precious metals. These, sir, are highly durable, are portable, and if not obstructed in their flow by artificial regulations, which disturb their level, their proportion to material wealth will be the same in every country, because the supply would be in proportion to the demand, and as there would be most demand for them where there was most material wealth, so the supply would also be greatest in those places. It is also a manifest requisite in currency, that it should exist in sufficient quantities to be available to all who have a use for it, and doubts have been expressed as to the existence of enough of the precious metals for the uses of money. But these I have always thought unfounded. It is obvious, that from time to time, even if the quantity remained the same, it would appreciate in value so gradually as not to affect the mass of contracts which are for short dates, by its change as a measure of value. And if the relation of debtor and creditor were not seriously affected by the change, it would be as convenient to use a half ounce of silver in the dollar as one ounce. This change would of itself present the means of doubling the currency. But if we put this out of the question, we have the facts that the quantity of the precious metals now bestowed on ornamental uses in Europe and America, is supposed to exceed

the gold and silver coinage of those countries by more than a fourth, and that the mines are constantly pouring in new supplies, which are capable of still further increase. Take these facts into consideration, and there is every reason to believe that the supply of these metals would be adequate to our purposes, if Governments would abandon their contrivances for furnishing a paper money currency. The general tendency of the metallic currency, through a series of ages, has been to increase somewhat faster than the material wealth of the world, so that experience would here seem to support me independently of theory. This very circumstance has sometimes operated to affect seriously those contracts which embrace a long period of time in their execution, as is the case in some of the English leases. But this change has been so gradual, that the great mass of contracts, which were for a shorter time, have been adjusted by this measure of value without serious inconvenience. If any improvement upon this metallic currency has been suggested in modern times, it is perhaps to be found in some such expedient as that of the bank of Amsterdam; a system which, upon an actual deposit of specie, issues a like amount of paper, for the actual return of which specie, upon the demand of the bearer of the paper, the faith of the State is pledged, or some security, equally undoubted, is given. The advantage of this circulation is, that it varies precisely with gold and silver as a standard of value; that it saves the loss by wear of these metals, and renders them in effect as portable as paper.

If the State Governments will have a paper currency, this is undoubtedly the safest mode in which they can put it forth. But a paper currency put forth by Government on any other principle, will always have the unfortunate effect of continually changing the measure of value by which contracts are to be adjusted. Different Governments adopt different rules of issue. The proportion of paper currency to material wealth, is different in each. A man contracts, expecting to deliver by one standard, and owing to its change is forced to deliver by another. He receives, perhaps, in ounces, and is forced to return in pounds. This injurious change in the relations between debtor and creditor, leads to disasters and sufferings, so often witnessed that I need not depict them. Other Governments have means of palliating the evils of this sudden change in the measure of value, not within our reach. When a demand is made for a sudden adjustment in specie, of contracts formed under the expectation that they are to be redeemed in paper, these Governments can, and always do, interfere to prevent this change in the relations between debtor and creditor. They make the paper a legal tender between man and man. Indeed, the English Government seems to be well aware of the necessity of making paper currency a tender, after it is once issued; it sees so clearly that contracts will always be made under the expectation of redeeming them in this paper, and that it would be impossible to force their adjustment in specie, that it has made the paper of the Bank of England a legal tender by a standing law of the land. Here we can resort to no such expedient. Nothing but gold and silver can be made a legal tender; a point of difference which no American statesman should lose sight of. What folly is it, then, to introduce by legislation a standard of measure in the formation of contracts, which can always be altered by the creditor at his pleasure, in despite of our laws! How vast and complex is the fraud which we thus practice upon our citizens, when we indirectly force them to contract by one standard, whilst the Constitution requires them to pay by another! If a law were passed requiring every man who had contracted to deliver a bushel of corn to deliver two, the injustice would not be greater, nor the mischief more, than our paper currency has often produced. So much, Mr. Chairman, for the operation of our banking system upon the currency; let us trace now its effects upon credit.

What is credit? and what is the real law which regulates its expansion and contraction? Credit, sir, is the contrivance by which we translate future resources to our present use and employment; or in other words, it affords the means by which we obtain the present use of capital by a pledge of future

resources—of resources which exist either in mind or matter—of resources to be found, sir, either in our skill and industry, or in capacities yet to be developed in our material possessions. The fabric of credit, to endure, sir, must rest on the solid rock of responsibility, and not upon the fleeting sands of mere confidence: or, sir, if I may change the figure, credit is the venous system through which the stream of capital flows, to visit every part of the body politic with its life-dispensing power. Disturb for a moment the free and natural course of its circulation, and you derange every function of social life. Leave it to follow its natural courses, and it will quicken anew the spirit of enterprise, impart more vigor to the arm of industry, and dispense health and freshness to the frame and spirit which it supports and vivifies.

I have said, sir, that it was the pledge of future resources, for the present use of existing capital. To make the operation beneficial, this pledge must be upon real resources; so that the borrower may not only return the principal and interest of the capital employed, but also retain a profit himself. If his employment returns him an amount just equal to, or a less amount, than the principal and interest of this capital, there is a clear loss to society of his labor, at least, and perhaps of more. It is manifest, then, that this operation, if beneficial to society, must be founded upon real resources, and new capacities for producing wealth. There is a certain amount of capital in the world, to which Government can not add by any of its regulations. This is all which can be distributed; and if the credit system exists in a sound condition, this capital will be distributed between the different parts of the world, and amongst different individuals in society, in the relative proportion of their comparative resources. That country which can give most for the use of capital will be first supplied, according to the laws of trade; and any community which, directly or indirectly, gets possession of more capital than its relative resources entitle it to enjoy, receives it upon the terms of paying for the use of more capital than it can advantageously employ. This, sir, could never be the case if Government were not to interfere; but, unhappily for mankind, it too often happens that a Government, under the vain hope of benefitting its people, pursues a system of measures which disturbs the natural level of capital. For an instance of this, I need only refer to the currency operation of our banking system. I have shown, sir, that the operation of this system has a tendency to increase the currency of the country, in which it exists, far beyond the basis of the metallic, which is the currency of the world. The nominal amount of money is increased, and its real value diminished. Suppose, for instance, that two dollars represent the same amount of the necessities of life which were formerly represented by one. The capital which is borrowed at this nominal rise in its money price, must be returned when the nominal price falls, and the real value is raised. In other words, the community which borrowed in half dollars must return in dollars. The reason of this is obvious. The credit system of any country, when it is sound, rises or falls with its relative resources. This is the true and single law of its valuation. But Government interposes and alters the measure of value. It doubles, for instance, the proportion between the paper currency, and the material wealth of the country, by forcing every addition made to credit, through the banks, to produce a like addition in currency. The country, then, which has fewest resources in comparison with others, may have the largest nominal credit system, on account of the inordinate expansion of the standard by which its value is measured.

The credit system being thus expanded, let us look for a moment into the mode of redeeming the obligations thus incurred. This debt can only be discharged by a system of exchange, under which one debt is made to offset another, so as to save the necessity for currency; or else by redeeming the obligations in money. So far as the exchanges adjust the balances due on a certain day throughout the country, the operation is beneficial; and the relations between debtor and creditor are not ruinously affected, notwithstanding the inflation of the

currency. But in this diseased state of affairs, the operation of the conversion of that portion of the credit system which must be redeemed by money is terrible. The obligations were contracted upon the paper standard, but they must be redeemed in specie, if the creditor chooses to demand it, and this he will do, if the paper currency exceeds its just proportions, because then it will be to his interest to exact this mode of adjusting contracts. So far, then, Mr. Chairman, I have endeavored to prove to this committee that our banking system produces, first, an unjust distribution of capital between the different sections of the same country and the different classes of the same society; and, secondly, that the connection which it instituted between currency and credit caused them both to expand and contract, according to laws different from those which nature had prescribed for their regulation. If I have been successful in my effort, I have shown that these effects must flow from the very laws of their creation, and that this was the original sin of them both.

I know, sir, that some advantages have also resulted from their operation, but none, in my opinion, which compensate for these evils. The advantage of adjusting the balances, due under the credit system, by exchange or offset, so as to avoid a direct result to currency, is immense; and it is true that a large capital is necessary for this business. It is necessary, because the greater the variety of exchanges commanded by any one institution, the greater the facility for offsetting the one debt against another. The limit to this advantage is only to be found when the amount of capital employed in this way, by any one institution, is so great as to preclude competition. It was the opinion of Mr. Baring, however, one of the most intelligent of English merchants, when examined before a committee of the House of Commons on this subject, that the important business of exchange could be effected more readily through private dealers than by banking institutions; and there seem to exist strong reasons for his opinion. Be this as it may, however, and let us suppose, for argument's sake, that in a young country like ours we can only raise capital enough to deal in exchanges, domestic and foreign, by means of corporations, still I maintain, sir, that these corporations should be single in their end and aim. They should be confined to the business of dealing in exchanges, and all power of issue should be denied them. If the banking system of this country is ever reformed, the change must be conducted in that spirit of analysis which has effected most of the modern reforms in science. If currency be the object of the Constitution, I have already intimated the model upon which I think it should be moulded. If the regulation of exchange and the diffusion of loanable capital be the object, the institution should be confined to this end alone. A currency bank should exist for currency alone, without the power to discount; and a bank of discount should be confined to that purpose without the power to issue. The true secret, I believe, sir, of regulating the machinery of corporations so that it shall work the precise end intended for it, and no other, is to create them with a single purpose, upon which they will then be sure to move. But, sir, unite in them incompatible functions, and you are apt to introduce a complexity into their operations, which will often produce results entirely unexpected at their creation, and contrary to the public good.

I believe, sir, that the history of our system of paper currency connected with credit, as we have instituted that connection, would illustrate the truth of my views, if there were time to enter into this inquiry. I will not raise an issue of fact, however, when my purpose is satisfied by dealing with first principles. I will not enter into the history of that early struggle between the colonies of Massachusetts and Rhode Island, for the field of circulation which each was endeavoring exclusively to occupy with its paper issues; a contest which waxed so warm as to make a reference of their disputes to the Crown necessary for the preservation of peace. Neither will I occupy the committee with the history of that continental money, whose improvident issue was said by one who both felt and knew its consequences, to have caused



more real suffering than all the complicated horrors of the war of the Revolution. Did time permit, I might well pause, for the purpose of tracing to the inevitable tendencies of our banking system, the wide spread derangement of our currency and credit, from the suspension of specie payments during the war, until 1819, when the bank of the United States itself was perhaps only saved from a like catastrophe by the suspension of a Treasury draft. Yes, sir, and for confirmation almost as strong as proof of holy writ itself, I might turn from that period to this. In a time of profound peace, when the mighty energies of the American people were tasking themselves to their utmost upon the finest theatre for exertion which any people ever enjoyed, we have seen their career suddenly stayed, and the arm of enterprise itself folded in the mournful contemplation of the ruins of the prostrate system of credit; a fabric which fell, sir, as I before observed, because it was founded, not on the solid rock of responsibility, but upon the fleeting sands of a mere confidence—a false confidence—engendered, sir, by those very institutions which were relied upon as the pillars of the edifice.

And here, Mr. Chairman, let me not be misunderstood. I do not war upon existing institutions, but with the policy which gave them birth. I would be the last man in this community to encourage a violation of these vested rights. Neither do I blame individuals, sir, for entering into employments to which the policy of their State Government invited them. I have no desire either to return suddenly from one measure of value to another, so as to disturb the relations between debtor and creditor. I go for reform, sir, nor for revolution. I wish to see a change of policy, it is true; I care not how gradual it be, so the prospect of reform be certain. As one of the means of effecting this gradual reform, I propose a divorce between this Government and all banks. I propose it, sir, as a measure required by public interest, and ultimately beneficial to the banks themselves. The deposits of public money, upon which these institutions trade, and the credit given to their paper by means of its receipt in public dues, only serves to stimulate an action already false in its nature, and tends but to hasten the round of expansion and contraction which they are ever performing. In that point of view the connection is injurious alike to the Government, the people, and the banks. Upon every occasion in which this connection has existed with the State banks, we have seen it result in a general explosion of the credit system. I believe no one doubts but that this connection hastened the late catastrophe, which furnished the occasion for the late call of Congress. The receipt of bank paper in payment of public dues increases its credit, and extends its circulation. The amount of paper currency necessary for making all the payments required in collecting and disbursing the public revenue, is added to the natural circulation of the banks, and has no other basis than the confidence that it will be received in payment of Government dues. As this revenue expands and contracts, so this portion of the currency increases or diminishes. Whilst the surplus revenue was collecting, this circulation increased upon that credit: it increased, too, from the use of the deposits upon which they traded; and when the surplus and annual revenues of the Government were being distributed, and diminished, a portion of this currency was drawn from the field of circulation; and being no longer useful, its conversion was sought in specie. Here is the unhappy and fruitful cause of fluctuation in credit and currency, which must always exist under a connection between Government and bank. There were doubtless other causes growing out of that connection, which tended to hasten the suspension of specie payments. I throw them out of consideration, however, because they do not enter into the general question, and take only those consequences which necessarily flow from a connection between bank and Government under any circumstances; and having shown the injury which they work to the bank. I turn to their operation upon the fiscal concerns of the Government: when this violent rupture of the ties

which bind them together takes place, the Government is forced either to take depreciated paper, or to demand specie. If they take the first alternative, they give a bounty to each State to depreciate its paper, to lower its taxes, and duties become no longer uniform. If they choose the latter alternative, they find that its operation is to raise the taxes upon the people precisely at the time when they are least able to encounter an increase of expenditure. If, on the other hand, this connection had never existed, the banks would have been better able to meet their engagements, because their circulation would have been more limited and more justly proportioned to the wants of trade. The operation, too, would have kept enough of specie in circulation to have met the demands of Government, and to have afforded a rallying point to the banks when any sudden emergency created an unexpected demand for specie. If I have shown, Mr. Chairman, that this connection injures both bank and State, I need not state the obvious consequence, that whatever injures either the banks or the Government, injures the people also. But my colleague seems to suppose that this Government can find the means of regulating the operations of these banks, and of producing, through them, a sounder currency. His project supposes a system of rewards and punishments, through the fiscal action of this Government, which is so to control the banks as to effect this salutary end. I will not revert to those views which I have just given, to show that this expectation is false in theory; nor will I pause, to cite to him the opinion of Secretary Dallas, who, after a long experience, in 1816, pronounced this hope to be impracticable; much less would I cite to him as authority my own opinion upon this subject. I will take his position as true, for argument's sake; and then I would ask my honorable colleague how it is that, thinking with me that this Government cannot charter an institution for the purpose of controlling currency, still he will maintain its right to buy up the corporations of the States, and regulate their chartered functions, so as to control the currency and the exchanges of this country?

But, Mr. Chairman, much as I object to the connection between this Government and the banks, on account of the disturbing causes which I think it introduces into the action of the currency and credit systems of the country, I have another objection still more powerful: I never wish to see the banks converted into political engines again. Of all the enormous additions which have been made to Executive patronage, in late years, I regarded its connection with the State banks as the most fearful. The army of office-holders, though you should count them as 100,000 strong, would confer not half the power upon the Executive which the possession of the State banks would give to him. Convert them into political engines to be worked by his hands; give him the control over the exchanges and currency of the country; give him the dispensation of bank favors, and if he were disposed to use them for personal advancement, he would scorn your title of king, and your gewgaw of a crown, as if the offer intimated a doubt of his absolute authority without them. If the choice of means were given to a wise king, who wished to maintain his power, he would not choose a nobility, said to be the natural support of the crown; but he would ask for some hundreds of corporations, wielding the money power of the whole country. He would ask for those whose deliberations might be secret, whose agents might be invisible, and whose march upon their purpose could only be diverted by that impulse of interest which he alone could regulate. Give him these, sir, and he would despise your standing armies and your orders of nobility as cumbrous devices, unworthy of the refinement of the spirit of modern despotism. Mr. Chairman, I have always regarded the connection between bank and state in this country as a conjuncture most ominous to our liberties. Use the public money to buy up the State banks for the use of this Government, or of its Executive branch, and you at once convert them into political engines, you deprive the States of the control of their own institutions, and you place the people under the dominion of a league of corporate influ-

ences. Endow a moneyed corporation with the functions of Government, and you behold at once the most ruthless of all despotisms; and the history of human suffering and of East Indian oppression is not silent upon this subject. You may place the worst of men in authority, and he will have some touch of human feeling. Not so with a moneyed corporation: it deliberates in secret; it moves by the power of a majority, with no sense of personal and individual responsibility at the bar of public opinion; and it is governed by the single impulse of interest. You can not move it to pity for the present, or to remorse for the past; for its action is mechanical, and not under the influence of feeling or of soul. I protest then, sir, against any attempt to bind the moneyed corporations to one government, and by one common political purpose. I have given my reasons for objecting to any connection between Bank and State, and perhaps it may be reasonably required of me to suggest some better plan for the custody of the public treasure. If the selection were left to me, sir, I should adopt the plan of special depositories. The General Government should be independent of the banks as to the medium in which its revenues are collected, and banks would be independent of the Government when they were no longer exposed to the power of its rewards through the privilege of trading upon the public depositories. If such an arrangement could be effected by giving the banks a fair compensation for keeping the public money, at the same time that they were effectually restrained from using it, I should much prefer it to the scheme proposed by the Committee of Ways and Means. The pecuniary responsibility would be greater than that of individual collectors, and its custody of the public revenue would, perhaps, be safer. But the chief recommendation would be in the means which this plan would afford the representatives of the people to ascertain the state of the public money, if at any time there was cause to suspect either the ability or the honesty of the Secretary of the Treasury. I shall not fatigue the Committee, however, with the details of a scheme which I shall not propose by way of amendment, as there would be no reasonable prospect of its adoption at present. I should greatly prefer a bill carefully framed upon this basis to the one now before us; but I give to that the decided preference over the other alternatives, of a United States Bank, or the connection between the Government and the State banks. Doubtless, there will be difficulties attendant upon any scheme for regulating the custody of the public revenue. The money power in all its combinations, presents the most difficult problem to be solved in the science of Government. But we must choose the best plan within our reach; it is idle to expect perfection in a system of finance. I go, sir, for the great principle of divorce, without committing myself to the specific details of this bill further than by the expression of a preference for them over the connection between Bank and State. In that comparison, I have satisfied myself that it does not increase Executive patronage, as its opponents maintain; nor do I believe that its tendency will be to retard the resumption of specie payments. It, in fact, diminishes the Executive patronage by a larger amount than any other reform ever proposed under this Government. It subtracts the entire amount of bank patronage from the Executive, and in comparison with this, the few additional officers to be created are as nothing. How is this bill, sir, to retard the resumption of specie payments by the banks? They will be afraid, it is said, of runs upon them for specie to be paid for public dues. This objection, sir, is more specious than valid. The quarterly receipts of this Government will range from six to eight millions. The greatest possible amount of the addition to be made to the legal currency, under this bill, would be six or eight millions, and in point of fact I am informed that a far less sum would suffice, as the public money is paid out nearly as fast as it comes in. Is it to be supposed, sir, that the eight hundred banks of this country could not meet such a requisition, if they were ready in other respects for the resumption of specie payments? But, sir, in point of fact, the requisition for specie upon the banks, or upon the country, under this bill, can not amount to a dollar

if these Treasury drafts be issued for circulation, as I presume will be the case. They furnish more than enough of medium for the collection of our revenues. The banks, Mr. Chairman, can not resume specie payments generally until the foreign debt is nearly or wholly liquidated. When that is done, if they will elevate the value of their currency to the par of specie, partly by curtailing their circulation gradually, and within the limit of the present discount upon their paper, and partly by a judicious command of exchanges for converting their own obligations, they may then safely resume specie payments. Whenever their paper will command its par in specie in the market, they may safely undertake to give specie for it themselves. This I believe to be the only true mode of effecting the resumption, and this operation is entirely independent of the fiscal action of the Government. Rely upon it, sir, that a speedy resumption of specie payments by any other means would be impracticable, without producing more distress than we have yet seen in the community. To take their depreciated paper in payment of the public dues, would rob them of all inducement to resume, as the Government credit would thus be worth more to them than it would be if their paper was convertible.

Mr. Chairman, I know that I have this day presented views which, if true, will disturb the dream of those who believe that an infusion of banking medium, like the fabled juice of Medea, will renovate the body politic, and restore to age the vigor and freshness of youth. I know, sir, that there are many who will view my opinions as wild and extravagant. But I am willing to leave the issue between us to the arbitration of time and future experience. I am aware, too, that you cannot touch a fibre of one of the cords imposed upon trade, by the restrictive system, without exciting a host in opposition. But, sir, in a contest upon the great principles of free trade, I am willing to enlist for the war. I feel that they must succeed, because I trust to the power of truth. Its pace may be hobbled, but its march will still be onward. Yes, sir, it will be onward and onward, until the people awake to a sense of the injustice which imposed fetters upon the free spirit of American enterprise. I hope yet, sir, to see the day when the captive will throw its hands loose from their bonds, and proclaim in joyful exultation to the world, that it is free—free to pursue the impulses of its own genius, free to take the direction of its own interest, and ready to put forth the whole of its mighty energies to the fulfilment of the proud destiny which will then await it.

### SPEECH OF MR. MOORE, OF NEW YORK.

*In the House of Representatives, October 13, 1837.—*  
In Committee of the Whole on the bill imposing additional duties, as depositories in certain cases, on public officers.

Mr. MOORE addressed the committee as follows:

Mr. CHAIRMAN: It is with a degree of reluctance that I solicit the indulgence of the committee at this late period of the session. It is well known that, since I have had the honor of a seat in this House, I have troubled it but seldom with remarks of my own. Indeed, I have long considered it neither proper nor respectful in any member of any legislative body to engross the time to be devoted to public business in speech-making, unless the speaker have it in his power to impart some important information, or shed new light on the subject of debate. And here, sir, I feel bound to confess, that were I now to be governed strictly by this rule, I would have refrained from participating in this discussion.

Mr. Chairman, I regret to say that such is the poor and unprofitable fashion of the times, that, unless the people's representatives occasionally make long and lusty speeches, they are but too liable to incur the people's displeasure. And for this reason they often deem it expedient to make elaborate speeches on some given subject, that

shall, when printed, occupy so many columns of a newspaper, or so many pages of a pamphlet. In order to comply with this requisition, the member is often compelled, especially when the subject does not happen to be a very fruitful one, or the speaker does not chance to possess that kind of creative power which can produce something out of nothing, so to draw out and dilute his ideas, that the reader, should he judge from their texture and gossamer properties, would be liable to conclude that, like the spider's web, they had been spun rather from the bowels than the brain. The cause of this evil, sir, lies, in a great measure, with the people themselves. The representative, unless he inflicts some half dozen speeches upon the body to which he may belong in the course of a session—whether called for or not, whether to the purpose or not—returns to his constituents under the apprehension that he will not receive at their hands the gratifying welcome of "well done, good and faithful servant." The political aspirant, therefore, must either make up his mind to swim with the current of public opinion, and speak often, or to remain silent, and sink beneath its waves; and as legislators, like other men, are more or less moved by self-love, pride, and ambition—passions upon which hang the fever of the world, and which stimulate men to action—they are but too liable to consult their own, rather than their country's interest, and to embarrass the business of the nation, by making speeches designed for home consumption, and their own political aggrandizement. Sir, I intend no disrespect to the members of this body, nor to the people who send them here; I but speak of a custom which I conceive to be justly obnoxious to censure; I speak of men as I find them, and as they are. I am aware, sir, of the irrelevancy of these remarks, and will not further occupy the time of the committee by pursuing them.

Previously to approaching the subject, properly before the committee, I will briefly notice certain remarks of the gentleman from Pennsylvania, (Mr. Naylor,) who has just taken his seat. He has paid high and deserved compliments to the workingmen of the north—to their intelligence, and to their integrity. To those sentiments my heart most cordially responded. He represented himself to be a *workingman*; he professed great regard for the interests of workingmen; he declaimed most energetically in their behalf; but he uniformly votes against every measure which they advocate. During the present session he has voted for the United States Bank; he has expressed his determination to vote against the bill on your table. But he knows that the workingmen are opposed to the United States Bank; that they are in favor of the divorce bill, so called; and I feel justified in saying, that ninety-nine out of every hundred workingmen are favorable to this bill. Sir, the relation in which I stand to the laboring classes enables me to judge of their views on this subject. I am in daily correspondence with workingmen in different parts of the Union; and I know that an unanimity of opinion and of sentiments in its favor prevails amongst them. Sir, I can not conceive how the honorable gentleman can reconcile his professions with his practice. If he knows the feelings and the opinions of the workingmen as he ought to know them, and if he estimates their intelligence and their integrity as he professes to estimate them; why then does he go counter to their views and to their will? Sir, the laboring classes have had too many such advocates! They have been too often flattered and betrayed by politicians! Too often deceived by those who caressed and bepraised them! But, sir, the gentleman from Pennsylvania, not content with eulogizing the laboring men of the north, has made a false issue with the gentleman from South Carolina, (Mr. Pickens,) by misrepresenting his views. Sir, what was the position taken by the gentleman from South Carolina? I understood him to say that the incorporated monopolies of the north were inimical to the interests and the liberties of the laboring classes; were calculated to abridge their natural and political freedom, and to subject them to a moneyed aristocracy; and, for the expression of these sentiments, the gentleman from Pennsylvania has thought proper to rebuke him. But let

me tell the gentleman from Pennsylvania, that the laboring classes of the north are apprehensive of the very evils so ably depicted by the gentleman from South Carolina. Look at their organs; consult their papers; and you will find that exclusive legislation—that the grants of chartered monopolies—are regarded by them as hostile to their interests, and dangerous to their liberties. And did not the gentleman from Pennsylvania, previous to his election, and during the canvass, did not he intimate his opposition to these very moneyed monopolies, now dignified by him under the title of *institutions*? And how has he answered the expectations which he created by his professions? By voting for a United States Bank! By opposing the bill which proposes to disconnect bank and State! In a word, by warring with all the principles, and opposing all the wishes, of the laboring classes! "If such be thy gods, O, Israel! wo! wo! to those who bow before them!"

I now, sir, feel constrained to notice, briefly, some remarks which were made yesterday by my honorable and much respected colleague (Mr. Hoffman) while addressing this committee on the bill under consideration. I understood him to say, sir, that the present Chief Magistrate is, in a great degree, indebted to the influence of the banks for his political elevation. Sir, I deny the correctness of this assertion. I am satisfied that Martin Van Buren owes his elevation to his own merits, and to the unbought suffrages of a majority of the American people. But, sir, if my colleague represents this matter truly, and the election of Mr. Van Buren to the Presidency was achieved through bank officers or bank influence, what an important lesson does it teach us? And how forcibly does it illustrate the dangers of the banking system? If banks band together in one political contest, they may in another. If they unite their energies in behalf of one individual, they also may unite in behalf of another, without any regard to his merits, his virtues, or his qualifications, provided he will lend himself to their interests. This is a fruitful theme, but I will not pursue it at present. I now turn to the subject of *political changes*, on which my colleague has said so much. If I mistake not, he took occasion to rebuke the chairman of the Committee of Ways and Means for certain *alleged* political somersets, which he is said to have made some few years since. My friend over the way (Mr. Cambreleng) is fully competent to defend himself from the charge, and I shall, therefore, leave this part of the subject in his hands. On the general topic of *political changes*, my colleague (Mr. Hoffman) has all the advantages over me which practice and experience can give. It would, therefore, be manifestly imprudent for me to enter the lists with so old and so experienced a tactician in this branch of *political science*. Did I desire instruction on this subject, my colleague would be the very first man to whom I would apply. He should be my preceptor above all others: for I am satisfied that none can be better qualified than himself, to descant on the facility with which political changes can be made; none have the power to speak more feelingly and understandingly on the subject. It was but a short time since, sir, when my colleague and myself stood foremost in the ranks of the democracy; when the old wigwag resounded with our respective voices; when we advocated the same measures and the same men; when we sang the same political hosannas, and worshipped at the same political altar. But, sir, that time has passed; and my colleague, instead of joining with me in the old rallying cry, chooses to lift up his musical voice in a political palinode; and we now find ourselves planted foot to foot as political opponents, instead of standing shoulder to shoulder, as political associates, as we were wont to stand. In the course of his remarks, my colleague discoursed right eloquently on the calamities of the times and on the sufferings of the people. But on this topic he is not singular nor alone. All his whig brethren have strenuously emulated each other in their extraordinary professions of peculiar love for the patient people. When I reflect on the wonderful solicitude manifested by the members of the opposition for the welfare of the nation, I can not withhold an expression of admiration at the patrio-

tic and benevolent spirit which pervades and warms and expands their benevolent bosoms.

We have heard gentlemen from the East and the West, from the North and the South, mingling their notes of lamentation over the sufferings of the unfortunate wherever found. Every fibre of their heads and hearts, every feeling of their souls and bodies, appears to be attuned to benevolence, and to vibrate with deepest sympathy at the calamities which they assure us have befallen our common country. Sir, these are honorable feelings, and highly creditable to human nature. Patriotism so exalted, philanthropy so generous, sympathy so sincere, benevolence so pure, holy, and *disinterested*, cannot fail to challenge our warmest admiration. When we hear men sincerely deplore the misfortunes of their fellows, we can not but admire, honor and respect them. But how are these feelings of respect and admiration strengthened and augmented when we behold them exerting their utmost energies in behalf of the unfortunate; when we see them promptly and eagerly rushing to the rescue!

And, sir, here I must be permitted to intimate to my political opponents, that in order firmly to establish their characters for *superior* patriotism and philanthropy, it will be necessary for them to *act* as well as to *feel*. If you know the remedy, gentlemen, and apply it not, the sincerity of your professions may be doubted. The uncharitable may surmise that party is your object, and public good the scapegoat. Sir, what would we think of the patriotism of the man who was able, but unwilling, to succour his country in the hour of her extremity? Or what would we say of the benevolence of a physician, who refused to administer to his sick and dying patient the remedies which he knew would restore him to life, health, and vigor? And are not gentlemen aware, that after having so constantly, so earnestly, and so eloquently, bewailed the fallen fortunes of their country, they will naturally be looked to by that country with anxious shuddering solicitude for the remedies competent to heal the deep disease, which, we are told, is preying upon its vitals? Are they not aware that their benevolence will be questioned, and their sincerity doubted, even by the confiding and the faithful?

But, sir, we have been told that the friends of the administration have the *power*, and that the *responsibility* rests with them! Sir, what are we to understand by this? Is it meant to be insinuated that the administration party in this House have the *power* to relieve the distresses of this country, but that they have not the *will* to exercise it? Is it meant to be affirmed that the dominant party are so utterly destitute of feeling and of patriotism, as willingly and intentionally to withhold the aid which they might rightfully and constitutionally extend to the people? Is it their intention to represent us to the American people in so odious and offensive a light? Sir, I am aware that the gentlemen in the opposition have long claimed all the wisdom, and all the worth, and all the decency; but I did not suppose, until now, that they also claimed all the patriotism, all the benevolence, and all the sympathy.

For one, sir, I protest against such unwarrantable and unfounded pretensions. I am clearly against this additional *monopoly*. If the gentlemen really possess all the charity and benevolence which they claim, I trust that they will not be inexorable towards us; that they will not thrust us beyond the pale of humanity; that they will not strip us of all the common attributes of civilized men, nor paint us as savages or brutes, by representing us to be deaf or indifferent to the voice of distress. Why should we be thus treated as guilty of the grossest injustice—of the most flagrant inhumanity? If the gentlemen of the opposition do not consider *adequate* the means of relief proposed by the Executive, let them suggest such as will be effective, and, my life on it, if these means shall be just, proper, and constitutional, the friends of the administration will cheerfully yield them their most cordial and hearty support. We confess that we know no other remedies for the ills complained of than those we have already suggested. And if the gentlemen in the opposition have it in their power, as they would have us and the country believe, of proposing an

efficacious and constitutional remedy, for heaven's sake let them tell us what it is! If there be a balm in Gilead—if there be a physician there—let him administer the balm to our afflicted country. Do not, I beseech you, gentlemen, do not any longer keep secret your political catholicism, like quack physicians; but, like good and true patriots, make it publicly known, that it may be employed for the healing of the nation.

My colleague has pronounced the Sub-Treasury system *unconstitutional*, but did not attempt to *prove* it so. Now, sir, by way of a set-off, I pronounce *unconstitutional* the substitute of my colleague, a national bank; and so I shall endeavor to prove it, by calm and dispassionate argument. A national bank being the principal antagonist measure to the bill under discussion, I shall confine my remarks principally to that subject; and, as this is the only point that has not been fully and thoroughly discussed in the progress of this debate, there will be the greater propriety in this course. I shall, therefore, attempt to argue at length this part of the subject.

I can find no authority in the Constitution for granting charters of incorporation, of whatever name, kind, or description; and no honorable gentleman, I presume, will hazard the declaration that such power is *directly* given to Congress by the Constitution. The most hardy and reckless advocates of a national bank have never ventured to affirm that such power was specific and direct—that the warrant was express. They all resort to the doctrine of implication and construction. Sir, let us examine this doctrine; let us take up the Constitution in a spirit of honesty and soberness, and see what clause of that instrument, if any, vests in Congress even an *implied* power to incorporate a national bank.

Sir, I am aware of the vastness of the subject which I propose to examine. I am aware that the constitutionality of a national bank has been repeatedly discussed by the most eminent jurists and statesmen of the nation. And I am also aware that an attempt, on my part, to grapple with a subject of such magnitude, and under such circumstances, will be attributed by many to a want of discretion, if not to a culpable vanity. Be it so. I conceive it to be my duty—I know it to be my right—to express my views fully on this subject; and, although I may be unable to shed any additional light on this long agitated and vexatious question, yet I will, nevertheless, state the arguments and considerations which exert a controlling influence on my judgment. Permit me then, sir, to call, for a moment, the attention of the committee to the peculiar character of our Government. It is conceded by all parties, I believe, to be a Government of limited and specified powers; which powers are expressly prescribed by the Constitution. To the Constitution then, and to the Constitution alone, must Congress look for all and every power they would exercise. Unless, therefore, the power to grant charters of incorporation be expressly granted by the Constitution, the exercise of such power, on the part of Congress, would be a violation of that instrument. But, say gentlemen, although we do not pretend to assert, that the power to incorporate is given in direct terms to Congress by the Constitution, we contend, nevertheless, that such power is derived by fair and legitimate construction. But, when the advocates of this doctrine have been called upon to designate the clause of the Constitution which confers on Congress the power to incorporate a bank, they have been sadly puzzled to comply with the requisition, but have wandered and wandered from article to article, and from clause to clause, seeking in vain for authority. When driven from one position they flee to another; ever vacillating; never fixed in their views; never satisfied with their own, nor with each other's arguments. No unity of opinion prevails among them as to the particular clause in the Constitution, where this doctrine of construction and implication, authorizing acts of incorporation, is to be found; but, like certain deluded ones of old, one cries, lo! it is here, and another, lo! it is there; when, as was the case with the asses of Kish, it happens to be "nowhere." But, sir, let us examine those parts of the Constitution where this power is

said to reside. Some have attempted to locate it in the first article of the eighth section of the Constitution, which gives Congress the power "to lay and collect taxes, duties, imposts, and excises, to pay the debts, and provide for the common defence and general welfare, of the United States." The power to "lay and collect taxes" and to "pay the debts of the United States," in other words, the power to raise and appropriate money, and the power to grant charters of incorporation, I believe never have been, and I presume never will be, regarded as synonymous, even by the most desperate "constructionists." Those, therefore, who pretend to find authority to grant charters of incorporation, in the article under consideration, must look for it in the words "common defence and general welfare." And it is from these words that some pretend to derive the power to incorporate a national bank. Can those who have contended for this construction have considered well of the consequences which must inevitably follow from an exercise of such implied powers? Have they reflected, that, by giving to these words the construction they contend for, they render the enumerated powers of the Constitution nugatory? that they virtually annul the powers reserved to the State Governments? break down all the constitutional guards designed to protect the rights of the States, and of the people, and make the Constitution itself, in the hands of Congress, what clay would be in the hands of the potter? And, lastly, have they considered that this doctrine is flatly contradicted by the tenth amendment to the Constitution, which expressly declares that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people? General Hamilton, latitudinarian as he was on the subject of construction, had too much regard for his reputation to give to the words, "to provide for the common defence and general welfare," a construction that would confer on Congress powers not enumerated in the Constitution. By reference to his report on manufactures, it will be found that he confines, in every instance, the application of these words to the power given by the first sentence of the clause; and in this particular Mr. Jefferson agrees with him. The latter, in advertising to this subject, calls it "a grammatical quibble, which has countenanced the General Government in a claim of universal power. For," continues he, "in the phrase to lay taxes, to pay the debts, and provide for the general welfare, it is a mere question of syntax, whether the two last infinitives are governed by the first, or are distinct and co-ordinate powers; a question unequivocally decided by the exact definition of powers immediately following." Sir, I conceive that the clause of the Constitution under consideration admits of but two constructions: the one limiting the powers of Congress, as contended by General Hamilton and Mr. Jefferson; the other, conferring on Congress powers incompatible with the spirit, and utterly subversive of all the express powers of the Constitution—powers independent of, and paramount to, the Constitution itself—powers indefinite, boundless, omnipotent. If the latter construction be admitted, the *will of Congress*, and not the Constitution, is the law of the land. Or if, peradventure, Congress should think it *expedient* to revert to the Constitution at all, it would only be necessary to refer to that part of it containing the cabalistic words "common defence and general welfare;" and as these words, according to certain commentators, convey a plenary power on all subjects, and are applicable to all cases that come within the jurisdiction of the national legislature, it would be quite unnecessary to look further. This would be economical, withal—saving much precious time to the people's representatives, which otherwise might be squandered in wandering about the constitutional kingdom in search (as well search for the lost pleiad) of the enumerated powers, which, unfortunately, have been swallowed up by the implied powers discovered in the words "common defence and general welfare." Let us suppose the doctrine here combatted to be established and carried out into practical legislation. Congress is applied to by a number of influential individuals



for an act of incorporation, granting to them and to their successors and assigns for ever, the sole and exclusive right, extending to all the States in the Union, of smelting iron ore with anthracite coal, and of manufacturing the same. The memorialists set forth in their petition the immense benefits that would result to the nation from their contemplated enterprise. They dwell upon the advantages incident to associated capital, and concentrated wisdom and industry. They represent that the mining interest of the country would be benefited in proportion to the extent of the monopoly—inasmuch as the products of the iron and coal mines would ever find a ready market at the company's works; that the public in general would be enabled to obtain the manufactured articles at a much cheaper rate, and of a better quality; and that, in time of war, arms and ordnance could be furnished with greater facility, and of superior temper and calibre. The States, notwithstanding all these plausible representations, remonstrate—individuals remonstrate. The States urge that the grant would be a violation of their reserved rights, and the principle upon which the Union was founded; and demand of Congress the source whence the power is derived to grant such charter of incorporation? Congress very complacently point them to the potent words "common defence and general welfare," and the thing is settled. Individuals represent, that an equality of civil and political rights constitute the basis of purely democratical governments; that none but equal laws can legitimately flow from the principle of equal rights; and that all laws, which invade that principle, conflict with the spirit of our institutions, and are, to all intents and purposes, legislative frauds upon the rights of the people; and, consequently, utterly destitute of constitutional sanction. They further show, that an exercise of power, such as asked for by the petitioners, would confer exclusive privileges and legislative favors—infringe on their natural and political rights—violate the sacred principles of justice and political equality, and, for this reason, be clearly unconstitutional. But Congress, regardless of the truth and propriety of these representations, grant the charter of incorporation, and when called upon to show their constitutional right to do so, triumphantly refer to the magical words "common defence and general welfare," and there the matter ends. I have put this case for the purpose of illustrating the evils consequent upon an assumption of power, such as contended for by those who maintain that the clause we have been examining authorizes Congress to establish a federal bank. And, as legislators are as much subject to infirmities as other men, and the world not having, as yet, approached that desirable state of which Plato dreamed—"the perfectibility of man"—it is not only possible, but very probable, that cases of this kind might frequently happen. Nor can those who contend for the principle which merges all power in the words "common defence and general welfare," or, what amounts to the same thing—in the will of Congress—object to any case coming within that principle, however dangerous and pernicious in its consequences. As this clause of the Constitution has been, and is still, much relied on by the advocates of a United States Bank, I will take the liberty of introducing such authority in opposition to their views, as will, I trust, have weight, both with this house and the nation. The fourth resolution passed by the General Assembly of Virginia, in December, 1798, reads as follows:

"That the General Assembly doth also express its deep regret that a spirit has, in sundry instances, been manifested by the Federal Government to enlarge its powers by forced constructions of the constitutional charter which defines them; and that indications have appeared of a design to expound certain general phrases, (which, having been copied from the very limited grant of powers in the former articles of Confederation, were the less liable to be misconstrued,) so as to destroy the meaning and effect of the particular enumeration which necessarily explains and limits the general phrases; and so as to consolidate the States, by degrees, into one sovereignty; the obvious tendency and inevitable result of which would be to transform the present republican system of the United States into an absolute, or, at best, a mixed monarchy."

Mr. Madison, in his report commenting on this resolution, observes:

"The first question here to be considered is, whether a spirit has, in sundry instances, been manifested by the Federal Government to enlarge its powers by forced constructions of the constitutional charter,

"The General Assembly having declared their opinion merely, by regretting, in general terms, that forced constructions for enlarging the federal powers have taken place, it does not appear to the committee necessary to go into a specification of every instance to which the resolution may allude. The alien and sedition acts, being particularly named in a succeeding resolution, are of course to be understood as included in the allusion. Omitting others which have less occupied public attention, or been less extensively regarded as unconstitutional, the resolution may be presumed to refer particularly to the bank law, which, from the circumstances of its passage, as well as the latitude of construction on which it is founded, strikes the attention with singular force; and the carriage tax, distinguished also by circumstances in its history, having a similar tendency."

"1. The general phrases here meant must be those 'of providing for the common defence and general welfare.'"

"In the 'Articles of Confederation,' the phrases are used as follows, in Art. VIII: 'All charges of war, and all other expenses that shall be incurred for the common defence and general welfare, and allowed by the United States in Congress assembled, shall be defrayed out of a common treasury, which shall be supplied by the several States, in proportion to the value of all land within each State, granted to, or surveyed for, any person, as such land and the buildings and improvements thereon shall be estimated, according to such mode as the United States in Congress assembled shall from time to time direct and appoint.'"

"In the existing Constitution, they make the following part of sec. 8: 'The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts, and provide for the common defence and general welfare of the United States.'"

"This similarity in the use of the phrases in the two great federal charters, might well be considered as rendering their meaning less liable to be misconstrued in the latter, because it will scarcely be said that, in the former, they were ever understood to be either a general grant of power, or to authorize the requisition or application of money by the old Congress to the common defence and general welfare, except in cases afterwards enumerated, which explained and limited their meaning; and if such was the limited meaning attached to these phrases in the very instrument revised and remodelled by the present Constitution, it can never be supposed that, when copied into this Constitution, a different meaning ought to be attached to them."

"That, notwithstanding this remarkable security against misconstruction, a design has been indicated to expound these phrases in the Constitution, so as to destroy the effect of the particular enumeration of powers by which it explains and limits them, must have fallen under the observation of those who have attended to the course of public transactions. Not to multiply proofs on this subject, it will suffice to refer to the debates of the federal legislature, in which arguments have on different occasions been drawn, with apparent effect, from these phrases, in their indefinite meaning."—*Elliot's Debates*, vol. 4, pp. 577–8.

Again: the same distinguished personage, in a letter to Mr. Stevenson, dated November 27, 1830, in which he examines the origin and progress of the clause under consideration, remarks that:

"A special provision, says Mr. Madison, could not have been necessary for the debts of the new Congress; for a power to provide money, and a power to perform certain acts, of which money is the ordinary and appropriate means, must, of course, carry with them a power to pay the expense of performing the acts. Nor was any special provision for debts proposed, till the case of the revolutionary debts was brought into view; and it is a fair presumption, from the course of the varied propositions which have been noticed, that but for the old debts, and their association with the terms 'common defence and general welfare,' the clause would have remained, as reported in the first draught of a constitution, expressing generally 'a power in Congress to lay and collect taxes, duties, imposts, and excises,' without any addition of the phrase 'to provide for the common defence and general welfare.' With this addition, indeed, the language of the clause being in conformity with that of the clause in the articles of confederation, it would be qualified, as in those articles, by the specification of powers subjoined to it. But there is sufficient reason to suppose, that the terms in question would not have been introduced, but for the introduction of the old debts, with which they happened to stand in a familiar, though inoperative relation. Thus introduced, however, they pass undisturbed through the subsequent stages of the Constitution."

"If it be asked, why the terms 'common defence and general welfare,' if not meant to convey the comprehensive power, which, taken literally, they express, were not qualified and explained by some reference to the particular power subjoined, the answer is at hand, that although it might easily have been done, and experience shows it might be well if it had been done, yet the omission is accounted for by an inattention to the phraseology, occasioned, doubtless, by the identity with the harmless character attached to it in the instrument from which it was borrowed."

"But may it not be asked with infinitely more propriety, and without the possibility of a satisfactory answer, why, if the terms were meant to embrace not only all the powers particularly expressed, but the indefinite power which has been claimed under them, the intention was not so declared; why, on that supposition, so much critical labor was employed in enumerating the particular powers, and in defining and limiting their extent?"

"The obvious conclusion, to which we are brought, is, that that these terms, copied from the articles of confederation, were regarded in the new, as in the old instrument, merely as general terms, explained and limited by the subjoined specifications, and therefore requiring no critical attention or studied precaution."

"Mr. Wilson, justly distinguished for his intellectual powers, being deeply impressed with the importance of a bank at such a crisis, published a small pamphlet, entitled 'Considerations on the Bank of North America,' in which he endeavored to derive the power from the nature of the Union in which the colonies were declared and became independent States; and also from the tenor of the 'articles of confederation' themselves. But what is particularly worthy of notice is, that with all his anxious search in those articles for such a power, he

never glanced at the terms 'common defence and general welfare,' as a source of it."—*Elliot's Debates*, vol. 4, pp. 646–7.

And here, sir, I think I may safely rest this part of the subject.

The second paragraph of the 8th section of the Constitution, which vests in Congress the power "to borrow money on the credit of the United States," has also been appealed to by the friends of a national bank. But as nothing like an argument has ever been adduced in support of this position, as it rests upon mere conjecture, without the shadow of authority to support it, and as a bill to charter a bank is not a bill to borrow money, I will not trouble the committee with any further remarks on this point, but proceed to examine the third paragraph of the 8th section of the Constitution, which gives Congress the power "To regulate commerce with foreign nations, among the several States, and with the Indian tribes." This clause has been appealed to by the advocates of internal improvements, as authorizing Congress to construct roads and canals, &c.; it has also been appealed to by the friends of the tariff system, as vesting in Congress an implied power to protect our domestic manufactures; and lastly, it has been appealed to, as authorizing Congress to establish a United States Bank. Now, sir, in my humble opinion, the power to regulate commerce, does not include the power to make internal improvements of the character just noticed—to protect manufactures by imposing a tariff—nor to establish a national bank. Neither the clause immediately under consideration, nor any other found in the Constitution, authorizes Congress, in my judgment, to do either of those three things. Sir, is it meant to be affirmed, that the power to "regulate commerce" includes the power to regulate the currency of the several States? If so, then is Congress authorized, under the power to "regulate commerce," to regulate the issues of all the State banks—for these constitute the principal currency of the country: on the other hand, if it be meant that Congress have not the power, under this clause of the Constitution, to regulate the currency, how can it be said that Congress are thereby authorized to charter a bank for the purpose of regulating commerce, when the only object of a national bank, as we are told, is to regulate and equalize the exchanges and currency of the country? Again: if the power to "regulate commerce" includes the power to incorporate a bank, why may it not also include the power to grant charters of incorporation for other purposes? Why not authorize Congress to incorporate companies for objects of internal improvements, for manufactures, or, what would appear to be rather more congenial, for ordinary commercial purposes? If Congress can, by this clause of the Constitution, authorize one set of men, under an act of incorporation, to deal in bank paper, they possess equally the power to authorize another set to deal in silks and satins, calicoes and gingham. Nor can this position be controverted. The stockholders and agents of a bank are as much traffickers and dealers in paper money, which is a species of commercial commodity, as merchants are in broadcloths and cassimeres. If an act of incorporation, therefore, can be claimed in the one case, as a proper and necessary means to "regulate commerce," it unquestionably can in the other. But the clause in question confers no such power. The power to "regulate commerce," and the power to grant charters of incorporation are separate and distinct. The former is conferred by the Constitution, the latter is not. Sir, what was the nature of the power which the framers of the Constitution intended to confer on Congress by this clause? Evidently, to authorize Congress to prescribe or establish certain rules by which commerce should be governed. But will it be pretended that the authors of the Constitution meant that this power, which they vested in Congress alone, should be transferred by Congress to an incorporated company? That a chartered company should possess the exclusive power of regulating the commercial interests of the nation? of prescribing rules for its government? of determining the principles on which it should be conducted? and thus place one of the great interests of the country beyond legislative and constitutional control? No one, I presume, will say, in direct terms, that such was the inten-

tion of the framers of the Constitution; and yet such is the inevitable result to which the doctrine of construction, here combatted, leads. If such rules of construction prevail, it will be impossible to define the limits of the power of the Federal Government under the clause, "Congress shall have power to regulate commerce," &c. I will conclude my remarks on this clause, by reading from Mr. Jefferson's official opinion on the constitutionality of a United States Bank, the follow extract:

"To erect a bank, and to regulate commerce, are very different acts. He who erects a bank creates a subject of commerce in its bills: so does he who makes a bushel of wheat, or digs a dollar out of the mines. Yet neither of these persons regulate commerce thereby. To make a thing which may be bought and sold, is not to prescribe regulations for buying and selling. Besides, if this were an exercise of the power of regulating commerce, it would be void, as extending as much to the internal commerce of every State, as to its external. For the power given to Congress by the Constitution, does not extend to the internal regulation of the commerce of a State, (that is to say, of the commerce between citizen and citizen,) which remains exclusively with its own Legislature; but to its external commerce only, that is to say, its commerce with another State, or with foreign nations, or with the Indian tribes. Accordingly, the bill does not propose the measure as a 'regulation of trade,' but as 'productive of considerable advantage to trade.'

Some have attempted to locate the power to incorporate a national bank—Mr. McDuffie, for example, in his report of 1830, as chairman of the Committee of Ways and Means—on the fifth article of the eighth section of the Constitution, which gives Congress the power "to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures."

"The power to 'coin money and fix the value thereof,' is expressly and exclusively vested in Congress. This grant was evidently intended to invest Congress with the power of regulating the circulating medium. 'Coin' was regarded, at the period of framing the Constitution, as synonymous with 'currency,' as it was then generally believed that bank notes could only be maintained in circulation by being the true representative of the precious metals. The word 'coin,' therefore, must be regarded as a particular term, standing as the representative of a general idea."—*Rep. H. R. 1st Sess. 21st Cong. No. 355, vol. 3, p. 6.*

Now, sir, if "coin and currency are synonymous," signifying the same thing—if coin be currency and currency coin, Congress is vested with the power "to coin money, regulate the value thereof, and of foreign currency." According to this reading, Congress is authorized, not only to regulate the currency of this country, which consists principally of bank notes, but also the currency of other nations, whatever symbols of industry they may select as mediums of exchange. The chairman of the Committee of Ways and Means appears to have been as much at fault in his knowledge of the currency, properly considered, as of the character and powers of the Constitution; otherwise, he would not have confounded bank notes with coin—the pretended representative with the thing represented. I say the pretended representative, because the amount of paper money afloat exceeds, at least, five times the amount of specie wherewith to redeem it. It is not, therefore, strictly speaking, a representative of coin, or real money. It has become rather an instrument of speculation, than a measure or representative of value. The currency of a country, in order to be sound, as every political economist knows, ought to be equal to the precious metals, or to consist of the metals themselves. But the paper currency of this country is, and was even during the existence of the late Bank of the United States, but the mere *supposititious* representative of property. That paper money can never become a proper standard of value, is evident from the fact that it is constantly liable to fluctuation, depreciation, expansion, and contraction. And would it be doing justice to the framers of the Constitution, to their sagacity and integrity, so to construe that instrument, or any part thereof, as to authorize Congress to make paper credit, of whatever kind or description, a standard of value? The only standard or measure of value known to the Constitution is gold and silver; a standard, by the way, which has been recognised and adopted, from the earliest ages, by all civilized nations throughout the world. If Congress are authorized to incorporate a company, which shall possess the independent and sovereign right to coin or manufacture money, and regulate the value thereof, why may they not also invest such corporations with power to control the commerce of the country in all such exchangeable articles or com-

modities that may properly come under the standard of weights and measures? Why not go still farther—for if Congress can delegate to a corporation this prime attribute of sovereignty, the establishment of a standard of value—why not, I say, extend it to every other specified power of the Constitution? For, I repeat it, if Congress have the power, under this or any other clause of the Constitution, to delegate to a corporation of its own creating any one of the enumerated powers, they may, with equal propriety, delegate to it every other power. Let Congress recognise this construction, and what would be the consequence? Sir, we should no longer be a nation of freemen, living under a free Constitution; but the slaves of soulless corporations. An independent and irresponsible power would be established in the land; the restraints and limitations imposed upon Congress, by the Constitution, would be overthrown; and the foundations of your Government not only rocked, but riven.

Sir, let us examine a little farther the extraordinary argument urged by Mr. McDuffie, in support of his most extraordinary position. "Coin," says he, "was regarded, at the period of framing the Constitution, as synonymous with currency, as it was then generally believed that bank notes could only be maintained in circulation by being the true representatives of the precious metals." What! sir, coin and currency—coin and paper money—coin and bank notes regarded as one and the same thing, as synonymous, at the time of framing the Constitution? What! "generally believed at that period," that paper money was "the true representative of the precious metals?" Sir, does not the whole history of "that period" contradict these reckless and unfounded assertions? I appeal to the historical recollections of every gentleman on this floor, if it does not. Is it not notorious that the framers of the Constitution were emphatically hard-money men? Is it not notorious that gold and silver are the only currency recognised by the Constitution? Is it not known to all that Congress have no power, under the Constitution, to authorize any individual, company, or corporation, to issue federal paper money? Every part of the Constitution which relates to the subject of money is clear, explicit, and unequivocal. The intention of the framers of the Constitution on this subject, is not only made manifest by the letter of the Constitution itself, but also by a law passed immediately after the meeting of the first Congress under the Constitution, which defines the kind of money to be received by the Federal Treasury. This law provides "that the fees and duties payable to the Government, shall be received in gold and silver coin ONLY." This statute, be it remembered, was passed within one month after Congress had assembled. And again, the law in reference to that part of the revenue accruing from the sale of the public lands, passed in 1800, declares that specie and evidences of the public debt, shall alone be received in payment of such lands. These two acts relating to the subject of the federal revenue, passed immediately after the adoption of the Constitution, ought, and must be, regarded as unerring interpreters of that instrument, so far as the point immediately under consideration is concerned. If the members of the first Congress regarded paper money and "coin" as synonymous, why did they enact that gold and silver coin *only* should be received in payment of the federal revenue? If they even considered paper money, or bank notes, as synonymous with coin, as contended by Mr. McDuffie, they appeared, at all events, to discriminate between *paper coin* and gold and silver coin, by making the latter *only* receivable in payment of the public dues. So that "gold and silver coin," and not *paper coin*, appear to be the only currency known to the Constitution, or to the laws of Congress which define the kind of currency to be received in payment of the federal revenues.

I would now call the attention of the committee for a few moments, to the last paragraph of the 8th section of the Constitution: "To make all laws which shall be necessary and proper to carry into effect the foregoing powers." It will not be pretended, I apprehend, that this clause vests in Con-

gress any new substantive power; or that it in any wise supersedes or invalidates any one of the enumerated powers. This position would be too extravagant, too monstrous, for even modern sophists to take. It will, I trust, be conceded, that the powers comprehended in this clause are subordinate and incidental in their nature, merely conferring on Congress the right to exercise such means as shall be strictly necessary and proper to execute the express powers; or, without which, the powers expressly granted cannot be carried into effect. This point yielded, as yielded it must be, the question arises, whether a national bank be a necessary and proper mean to carry into effect any of the specified powers? In order to show that it is necessary, essential, indispensable, it must be made to appear that the enumerated powers can not be carried into effect independent of a national bank. Experience has demonstrated that they can, one and all. And, in the second place, in order to prove that a national bank is a proper mean, it must be shown that the power to create it is an incidental, and not a substantive power; which, I apprehend, can not be done. No, sir, it cannot be shown that the power to grant charters of incorporation, is merely an incidental or subsidiary power. Among all the powers enumerated in the Constitution, I defy gentlemen to designate a solitary one that is capable of being wielded with more potent effect; not for good, but for evil. If Congress possess the power to grant a charter of incorporation, in their national capacity, in one case, they do in another. If they possess it at all, they possess it without limit, and can extend it, whenever they think proper, to any and every object whatever; whether it be in derogation of State and individual rights, to a Mississippi land monopoly, to a monopoly of the trade of the Indies, or to the cod and whale fisheries. Sir, what is the distinguishing characteristics of incorporations? They are essentially aristocratic in their nature; being invested with exclusive privileges—privileges withheld from the rest of society. They are allowed to purchase and hold real estate; which the United States themselves can not do without obtaining the consent of the States. They are allowed to hold property in mortmain, and are capable of being so organized or constituted as to change the course of descent in the several States; I mean where their corporate character is concerned. Nor is this all: so sacred are their rights held, and so carefully guarded are they by the legislature and judiciary, that they can not be reached by law without permission on their parts: nay, more, they are even placed beyond the control of future Legislatures—at least, such is the opinion of some. And yet we are told that a power to incorporate—a power of such great and fearful magnitude, and capable of producing so much mischief—is, after all, a mere incident of a power! Think you, sir, that if the members of the convention, who framed the Constitution, had considered a national bank either a proper or necessary means to carry into effect any of the enumerated powers of the Constitution, that they would have rejected a direct proposition to establish a bank, or refused to invest Congress with power to grant charters of incorporation, of whatever description? Is it probable that wise and patriotic men would have acted so inconsistently—so absurdly? "It is known," says Mr. Jefferson, "that the very power now proposed as a means, was rejected as an end, by the convention which framed the Constitution." "A proposition," he adds, "was made to them to authorize Congress to open canals, and an amendatory one to empower them to incorporate. But the whole was rejected; and one of the reasons of rejection urged in debate was, that they then would have power to erect a bank." Here then, sir, is authority not to be questioned, not to be controverted, that the power to erect a bank, "proposed as a means, was rejected as an end," by the very authors of the Constitution itself. The fact, therefore, that the framers of the Constitution deliberately and designedly withheld from Congress the power to incorporate a bank, utterly excludes the idea that such power was intended to be granted, either expressly or incidentally, specifically or impliedly. To contend that a power, *intentionally withheld* from Congress by the framers of

the Constitution, can be *rightfully exercised* by Congress, is to outrage common sense, and all approved rules of construction. Let the principle be once established, that neither the express letter of an instrument, nor the evident intention of its author or authors, is to be taken as evidence of its meaning, and all written constitutions, contracts, laws, and charters, become a dead letter. I would entreat gentlemen to consider well before they give further countenance to such doctrines. I would respectfully remind them, that by disregarding the express provisions of the Constitution, and the evident intention of its framers, and resorting to construction and implication alone for authority, they will eventually raise up a monument of folly, which, if not as impious, will create as much confusion as that which towered on Shinar's plain. Let it not be supposed, however, that I would deny the existence of all implied powers. I am aware, sir, that the convention, in framing the Constitution, marked out and enumerated the principal ends of Government, without particularizing *all* the means by which these ends were to be secured. A discretionary power, to a certain extent, must necessarily be left with Congress. The Constitution, for example, has vested in Congress the power to raise and support armies. But at what time armies are to be raised, to what extent, and for what cause this power is to be exercised, it has necessarily left to be determined by the National Legislature. Many other cases might be cited, where the means necessary to carry into effect the enumerated powers are left to the selection of Congress. But the mean, or incidental power, ought, in all cases, to bear a due relationship to the specified power. It was well remarked by a distinguished Senator (Mr. Clay) in debate, that:

"In all cases where incidental powers are acted upon, the principal and incidental ought to be congenial with each other, and partake of a common nature. The incidental power ought to be strictly subordinate, and limited to the end proposed to be attained by the specified power. In other words, under the name of accomplishing one object which is specified, the power implied ought not to be made to embrace other objects which are not specified in the Constitution. If, then, you could establish a bank to collect and distribute the revenue, it ought to be expressly restricted to the purpose of such collection and distribution."

"I contend that the States have the exclusive power to regulate contracts, to declare the capacities and incapacities to contract, and to provide as to the extent of responsibility of debtors to their creditors. If Congress have the power to erect an artificial body, and say it shall be endowed with the attributes of an individual—if you can bestow on this object of your own creation the ability to contract, may you not, in contravention of State rights, confer upon slaves, infants, and senes covert, the ability to contract? And if you have the power to say that an association of individuals shall be responsible for their debts only in a certain limited degree, what is to prevent an extension of a similar exemption to individuals? Where is the limitation upon this power to set up corporations? You establish one in the heart of a State, the basis of whose capital is money. You may erect others, whose capital shall consist of land, slaves, and personal estates, and thus the whole property within the jurisdiction of a State might be absorbed by these political bodies. The existing bank contends, that it is beyond the power of a State to tax it; and, if this pretension be well founded, it is in the power of Congress, by chartering companies, to dry up all the sources of State revenue."

Yes, sir, the honorable Senator was right, when he said that the incidental power ought to be *strictly subordinate*, and limited to the end proposed to be attained by the specified power. He was right in saying, that in all cases where incidental powers are acted upon, the principal and incidental ought to be congenial with each other, and partake of a common nature. And he would have been equally right, had he added, that no means can be proper that are not compatible with the spirit of the Constitution and the genius of our Government. But I will no longer detain the committee on this branch of the subject, having already shown, as I believe, beyond all cavil, that the clause which has been last examined does not confer on Congress power to incorporate a moneyed institution of any description.

I will now proceed to examine arguments—not of a constitutional character, nor strictly applicable—but nevertheless frequently appealed to by the advocates of a national bank. I allude to that class of arguments which rests on precedent alone for support. The friends and champions of a United States Bank, when no longer able to find legitimate support, when forced to abandon every constitutional position, seek refuge in the misty regions of precedent. The acts of former legislatures, and the opinions of the Supreme Court, and *not* the

Constitution, are appealed to for authority: and lo! King Precedent is anointed with the unction of infallibility, becomes the keeper of their consciences, and the object of their idolatry; his behests the laws, his standard the mistletoe, which these political Druids venerate. But to vary the figure—what is there in the character or nature of precedent so sanative and holy that can heal all moral maladies, and justify all political transgressions? Or, wherefore is it, that precedent should fetter the intellect, destroy moral agency, and bear sway where reason and conscience should alone preside? Sir, would it not be well for those who have sworn to support the Constitution, to pause and reflect before they subscribe to a doctrine so fraught with mischief, and so inimical to reason?

It is alleged, by some of the servile brain-bound slaves of precedent, that Congress would be justified in chartering a bank, (at the present time,) whether authorized by the Constitution or not, because similar institutions have hitherto existed. They contend, that inasmuch as those institutions were established by Congress, submitted to by the people, acquiesced in by the States, and sanctioned by the Supreme Court, that they were recognised by all the acts which imply the sanction of organic law. Sir, I can not, for one, yield assent to doctrines so false, so loose, so licentious. I deny that the great body of the American people, the democracy, are, or ever were, in favor of a chartered money monopoly, *whether State or National*. The insinuation is a rank and insolent libel on their patriotism, their intelligence, and their integrity. No, sir, the frank and honest hearted democrats of this country utterly reject and abhor the doctrine, that time or precedent can sanctify iniquity, or justify any *infraction of the social compact*.

It is contended by another, but similar class of moralists, that the Constitution ought to be so construed, as to expand with the growth of the country, and conform to its diversified and mutable relations. Against this doctrine, also, I enter my protest. It is too ductile to be either safe or sound; too liable to be drawn out to dangerous lengths, and bent to mischievous purposes. Sir, what is the nature of the obligation under which we act? What is required of us before entering upon our duties as representatives? It is required, by the Constitution, that "the Senators and Representatives and the members of the several State Legislatures, and all executive and judicial officers, both of the United States, and of the several States, shall be bound, by oath or affirmation, to support this Constitution." Sir, the requisition is emphatic and positive—couched in language not to be misunderstood. Our duty is palpable—we can not err *ignorantly*. We are bound, by all the obligations which an oath imposes, to "support this Constitution." We are not required to "support" the forced constructions that may be given by a pliant court, or by a careless or venal Legislature.

We are not called upon to "support" a constitution corrupted by congressional interpolations, or distorted and sophisticated by the legal mummeries of the bar or the bench. Nor are we obligated to support a constitution that may be construed to change with times and circumstances; that may grow with the growth, and decay with the decline of the country: but we are bound by our solemn oaths or affirmations to "support *this* Constitution" in its purity and integrity, unsophisticated and uncontaminated. Sir, there are two classes of men in this world who rely upon precedent, and who seem to believe in its infallibility with a great deal of spirit and perseverance. The one, the morally lax, who have no objection to transgress, provided they can find a pretext in precedent; the other, the mentally indolent, who find less labor in adopting the opinions of others, than in analyzing and investigating for themselves; while the rigidly honest and intellectually industrious, spurn all mental tyranny, refusing, in all cases, to yield their assent but as the result of their conviction. Sir, let me not be misunderstood when I say that precedent is dangerous and pernicious; I mean that it is so when regarded as an obligatory rule in matters of legislation, and in the common affairs of life. In courts of justice, in the dispensation of civil and criminal law, it may,

to a certain extent, be advantageously referred to as a guide. For so diversified and complicated are the subjects of litigation, that it is impossible for the legislator to anticipate and provide for every case that may occur. It becomes the duty, therefore, of the judge, the organ of the law, not only to proclaim the written law of the land, but also to decide in cases where no statutory provision has been made, as reason and justice may dictate. Nor, as a general rule, ought decisions thus made be lightly regarded by succeeding judges, especially in cases where the points in litigation are analogous. But, sir, while I willingly admit that precedent may be properly referred to as authority in the *administration* of the law, I utterly deny that it is necessarily obligatory upon *legislative bodies*. It matters not, therefore, whether a precedent in favor of a United States bank be found in the acts of former legislatures, or in the decisions of the Supreme Court; it is, in either case, incompetent to control the acts of this body. Congress, I trust, will never be willing to acknowledge the binding force of precedent, in the decision of constitutional questions. But, sir, admitting, for the sake of argument, precedent to be good authority, what does it prove in this case? I apprehend that it would rather make against, than in favor of, a bank. We find, in 1811, when a renewal of the charter granted in 1791 was applied for, that its constitutionality was discussed, and that the application was rejected. And further, when the bank petitioned Congress for time to wind up its affairs, the petition was referred to a committee who reported against the application, urging that it was unconstitutional, and the report was concurred in. In 1813, when the subject of a bank was again before Congress, and while under discussion in the House of Representatives, a distinguished gentleman from Massachusetts, (Mr. Webster,) then a member of the House, declared in his place, while opposing the bank, that the renewal of the bank charter had been refused, *because it was unconstitutional*; and Congress again decided against a bank. In 1832, the bill to renew the charter granted in 1816 was vetoed by the late President, and subsequently rejected by Congress, both alleging that it was unconstitutional: So that the precedents, so far as the action of Congress is concerned, are equal. If reference be had to the States, we shall find that a large majority of them have been opposed, on constitutional ground, to a United States Bank. Whatever authority, therefore, may attach to precedent, makes against a bank. But the Supreme Court has decided that Congress have power to incorporate a bank; and these decisions are appealed to with as much apparent triumph by the advocates of a national bank, as if the decrees of that court were binding on Congress, and settled the constitutional question for ever. Sir, what are we to understand from this? Is it meant to be insinuated that the three departments of Government are not co-ordinate, and that the Judiciary is clothed with the exclusive attributes of supremacy? that neither the Executive nor the Legislative Departments are allowed to judge of their own powers, when acting within their appropriate spheres, and in the discharge of their official duties? Is it intended that the understandings, the oaths, and the consciences of the other two departments, are to be silenced and overawed by the despotic fiat of the bench? This heretical, servile, and detestable doctrine, is industriously propagated, I am aware; not boldly and openly, but clandestinely and insidiously, by hints, insinuations, and mysterious givings out. God forbid, patriotism forbid, that it should ever be acknowledged by the Executive or Legislative Departments, or received by the American people. For one, I reject it with disdain. I deny, and defy mortal man to prove, that the decision of the Supreme Court can settle a constitutional question in any other than in a judicial sense. It can not affect legislation—can not control the decisions of Congress, or of the Executive—can not control the sovereign and absolute power of the people, nor of their representatives. It is just as much the province of Congress, or of the Executive, to



decide upon the constitutionality of any matter that may properly come before them for their action, as it is for the Judiciary when it comes before them for decision. Congress is no more bound by the opinions of the Supreme Judges than are the judges by the opinions of Congress. The Constitution vests "the judicial power in a Supreme Court, and in such inferior courts as Congress may from time to time ordain and establish." In all instances, therefore, where suits are prosecuted in the courts of the United States, of which the courts have jurisdiction, and decided by the Supreme Court, all such decisions are final. That being the court of the last resort, the parties can not appeal, but in all cases are bound to abide by such decision. But, as has been before remarked, no decision of the Supreme Court can be obligatory upon either of the other co-ordinate departments. When either is called to the discharge of its appropriate duties, that branch, and not the Supreme Court, is the judge, under the Constitution, of its own acts. Nor are the decisions of the Executive or Legislative departments binding upon the judges of the Supreme Court, when acting within their appropriate spheres. So long as each of the several departments acts as a check upon the other, there is less danger of the abuse of power—whether springing from ignorance or unlawful ambition. But, it may be asked, how constitutional questions are to be settled in the event of a non-concurrence of opinion in the co-ordinate departments? I answer—by the people through the ballot boxes. For let it be borne in mind, that this Government is emphatically a Government of the people: it emanates from the people—its powers are granted by the people, and are to be exercised for their benefit; and, so far at least as the representative department is concerned, in pursuance of their instructions, whenever they may think proper to exercise the right. All the departments of Government, the Executive, the Legislative, and the Judiciary, were established by the people to transact their business, agreeably to the powers bestowed. Consequently, when contradictory opinions are entertained by the several departments, with regard to the extent of their constitutional powers, the people are the only tribunal to which the matter in dispute can be properly referred; and their decision, proclaimed through the ballot box, must be final and conclusive. I am aware, sir, that this doctrine will not be very popular in certain quarters; but I conceive it, nevertheless, to be in accordance with the genius and spirit of our institutions, and maintainable upon strict democratic principles.

It being admitted, then, that the several departments are co-ordinate, and their opinions, therefore, not binding upon each other, it remains to be considered what weight is due to the decisions of the judiciary in favor of the constitutionality of a United States Bank? Sir, whatever importance I might be willing to attach to the opinions of such an enlightened tribunal on doubtful and intricate subjects, I am unwilling to concede to them a controlling influence in the decision of a question like the one under discussion, when I am furnished with a written Constitution for my guide, and in which every delegated power is distinctly and accurately delineated, both to the natural and the mental eye.

Sir, I have examined this instrument intently, anxiously, and, I trust, honestly; but no where do I find in it a power to grant charters of incorporation. Sir, I affirm, and hold that I am able to maintain, in defiance of all the arts of sophistry and mystification, that the convention which framed the Constitution did neither grant any express power authorizing Congress to charter a national bank, nor intend that any power whatever, whether incidental or otherwise, should be exercised for such purpose. And, further, that the convention positively rejected a direct proposition to empower Congress to incorporate a national bank, and repeatedly rejected written propositions to grant charters of incorporation. But let us first examine for a moment the ground assumed by the judiciary, in arguing the constitutionality of a national bank. By reference to a decision had in the case of *McCulloch* against the State of Maryland, it will be found that the principles upon which the judiciary rely are substantial the same which

prevailed in 1791, and ushered into being the first Bank of the United States. The main point of the argument of General Hamilton, as well as that of the Supreme Court, in support of the constitutionality of a bank, turns upon the alleged necessity of the measure. The judges, as I understand them, acknowledge the absence of all express constitutional authority, admit that the power can only be derived by implication, and only exercised on the ground of a just necessity. That is, a bank is constitutional, if it be necessary to carry into execution any of the express powers; but, if not necessary to that end, or if that end can be attained by other appropriate means, then it is not constitutional, the power to incorporate not being expressly granted to Congress. Upon this hypothesis Congress have no constitutional power to charter a national bank, if such bank be not absolutely and indispensably necessary to the execution of a specified power. Query: Would even the necessity of the measure justify its adoption, without an amendment to the Constitution? But, sir, it yet remains to be shown that a national bank is an essential mean of executing any of the enumerated powers, and, until this be done, the opinions of the judiciary avail nothing. Whatever may be the general principle affirmed by them, their arguments neither make for, nor against, the constitutionality of a national bank. It is affirmed by the Supreme Court, in the case already alluded to, that "the Government which has a right to do an act, and has imposed on it the duty of performing that act, must be allowed to select the means." Sir, I am constrained to doubt the validity of this doctrine, when carried to its full extent. Suppose we put it to the test. It is not only the right, but the duty of Congress, to "regulate commerce." Does it follow that they have the right to make use of what means they please, in order to accomplish that end? If so, they may incorporate a company for that purpose, alleging that an act of incorporation is a necessary mean for the attainment of the end proposed; in other words, that the regulation of commerce could not be so well effected in any other way. And why not? There is no constitutional difficulty in the way that may not be surmounted with the ladder of construction. And if Congress should only happen to think that a chartered company would be the best mean to "regulate commerce," what would there be to prevent such incorporation? According to the position assumed by the Supreme Court, you can first raise this power from an incident, and then consider it a principal—confer on it the power of legislative procreation, and authorize the mother institution to propagate her bastard progeny in every State and Territory in the Union. And why not, I say? You have all the authority in favor of it which precedent can furnish, in the charter of the late United States Bank. That institution had the power conferred upon it by Congress of multiplying its progeny at pleasure. It had the power, by virtue of its charter, to establish branch banks, without the consent of the States, whenever and where-soever it pleased. It had the legislative power delegated to it by Congress, in defiance of the checks and restraints which the American Constitutions interpose, of creating, at its option, other banks and other directors; and this power received the sanction of the judiciary. If Congress possessed the constitutional power to incorporate a moneyed institution, such as the late United States Bank, it may also possess the power to charter a company, and endow it with the faculty of legislative fecundity, to regulate the commerce of the country. Only let Congress adopt the principle that they have the power to select what means they please, in order to carry into execution a specific power, and all the limitations, all the restraints which the grant of delegated powers impose, are broken down and subverted for ever. Sir, I must be permitted to say that I consider this doctrine not only false, but dangerous to liberty. The exercise of a discretionary power in the selection of means, must necessarily be limited to such means as are strictly proper; and no means that are incompatible with the principles upon which our Government is founded can be proper, however convenient they

may be. A chartered monopoly is not, can not be, a proper mean to carry into effect any of the ends of a Government based on the principles of political equality. Would you consider the exercise of exclusive political privileges as an appropriate means to promote the principle of equal political rights? The idea is absurd upon the very face of it.

Mr. Chairman, I would not wantonly assail the reputation of the judiciary. I trust that I am capable of fairly and honestly appreciating the character of that enlightened and honorable tribunal. But however highly I may esteem them for purity of purpose and integrity of character, I can not, with the evidence before me, regard them as unerring in judgment; and I trust that the day is far distant when they will be recognised by Congress, or the American people, as a body of infallibles. Sir, I believe that I am justified in saying, that the circumstances which surround and necessarily operate upon the American judiciary, are unpropitious to liberty; the nature of their office, the tenure by which it is held, and the fact of their non-accountability to the people, must—on the known principles of human nature—have a tendency to render them covetous of power, arbitrary and despotic. Nor is this all. Indocinated from their youth in the principles and prejudices of English jurists; educated in English books; ever consulting English authorities; constantly familiar with monarchical doctrines; in a word, all the laws of mental association, under which their intellects are reared and fashioned, are inimical to that broad-based and high-toned freedom which the American people delight to cherish. Nor will the truth of this position be doubted or denied, by those who are familiar with the history of the past; who have studied the springs of human action; reflected upon the nature of human power; and observed its constant proneness to enlarge, or overleap its boundaries. But why appeal to hypotheses, when I can so readily summon facts to my aid? The history of the Supreme Court is rife with testimony directly to the point. By a careful examination and analysis of its decisions, it will be found, that they have, in most instances, leaned to the side of federal power; overlooked the rights of the citizen and of the States; and evinced a strong and uniform bias for a consolidated Government. The alien and sedition laws—notoriously unconstitutional, and so pronounced by Mr. Jefferson and the American people—received the sanction of that court. The sedition, or "gag law," made it an offence, punishable by indictment, to publish any thing which even had a tendency to bring into disrepute the officers of the Government; and many worthy and patriotic citizens were, in pursuance of that nefarious law, incarcerated for daring to complain of the oppressions of their rulers. And this law, unconstitutional as it was, and subversive of the rights of the citizens and of the principles of our Government as it was, received the judicial sanction of the Supreme Court. Sir, I will hazard the declaration, and without the fear of contradiction, that, if all the principles which have received the sanction of the judiciary, were now in full force and operation, the American people—bereft of all the blessings of a free Constitution—would, at this moment, be writhing under the unmitigated oppressions of a heartless, ruthless despotism. And, yet, sir, strange as it may appear, there are those among us, notwithstanding their knowledge of this truth, and notwithstanding all the judicial libels upon the Constitution, which are plain to their eyes and to their understandings, who still cleave to that tribunal with all the zeal and enthusiasm of infatuation—regard it as the exclusive depository of wisdom, of freedom, of patriotism—and its decrees as infallible, fixed, and immutable, as the fiat of fate.

But, sir, I will bring the decisions of the judiciary to a decisive test, viz: the intentions of the framers of the Constitution with regard to such institution. And here, then, I wish it to be borne in mind, that the judiciary have uniformly admitted that the power to incorporate a national bank was not among the enumerated powers of the Constitution, and that it could only be derived by implication. In admitting that the power in question was an implied, and not an express power, they necessa-

rely assume that the framers of the Constitution intended to vest in Congress a power which they omitted to specify; for surely it could not be pretended by an intelligent body of men, such as compose our judiciary, that Congress possessed the constitutional power to do an act which the Constitution no where expressly authorizes, and which the framers of that instrument evidently intended to *interdict*. This doctrine of construction, therefore, rests entirely upon the *known* or *supposed intentions* of the convention which framed the Constitution. It is incumbent, therefore, on those who allege, in the absence of all direct authority, that Congress possess an implied power to incorporate a national bank, to show, at least, that the convention did not intentionally withhold the said power from Congress. Now, sir, if this can not be done, but, on the contrary, if it can be proved that the subject in question was agitated in the convention which framed the Constitution, that propositions were there made to invest Congress with power to charter a bank, and that all propositions having that object in view were rejected by the convention, it necessarily follows, that Congress possess no such power, whether express or implied—the decision of the Supreme Court to the contrary notwithstanding. I then take this ground: that, inasmuch as there is no express constitutional authority given to Congress to charter a bank, and as the framers of the Constitution repeatedly and deliberately rejected all propositions to vest in Congress power to grant acts of incorporation of whatever description, that Congress, therefore, are as virtually and morally prohibited from granting a bank charter (in its national capacity) as if the Constitution contained an express prohibitory clause with regard to it. I repeat, that this is my ground; and if I can show that the framers of the Constitution did not intend to vest in Congress power to grant acts of incorporation of any kind, but *designedly withheld* such power, then the constitutional right to charter a bank, does not, and can not, belong to Congress. In order to show what were the views entertained on the subject of a national bank, as well as of every other species of incorporation, by the framers of the Constitution, it will be necessary to consult the journal of the convention, as well as the statements of several of the delegates after the convention rose. But previous to introducing these authorities, I will state—what is already known to the committee—that there were two parties in the convention, who held opposing views relative to the form and character of the Government proposed to be established. The one, advocated a supreme national or consolidated, the other, a federal form of Government. The latter eventually triumphed. The friends of a supreme Government, after being defeated in all their direct efforts, endeavored to accomplish their purpose by indirect means, as fully appears by the following extract from "Taylor's New Views of the Constitution:"

"August 18. It was proposed to empower the Legislature of the United States, (the word national is now dropped), 'to grant charters of incorporation in cases where the public good may require them, and the authority of a single State may be incompetent; to establish a university; to encourage, by proper premiums and provisions, the advancement of useful knowledge and discoveries; to establish seminaries for the promotion of literature and the arts and sciences; to grant charters of incorporation; to establish institutions, rewards, and immunities, for the promotion of agriculture, commerce, and manufactures; and to regulate stages on the post-roads,' which, with other propositions, were referred to the committee of July 2d.

"September 14. Question. To grant letters of incorporation for canals, et cetera; negatively. To establish a university; negatively.

"Their rejection was a necessary consequence of substituting a Federal for the National Government, zealously contended for, from the 29th of May to the 14th of September. It was obvious that powers to establish corporations, prescribe the mode of education, patronize local improvements, and bestow rewards and immunities for the promotion of agriculture, commerce, and manufactures, would certainly swallow up a Federal, and introduce a National Government. When, therefore, a federal system obtained the preference, it would have been inconsistent with the high degree of intelligence possessed by the members of the convention, to have permitted their determination to be defeated by these indirect attempts. This intelligence was assailed by the soothing but insidious restriction, that the powers to incorporate, grant exclusive privileges, and exercise every species of patronage, were only to be exercised 'in cases where the public good may require it.' The same soothing but insidious argument is now addressed to the intelligence of the public, to justify an exercise of the very powers which the intelligence of the convention withheld from a Federal Government; and whether the promise of public good, has been fallacious or fulfilled by the monopolies of currency, of manu-

factures, and the extension of federal patronage, the public can decide. Yet, whatever may have been their temporary effect, it is obvious that the enlightened framers of the Constitution considered the condition of public good, as an enlargement, and not a restriction of power; and that it would defeat all the limitations of the Constitution, by which a Federal Government could be formed or sustained. It was a pretext which would fit every encroachment or usurpation, and no powers could be more indefinite and sovereign than those of granting exclusive privileges, bestowing rewards and immunities upon the three comprehensive interests of society, agriculture, commerce, and manufactures, and patronizing capitalists, paupers, sleeping in the bed of public good, bore so strong a resemblance to the old bed of justice in France, which was the repository of evil as well as good, that they were all rejected. It was evident that they would be sufficient to re-hatch the strangled national form of Government; and the convention having finally preferred the federal form, thought that no good to the public could result from such powers which would recompense it for the evils it would sustain from the subversion of that form. The convention saw, that if Congress could exercise such powers for the public good, it might, upon the same ground, usurp any powers whatsoever, and in rejecting the propositions decided between investing that body with a general or limited federal authority. Hence the power to regulate commerce was not intended to revive the rejected propositions to empower Congress to bestow rewards upon agriculture, commerce, and manufactures. Hence the rejected proposition to empower Congress to direct the exercise of the judicial power, can not enable it to extend the jurisdiction of the Supreme Court; and for the same reason, a power to make war can not revive the rejected power to make canals, or to perform any of those *et cetera*, whatever they were, referred to by the journal. If these sweeping and indefinite sovereign powers, or all powers thought by those who exercise them to be necessary for the public good, with an *et cetera* besides, though proposed and rejected, do yet pass to Congress under the Constitution, then the battle between the national and federal parties in the convention terminated quite contrary to the usual course of things; the vanquished were victorious, and the victorious were vanquished; and if they were now alive, one party would be as much surprised to discover that it had carried the consolidating propositions which it had lost, as the other that it had lost the federal principles which it carried. The spectacle of the slain rising up alive, and the living falling down dead, could not have been expected by either.

"No powers can be more sovereign and arbitrary than those of deciding and doing whatever may administer to the public good, and of pilfering private property by privileges, partialities, premiums, monopolies, rewards, and immunities; nor more capable of reaching any end. Had the rejection of such powers been unnecessary for the security of a federal form of Government, the convention might have still been justifiable for the act, as being then tyrannical, fraudulent, and oppressive. Did the convention reject them in fact, and repent them in *masquerade*? I discern no evidence in the journal to excite such a suspicion. Colonel Hamilton, far from discerning the supposed ingenuity of sinking a national form of Government in a lake of obscurity, to be fished up by a long line of constructions, when it might be safer to avow the intentions, seems to have quitted the convention in despair, soon after the failure of his project. Mr. Randolph, undoubtedly influenced by having lost his plan, also refused to sign the Constitution. And though Mr. Madison and Colonel Hamilton both signed it, and Mr. Randolph supported it in the Virginia convention, they must have been influenced by the patriotic motive of effecting some good, though they could not accomplish all which they attempted. These are strong reasons to prove that the gentlemen who have contended for a supreme national Government, and of whose propositions for that purpose one was adopted by the Constitution, did not imagine they had succeeded."

It appears that the indirect and insidious means (which were intended to be exercised through the medium of incorporations and exclusive privileges) of the consolidationists, to establish a supreme national Government, shared the same fate in the convention, as did their more open and direct efforts. But, sir, let us proceed to examine the evidence on the point in question, in the order in which it stands on the journal of the convention. On the 29th of May, the third day after the convention had formed a quorum, Mr. Pinckney, delegate from South Carolina, submitted the plan of a constitution, in which he proposed to bestow on Congress the power "to borrow money," &c. &c. After various propositions, plans, and resolutions, had been sufficiently debated—

"It was moved and seconded that the proceedings of the convention for the establishment of a national Government, except what respects the supreme executive, be referred to a committee for the purpose of reporting a constitution, conformably to the proceeding aforesaid—which passed unanimously in the affirmative."

On the 24th of July, the committee, consisting of five, were chosen, and on the 6th of August, the committee reported the "draft of a Constitution," and among other powers proposed to be given to Congress were the following: "To lay and collect taxes, to borrow money, and emit bills on the credit of the United States."

On the 16th of August, when this "draft of a Constitution" was under discussion, and particularly the power last above mentioned:

"It was moved and seconded to strike out the words 'and emit bills' out of the eighth clause of the first section of the seventh article—which passed in the affirmative."

"Yeas, New Hampshire, Massachusetts, Connecticut, Pennsylvania, Delaware, Virginia, North Carolina, South Carolina, Georgia, 9. Nays, New Jersey, Maryland, 2."

The convention, after having denied to Congress the power to emit bills of credit—which power had been possessed by the confederation—deemed proper to extend a like prohibition to the State Governments; this subject was decided on the 28th day of August, when the 12th article was under consideration:

"It was moved and seconded to insert the words 'nor emit bills of credit,' after the word 'money,' which passed in the affirmative."

On the 18th of August, as has already been shown, two different propositions were made to authorize Congress to grant acts of incorporation, and were both rejected. On the 14th of September, the power to create corporations was again proposed to be vested in Congress, but was again, and for the third and last time, rejected, (see journal.) Thus far the journal of the convention. I would now ask the attention of the committee to the statements made by the members of the convention.

Luther Martin, a delegate from the State of Maryland, in his disclosures to the Legislature of that State, makes the following remarks:

"By our original articles of confederation, the Congress have power to borrow money and emit bills of credit on the credit of the United States; agreeable to which was the report on this system as made by the committee of detail. When we came to this part of the report, a motion was made to strike out the words 'to emit bills of credit;' against the motion we urged, that it would be improper to deprive the Congress of that power; that it would be a novelty unprecedented to establish a Government which should not have such authority. That it was impossible to look forward into futurity so far as to decide, that events might not happen that should render the exercise of such a power absolutely necessary; and that we doubted, whether if a war should take place it would be possible for this country to defend itself, without having recourse to paper credit, in which case there would be a necessity of becoming a prey to our enemies, or violating the Constitution of our Government; and that, considering the administration of the Government would be principally in the hands of the wealthy, there could be little reason to fear an abuse of the power by an unnecessary or injurious exercise of it. But, sir, a majority of the convention, being wise beyond every event, and being willing to risk any political evil rather than admit the idea of a paper emission, in any possible case, refused to trust this authority to a Government, to which they were lavishing the most unlimited powers of taxation, and to the mercy of which they were willing blindly to trust the liberty and property of the citizens of every State in the Union; and they erased that clause from the system."—*Elliot's Debates*, vol. 1, p. 413.

"By the tenth section, every State is prohibited from emitting bills of credit. As it was reported by the committee of detail, the States were only prohibited from emitting these without the consent of Congress; but the convention was so smitten with the paper money dream, that they insisted the prohibition should be absolute. It was my opinion, sir, that the States ought not to be totally deprived of the right to emit bills of credit, and that as we had not given an authority to the General Government for that purpose, it was the more necessary to retain it in the States. I considered that this State, and some others, have formerly received great benefit from paper emissions, and that if public and private credit should once more be restored, such missions may hereafter be equally advantageous; and further, that it is impossible to foresee that events may not take place which shall render paper money of absolute necessity; and it was my opinion if this power was not to be exercised by a State without the permission of the General Government it ought to be satisfactory even to those who were the most haunted by the apprehensions of paper money; I therefore thought it my duty to vote against this part of the system."

"The same section, also, puts it out of the power of the States to make any thing but gold and silver coin a tender in payment of debts, or to pass any law impairing the obligation of contracts."—*Id.* p. 422.

"March the 11th, 1798.—When the bank bill was under discussion in the House of Representatives, Judge Wilson came in, and was standing by Baldwin. Baldwin reminded him of the following fact which passed in 'the grand convention.' Among the enumerated powers given to Congress, was one to erect corporations. It was on debate struck out. Several particular powers were then proposed. Among others, Robert Morris proposed to give Congress a power to establish a national bank. Gouverneur Morris opposed it, observing that it was extremely doubtful whether the Constitution they were framing could ever be passed at all by the people of America; that to give it its best chance, however, they should make it as palatable as possible, and put nothing into it not very essential, which might raise up enemies; that his colleague (Robert Morris) well knew that 'a bank' was in their State (Pennsylvania) the very watch word of party; that a bank had been the great bone of contention between the two parties of the State, from the establishment of their Constitution, having been erected, put down, erected again, as either party preponderated; that, therefore, to insert this power, would instantly enlist against the whole instrument, the whole of the anti bank party in Pennsylvania. Whereupon it was rejected, as was every other special power, except that of giving copy-rights to authors, and patents to inventors; the general power of incorporating being whittled down to this shred. Wilson agreed to the fact."—*Jefferson's Memoirs*.

Now, sir, let us consider, for a moment, the several statements made by the delegates to the convention, and of Mr. Jefferson, in connection with the evidence contained in the journal, and see if an array of testimony be not presented in opposition to the unfounded and impudent assumption—that it was the intention of the convention to authorize Congress to "emit bills of credit"—that is decisive

and overwhelming. It appears by the disclosures of Luther Martin, as well as by the original journal, that propositions were repeatedly made, in the convention, to authorize Congress to emit "bills of credit," and that all propositions to that effect, were the most signally rejected! It is expressly stated by Attorney General of Maryland, that a majority of the convention "were willing to risk any political evil rather than admit the idea of a *paper emission in any possible case*;" and that they (the convention) "erased that clause from the system." And again, when speaking of the extension of the prohibition to the States, he remarks: that "the convention were so smitten with the paper money dread, that they insisted the prohibition should be absolute!" So that both Congress and the States, as we have already seen, are prohibited by the Constitution from "emitting bills of credit;" or from issuing paper money, "in any possible case." It is contended by Mr. Gallatin, in his "Considerations on the currency," &c. that bank bills and bills of credit are one and the same thing. He remarks: "the Constitution of the United States prohibits every State from issuing bills of credit; now, the bills emitted by a bank," he adds, "are to all intents and purposes bills of credit." And hence he concludes, that the State which creates such bank, violates the Constitution. If the bills issued by the State banks, are to all intents and purposes "bills of credit," in the constitutional sense, as Mr. Gallatin contends—and I am not disposed to dispute the point with him at present—then would bills issued by a United States bank also be bills of credit. If a State, therefore, by issuing bills of credit, or by incorporating a bank for that purpose, violates the Constitution, Congress, by doing the same thing, equally violates that instrument; because, as has already been shown, the power to "emit bills of credit," was withheld from Congress as well as from the States. The reason why a prohibitory clause was not incorporated into the Constitution in relation to the United States, as well as to the State Governments, is obvious. By the articles of confederation, Congress were expressly authorized to "emit bills of credit." This power had been exercised by Congress, and the evil effects resulting from it, in the shape of continental money, were in evidence before the members of the convention at the time of framing the Constitution. The framers of the Constitution, admonished by the history of the past, wisely and patriotically endeavored to guard their country from a similar evil in future, by excluding from the new Constitution the power which had been conferred on Congress by the articles of confederation, as well as by prohibiting the exercise of that power to the State Governments.

Congress are, by the Constitution, not only deprived of the power of "emitting bills of credit," or of "issuing paper money in any possible case," but expressly limited in the exercise of their power, with regard to the currency, to the coining of gold and silver, and to the regulation of the value of foreign coin. And when Congress have done this, they have done all that the Constitution requires or permits them to do on the subject of the currency.

Having shown that the power to "emit bills of credit" is not delegated to Congress, and that such was the "dread of paper money" entertained by the convention, that they withheld from Congress the power to issue, or cause to be issued, such money "in any possible case," I might dismiss this part of the subject without further remark; but as it is my wish to put an end to all doubt and cavil, I will, even at the hazard of using tedious repetitions, again refer to the important fact, that it was repeatedly proposed in convention to vest Congress with power to grant charters of incorporation, and that all such propositions were rejected in every instance, and under every modification. This position has been fully established by the journal of the convention, as has been already shown, as well as by the statements of able and honorable members of that body. Mr. Madison, in his reply to General Hamilton's arguments in favor of a national bank, informs us that "a power to grant charters of incorporation had been proposed in the convention, and rejected." Messrs. Baldwin and Wilson, both distinguished members

of the federal convention, have informed us, through Mr. Jefferson, that among the enumerated powers ("proposed to be") given to Congress was one to erect corporations; and that "it was, on deliberation, struck out." And further, that "Robert Morris proposed to give Congress power to establish a national bank;" and that the proposition was opposed by Gouverneur Morris, on the ground that it would be unpopular with the people. This proposition was also rejected by the convention. Well, sir, we are at length enabled satisfactorily to determine whether a power to grant charters of incorporation be a *substantive* or *incidental* power. That it was not regarded as an incidental power by those members of the convention who were the advocates of incorporations, is evident from the fact that they proposed to class it with the enumerated and substantive powers. And that it was not considered as incidental by those members who opposed it, is equally manifest from the reasons urged by them in debate against it. They opposed it, not on the ground that it could be derived by implication, but on the broad democratic principle, that it was incompatible with the character of the Government which they had been delegated to establish, and because its exercise would be dangerous to the liberties of the people. The position assumed by the judiciary, therefore, that the power to charter a national bank is an *incidental* power, is condemned and contradicted by the unanimous sense of the convention. The convention, by deliberately withholding from Congress the power to grant charters of incorporation, for both general and special purposes, thereby clearly and indisputably discountenanced and condemned the principle. Yes, sir, it was the principle of exclusive privileges and of chartered monopolies to which they were opposed, and which they promptly, sternly rejected, as often as introduced, and in whatever shape presented. And will it be pretended that the authors of the Constitution, after having thus repeatedly and unqualifiedly disapproved and repudiated the principle, still recognised and approved it in the shape of a bank charter, in its most dangerous, revolting, and malignant aspect? Who is prepared to accuse the authors of the Constitution with such palpable inconsistency, or culpable duplicity? Sir, I am compelled to believe that the man who affirms that the framers of the Constitution, after having rejected all propositions to grant charters of incorporation, whether for general or special purposes, intended, at the same time, to authorize Congress to charter a national bank, holds in light estimation, either the character of that body, or his own honor.

Mr. Chairman, I will, in a few words, conclude my remarks on this branch of the subject. It is admitted, on all hands, that ours is a Government of specific and limited powers. In the language of the Constitution:

"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

The power to grant charters of incorporation was not delegated to Congress, nor intended to be so, by the convention which formed the Constitution, and, consequently, can not be exercised without violating that instrument. And, with a perfect knowledge of this fact, with a full and perfect understanding that the convention purposely withheld from Congress the power to "emit bills of credit," or paper money, "in any possible case;" that they also prohibited the granting of charters of incorporation of every kind and description; I can not, I say, with all that information before me, consent to vote in favor of any incorporation, and especially a bank charter, which stands doubly condemned by the framers of the Constitution. No, sir: were I to do so, with the evidence before me, I should consider that I had sinned against light and knowledge—sinned past recovering and past forgiveness, and should ever regard myself as a perjured man—perjured both in the eyes of God and of my country.

But, sir, the American people are opposed to a national bank. The knowledge of this fact—and no man can plead ignorance with regard to it—I should suppose would be a sufficient reason why the people's representatives should oppose it. For my own part, sir, were I to support any

measure which has been so generally and emphatically condemned by the people, I should consider that I had grossly outraged public opinion, insulted the majesty of the people, disregarded their express wishes, and betrayed their best interests. And, sir, I can not conceive how any honorable gentleman, who claims to be a republican—who professes to entertain a due regard for public opinion, and a willingness to act in obedience to the expressed will of the majority—can possibly yield his support to a measure that has been so recently, so repeatedly, and so signally condemned by that majority. Shall I be told that the people would take this new institution into favor, provided it were established, and that they would cherish and sustain it hereafter? Let not gentlemen lay the "flattering unction to their souls." No, sir, the history of the late bank is too fresh in their recollections. The people of this country are too prudent and too wise not to be admonished and profited by the teachings of the past. They are too jealous of their rights—too much enamored of liberty, to regard, with favor, a monster that might, at its pleasure, violate those rights and crush that liberty. And gentlemen who act upon the supposition that the American people will ever become the friends and willing supporters of an institution so hostile to the spirit of freedom, err as widely as would have erred the friends of the infant Bacchus, had they commended him to the arms of Juno for succor and protection.

But, sir, we are told by the board of trade, and others friendly to a national bank, that the general welfare of the country requires at our hands the establishment of such an institution. For one, sir, I am disposed to doubt the correctness of this proposition. I am strongly inclined to the opinion that these modest patriots are not quite so well qualified as they imagine, to decide what would, or what would not, promote the public good. I have yet to learn, that those gentlemen are more deeply skilled in the science of government and of political economy, and that they cherish a warmer regard for the public weal, than those of other pursuits and of a different political faith. I have yet to learn that they are benevolent and patriotic beyond their generation, or that they have been anointed with the oil of wisdom above their fellows. Sir, whence comes their authority to decide what measures shall, or shall not, be adopted in reference to the general welfare? When, and how, were they constituted and appointed conservators and guardians of the public interests, that they thus ape the language of supremacy, and assume the tone of oracular wisdom? Have not the great mass of the people had sufficient experience with regard to a national bank? have they not felt its benefits and evils, its advantages and disadvantages; and have they not condemned it—I had almost said, with the voice of unanimity? And shall they be deemed incompetent to judge of the utility, character, and tendency of such an institution? Sir, by what other criterion than that of public sentiment, clearly expressed and fairly ascertained, shall we judge of a public measure? Shall we adopt the views and opinions of the few, to the exclusion of the many? Shall we not allow the great majority to determine what is, as well as what is not, for their welfare? And have not that majority solemnly decreed, in a voice that is still ringing in our ears, that a national bank is not a national benefit, but a national evil; that it is not a public blessing, but a public curse? If we regard public sentiment, therefore, as a proper test of this measure, we must necessarily decide against it. We are bound to believe that it would not be productive of public good, as represented by the petitioners; but of public mischief, as declared by a majority of the people. It will not be disputed, but that any class of citizens have a right to ask, at the hands of Government, the adoption of such measures, or the enactment of such laws, as may, in their opinion, subserve their interests: provided always, that such measures, or laws, do not conflict with other interests of the State, or revolt the "stomach of the public sense." A national bank does both; and has, consequently, no claims to the favorable regard of Congress.

Sir, let us consider, for a moment, whether we can look with safety or propriety, for wise, patrio-



tic, disinterested or salutary counsel from the source whence the petitions and demands for a national bank proceed. Do we find the patriotic, the clear-headed and honest-hearted yeomanry and mechanics of the country clamoring for a national bank? No, sir. No—the productive and laboring classes appreciate their political welfare too highly, to desire such an institution. The great majority of bank advocates are to be found among the non-producers—the traffickers and speculators of the country—children “of lofty hopes and low desires,” most of whom are peculiarly affected by the present pressure of the times. And would it be the part of wisdom to give heed to counsel emanating from such sources? Can it be reasonably expected, that men relying solely upon bank facilities—men suddenly disappointed in their high expectations of immediate wealth and consequent influence, would be the most competent to direct the action of Government and control the destinies of the nation, at such a conjuncture? No, sir—their habits of life—of thinking—their peculiar situation—the circumstances which influence their judgments, and impel them to action—all—conspire to disqualify them for the task. We know, sir, that it is more natural for men in affliction—whether physical or political—to have recourse to *palliatives*—to immediate and temporary expedients, than to deliberate on the means necessary to secure *permanent relief*.

#### REMARKS OF MR. CAMBRELENG, OF NEW YORK,

*In the House of Representatives, October 13, 1837—*  
On the bill imposing additional duties on public officers, as depositories of the public money, and requiring the payment of the revenue in specie, or evidences of public debt.

MR. CAMBRELENG said that an apology was certainly due to the members of the committee for throwing himself upon their indulgence at so late an hour, worn out as they all were by daily and nightly sessions. He had hitherto abstained from debate, anxiously desiring the early passage of the important measures reported; and he should not now have addressed the committee, but for the strange character of the proceedings of the House during the present session, called, as it was, under extraordinary circumstances. The banks had suspended specie payments; the Government, with a surplus of forty-two millions and a half, found its Treasury embarrassed; and there was every reason to expect that it would soon be without means to meet its current expenditures. Trade was also paralysed, by a revulsion more violent than any that had hitherto checked the onward course of the prosperity of this country.

Called together, Mr. Chairman, under such circumstances, I had supposed that whatever might be our opinions of past events, or of our mutual errors, we should come here prepared, without regard to party, to provide a common remedy for a common calamity. I had thought that we should be unanimously disposed to relieve our Treasury from its embarrassment, in a mode calculated to aid most extensively in giving renewed activity to our internal circulations, and in reviving trade. Judge, then, of my surprise to see every measure recommended by the President not only opposed, but its passage retarded by every movement that could embarrass the proceedings of this House. So far from aiding us in our measures, the gentleman from Massachusetts (Mr. Cushing) told us that he would not “raise his finger to relieve the Treasury from its embarrassments.” (Mr. Cushing explained.) I am happy, sir, that the gentleman is penitent. I understood him as the reporters did; (Mr. C. said his remark had not been correctly reported.) But the gentleman from Kentucky, (Mr. Menefee) a gentleman who from his debut here promises to be an ornament to this House, indeed he is already so—that gentleman went further still, and rejoiced at the embarrassments of our Treasury.

The spirit of party must be violent indeed, when it makes war upon the Treasury of our own Government, instituted for the common benefit. Had

gentlemen come forward, as the country expected they would do; had they united with us, and passed our bills a month ago, they would have afforded immediate and general relief to every part of the Union. Instead of that, what have we seen? Opposition to every measure of relief. When we proposed to relieve the Treasury from its engagement to deposit nine millions with the States, we were told of the millions due from the merchants and the banks. The bonds were not to be postponed to relieve our debtors from the necessity of purchasing specie at a premium, and to aid the banks in an early resumption of specie payments. Our southwestern banks were to be called upon to pay their balances, by distressing their debtors, and at a crisis when specie in that part of the Union was at twenty, thirty, and forty per cent. premium. All this was to be done, at a moment when trade was paralysed, and credit destroyed, for the purpose of depositing nine millions with the States! The issue of ten millions of Treasury notes too—a measure calculated to give general relief in the present condition of our internal exchanges and circulation—that measure was resisted. The interests of the Treasury, and of the country, were to be set aside, in order to furnish a stock to our capitalists, or to enable the Bank of the United States to purchase its bonds at its own price! And now, when it is proposed to separate the Treasury from the banking institutions of the country, to dissolve that fatal union which has contributed so largely to disturb their operations, and to shatter the fortunes of trade, a proposition is made to reunite them by stronger bonds, and to perpetuate their mutual embarrassments.

Relief has not been the order of the day with gentlemen. They had no measure to propose to calm the agitations of trade, to revive confidence, and to give a new impulse to the prosperity of the country. Their movements were of another character. Agitation was the order of the day; and, at the moment when the country anticipated prompt relief, we have found ourselves in the midst of another panic session. The gentleman from Pennsylvania (Mr. Sergeant) has told us of “the awful winter” approaching, and we have heard from all quarters the old war-cry of a national bank or a revolution. The removal of the deposits, the specie circular, and all the stale subjects of debate for five years past, have been revived. Preparation is evidently made for a third campaign for a Bank of the United States—that sovereign remedy for all the calamities brought upon the country by the mal-administration of our late President.

Sir, although these subjects are stale, it is useful to consider them at a time when we may justly appreciate them, and in connection with the inquiry into the causes of the recent revulsion and the general suspension of specie payments. As to the specie circular, I shall soon dismiss that. What was its operation? It increased the specie in the western deposite banks, in thirteen months, some three millions and a half. And whence was this amount drawn? From the ports on the Atlantic and the Gulf, into which there were at the same time flowing more than ten millions of coin and bullion beyond the amount exported. Was the deposite in the western banks special? No: every dollar of it might have been returned. It might have been drawn by the banks on the Atlantic and the Gulf; and would have been drawn, had they not been, at the same time, receiving three times the amount from abroad. Such, sir, is the whole currency operation of the specie circular—that measure which seems, in the estimation of gentlemen, to have been the terrible author of all the calamities of the commercial world. According to their argument, it followed the swift current of the Ohio and Mississippi to New Orleans, and swept away the most eminent houses in that city. It took the course of the Gulf Stream, and gave a shock to every city on the Atlantic. It prostrated more than a hundred of the most enterprising merchants of New York; crossed the Atlantic, shook the royal exchange, and continued its disastrous course throughout all Europe. But, sir, the most remarkable performance of this tremendous measure we did not hear of for some months after it was issued. Before it visited the two continents on our side, it

actually passed through the globe, and produced an earthquake in the Celestial Empire. In this revulsion, the Hong merchant was the first victim. Mr. Chairman, the question is unworthy of argument—it is fit only for ridicule. I was glad to hear the learned and travelled gentleman from South Carolina (Mr. Legare) who addressed the Committee this morning, do justice to the specie circular, and admit that but for that, Heaven knows “where we should have gone.” Sir, if that specie circular, and the London bankers’ circular—a measure ill-timed, sudden, and overwhelming—if both these circulars had been issued twelve months earlier, it would have saved, on both sides of the Atlantic, many a merchant from bankruptcy, and thousands of families from poverty and want.

Equally unsubstantial is the charge against the late administration for drawing specie from Europe. If gentlemen would reflect upon the operation of the measures of Congress and of Parliament, adopted upon no party grounds, and upon the effect of a constant influx of capital from the old to the new world, they would find no difficulty in accounting for our heavy importations of specie for some years past. They will find the foundation laid by the act of Parliament of 1833, and our coin law of 1834. The former made Bank of England notes a lawful tender; dispensed, in some measure, with the use for gold, and encouraged its exportation; while the latter raised the price of gold above the European standard, and facilitated its importation into this country. The act of 1834 was the first measure ever adopted by us calculated to fortify the basis of our commercial credit, and to secure a just portion of the metallic currency of the world. Had the Bank of England not suspended specie payments for twenty-five years, we should long since have discovered and corrected the error in our coin laws. Had we revised them forty years ago, the trade of this country would have rested on a more stable foundation than it now does. For years we were mere traders in currency. We drew it from the islands and countries south of us, and exported our silver to China and our gold chiefly to Europe, even after the expense of coining. We have latterly exported little to China, less than three millions in five years; and the course of trade, and the operation of the coin laws of England, France, and this country, do not authorize us to anticipate its steady exportation as heretofore. In the last fifteen years we have imported about eighty-seven millions from the countries and islands south of us, and there is always a current of coin and bullion setting in from that direction. There will be no difficulty now in securing a substantial basis for trade, if our State Legislatures do not banish specie from the country, and if we separate our revenue from our bank note circulations.

If we would ascertain the causes of the recent revulsion, we should be obliged to go back to a very ancient date. The gentleman from Pennsylvania (Mr. Sergeant) has truly told us that all countries are liable to revulsions, whatever be the character of their currency. When credit is abused, an explosion must follow; and credit has been sometimes abused excessively, even in countries with a metallic currency. But, sir, the gentleman was obliged to go back a century for the explosion in France; and that explosion was an affair of the King, who, in December, 1718, took Law’s bank into his own hands. Wherever Governments permit paper to be substituted for the precious metals, revulsions must become an every day affair, and their violence is also very much increased by mercantile notes and bills, issued in exchange for credit, the whole of which explodes at every revulsion, and steadily increases the amount of bankruptcy. The rapid growth of this country, and the bold and enterprising character of our trade, render us more liable than other countries to frequent and violent revulsions.

But, sir, all these causes combined, have never before produced a general suspension of specie payments, in time of peace, in any country. We must seek for other causes for an event so extraordinary. It is possible that the circular of the London bankers, issued, we may say, by order of the Bank of England, and coming suddenly upon the trading

and banking interests of this country, might have produced it; but it is by no means certain.

There was, however, a manifest cause of this suspension, in the connection of our Treasury with the banking and trading interests of the country, under which they had to encounter the pressure of the deposit act, and, what was more powerful still, the hostility of the Bank of the United States and its friends. I do not refer to the deposit act with a disposition to criminate gentlemen who supported it. The surplus was an evil. They discharged what they considered a paramount duty in getting rid of it; but they did not foresee the disastrous consequences which would follow the sudden withdrawal of so large an amount from the banks at such a crisis. That was not, however, the only measure. There was a supplementary act which you yourself, Mr. Chairman, (Mr. Smith of Maine being in the chair,) moved out of its order and carried through this House at midnight on the last night of the session. That act authorized the immediate transfer of the public money from bank to bank, and State to State; and it was for executing both these laws together that the Secretary of the Treasury has been so unjustly censured. Let us suppose, sir, that England had a surplus of five hundred millions of dollars which, in a ratio to her revenue, would be equivalent to our forty millions. Suppose it to be deposited in the local banks, and that Parliament had ordered it to be withdrawn in nine months and distributed among the counties in England, at a time too of a heavy pressure on the money market. Would it not have broken all the banks in Great Britain and Ireland? If this five hundred millions had been deposited in the Bank of England and its branches, and had been, as ours was, employed in commercial discounts, the shock to trade and banks would have been still more violent from the convulsive but vain efforts of the Bank of England to meet the demands of the Exchequer and to sustain specie payments. Such, sir, must be the condition of trade and banking in every country where they are united with the fluctuating revenues of Government.

The next obvious consequence of this connection, is the five years' war of the Bank of the United States, and its friends against the deposit banks, the Treasury and the country itself. What, sir, is the brief history of this war? The President, in discharging a high public duty, knowing the immense power of such an institution, and foreseeing the mischiefs which would result from perpetuating it, brought the question before the nation for its decision. Without waiting for that decision, the bank memorialized Congress six years before the period for winding up its concerns, and a bill was passed through both Houses, with a knowledge that the President would reject it. The pretext then was, that it was necessary that the bank should at that early period know its fate, and commence winding up its concerns gradually. The election of the President in the same year, (1832,) ratified his veto. Steps were taken to employ other banks, and towards the close of the next year the deposits were partially removed. The bank, anticipating this order, commenced the first campaign against the deposit banks, the Treasury and the country, by curtailing rapidly. The pretext for this step was the necessity of fortifying herself to meet the hostility of the Executive in withdrawing the deposits. And pray, what was the enormous amount of these deposits? Not thirty-seven millions, sir, the amount ordered to be removed under the deposit act, but less than seven; nay only about three millions at that time, for some of it remained more than a year afterwards. Nor was it transferred from city to city or State to State; but with little exception, from one bank to another in the same city. Yet, alarmed at this tremendous order, which had been anticipated for months, this great bank, with its capital of thirty-five millions, was afraid of the deposit banks, and was compelled to curtail its discounts more than eighteen millions in nineteen months. The alarm was spread through our cities; the local banks were forced to follow its example; and trade, which had been in a prosperous course, was suddenly brought to a stand without any commercial cause whatever. The celebrated panic session opened with the cry of ruin and revo-

lution, and our cities were for months agitated by the stormy conflicts of parties. The first campaign for a Bank of the United States terminated with that session.

Foiled in this experiment upon the deposit banks and the country, the president of the bank changed his policy. This crippled institution, almost broken down by its efforts to pay over a few millions to other banks, as soon as the session was over, suddenly found itself able to enlarge its discounts to the amount of ten millions! The bank commenced extending its facilities in November, 1834, and in eight months increased them more than nineteen millions of dollars. The trading and banking interests of the country, after being so long chained down by this tyrant of trade, were suddenly set free. The banks generally followed the example of the United States Bank, by enlarging their discounts, and every branch of trade was stimulated to engage in the wildest speculations. If all the banks in the country had contracted and expanded in the same ratio, it would have made an aggregate fluctuation in commercial facilities of near three hundred millions. The fluctuation of the Bank of the United States alone from April, 1833, to July, 1835, amounted to about thirty-eight millions. Suppose, sir, the Bank of England had not its capital, its deposits and circulation invested in public securities; suppose, instead of its mere surplus, it had its forty millions sterling employed in commercial discounts, and that the bank, struggling to compel the country to renew its charter, were to curtail and extend its discounts in two years and three months more than twenty millions sterling—what would have been the condition of the trade and local banks of Great Britain and Ireland at this time? Precisely what ours is. The close of this second campaign has been triumphant—more than triumphant—for the president of the bank and its friends have not only broken all the deposit banks, but almost every other bank, not excepting the Bank of the United States with its thirty-five millions, although rechartered with additional strength and enlarged powers. The Bank of the United States has contributed its share in increasing the calamities of the day. It has triumphed over the deposit banks and the Treasury; but it has not yet conquered the people of the United States.

Now, in the midst of all this wreck of credit, while the victims in this war lie scattered around them, gentlemen, as if in mockery, invoke the aid of the trading and banking interests to engage in a third campaign; and for what, sir? For a national bank, which they dare not themselves propose; which they admit to be hopeless; which stands condemned by the people; who, after all these struggles, have sent to both Houses the largest majorities ever known, against even the expediency of such an institution. The merchants and bankers of this country are again invited to engage in a third and suicidal war, to keep trade and banking in violent agitation for three years to come, and to terminate the campaign in another scene of bankruptcy and ruin. None but the determined partisans of the Bank of the United States will answer to the call. The intelligent and candid of all parties must be convinced, after five years' bitter experience, that the trading and banking interests of the country have nothing to gain by enlisting in our political wars; and that so long as their fortunes are associated with the fluctuating revenues of this Government, they must be periodically broken down.

In these contests, sir, the credit of our banks has been destroyed. We have made discoveries, too, which warrant the belief that we may anticipate a similar violation of the contracts of this country, and destruction of its currency, at every violent revulsion. The members of our stock exchange have found out that when stocks are depressed by a pressure, and they are threatened with ruin, they can save themselves, and raise stocks twenty or thirty per cent. by compelling the banks to suspend specie payments. The banks have discovered, too, that they have absolute dominion over our State Legislatures, through the power which they exercise over the currency and the country. Indeed it is probable that in a period of alarm, which exists

in every revulsion, trade may solicit the banks to suspend their payments. It may not happen that all the banks will suspend; but nothing can prevent many of them from falling in every revulsion, but an entire separation of their concerns from those of the Government.

The State bank deposit system has most unquestionably failed, notwithstanding it is still supported by a few, but a very few, friends of the administration. The present crisis drives us to the necessity of choosing between a Government national bank of vast power, and a simple Treasury agency with no other power than that which this Government has always exercised in collecting and disbursing the public revenue. Although gentlemen have not yet the courage to unfurl their banner every where, yet there can be no doubt there is still to be a struggle for a national bank. The gentleman from Pennsylvania (Mr. Sergeant) tells us we flourished under the auspices of such an institution for forty years, and that the experiment was fully tried, and was triumphant. It was certainly fully tried, but I deny that it was triumphant. It was at all times a frail foundation for the vast fabric of credit of this country. The suspension of specie payments by the Bank of England in 1797, protected the first bank till its charter expired. I do not know that its solidity was ever tried but once, when an eminent merchant of Salem would have broken the branch at New York, and consequently all the other banks, if it had not yielded to his demands. As to the late Bank of the United States, we have the authority of two of its presidents: one tells us that in 1819 no man believed the bank would continue to pay in specie for one month; and the other, that in 1825, the currency of the Union depended upon his midnight journey from Philadelphia to New York. A very solid foundation this for the trade, currency, and contracts of a nation! As to its conservative power over State banks, we have had innumerable failures of them during the existence of both; and all the money which we have actually lost by local institutions, amounting to more than a million, was lost when the late Bank of the United States was in operation.

A national bank, such as we have had, was an experiment indeed, and a fearful one too. It was without a parallel in the history of Governments. I appeal, sir, to the gentleman from South Carolina (Mr. Legare) whether France or England ever chartered a national bank to employ the revenues of Government in commercial discounts, to regulate exchange, or to furnish a national currency founded upon the credit of private stockholders? If the banks of England or of France were permitted to use the vast revenues of these countries in extending facilities to trade, and their income, like ours, was constantly vibrating between an enormous surplus, without a public debt to absorb it, and a sudden deficit of revenue, it would be disastrous to the trading and banking interests of all Europe. Nor was any such bank ever established to regulate exchange. The gentleman from South Carolina well knows that the exchanges of Great Britain, Ireland, and of all Europe, are managed by local banks and private bankers, and that the latter are almost exclusively employed for that purpose on the continent. They are infinitely better managed there than they ever have been here. The laws of trade alone can regulate exchange. But even their operation is defeated by the course pursued by the banks in this country, and especially the Bank of the United States and the deposit banks. They have encouraged a wild spirit of speculation, by discounting millions of exchange not founded upon property; but a mere exchange of credits between distant points; and of notes payable at a hundred places in the interior, counter to the current of remittance to the Atlantic cities. The main cause however of the derangement of our internal exchanges is one which is unavoidable; that is, the periodical and sudden decline in the great staple of remittance required to discharge the debt annually due from the southwestern to the northeastern States. There is more elasticity in our foreign exchanges; and with a judicious reform of our currency we have little to fear. Our commercial tables may alarm us, but they afford no satisfactory evidence of the amount of debt due

and actually payable abroad at any one period. We know not what portions of our importations of specie and merchandise represent the proceeds of our exports to foreign countries, and what part of them arise from the sale of our stocks and bonds; from the transfer of the emigrants' property to this country, and from the steady current of capital which is uniformly flowing from the reservoirs of Great Britain, France, and Holland into this country, seeking permanent investment. When we see some thirty, forty, or fifty millions against us we forget that we see but a part of the account. Our imports must necessarily exceed our exports permanently, while we perpetually receive, through these sources from abroad, an increasing amount of capital far beyond any remittance of dividends. We have more to fear from our vitiated currency than we have from our foreign exchanges.

Neither, sir, is a national bank required to furnish us with a currency. The Bank of France issues no note under five hundred francs. The issues of the Bank of England are, essentially, exchequer bills, or what we should denominate Treasury notes without interest. They are founded upon the credit of Government. The whole capital, deposits, and circulation of the bank are invested in loans, in various forms, to Government. The people of England are taxed to pay the interest on their own money and their own credit, to be divided among the stockholders of the Bank of England! However unjust this financial system may be, it would be more disastrous to Great Britain and Ireland were the deposits and circulation invested in commercial securities. The private discounts of the bank form but a small proportion of its transactions. It is a Government bank, and as its circulation is founded on public securities, the profit on it should be a public concern. If such issues, which are essentially the credit of the State, were not made a source of profit to banks, the power would never be abused.

Happily for this country, sir, this experiment of a national bank has not been tried, and has not been triumphant. Had we made perpetual a bank authorized to control the commercial credit, the banking institutions, the revenue, and the currency of this country, we should have conferred on one man a greater power than the people and the States surrendered by the Constitution to all the departments of this Government combined. In his hands would have been the power to regulate the price of labor and the value of property; to elevate trade to the highest point of speculation, and to prostrate it in a moment; to draw into one vast circle the incorporated wealth of the nation; to concentrate and direct its power; and so to regulate the movements of his institution, by its expansions and contractions, as powerfully to influence our elections. Whether governed by his fears or his ambition, the destiny of the nation would have been in his hands. He might, as we saw some years ago, by his imbecility, ruin trade, break the banks, and endanger, if not destroy, the currency; or, as we now see, his ambition might tempt him to consider his institution as a political engine; he might attempt to regulate the succession to the Presidency. This was the experiment, sir—this was the design in 1791. Fortunately for the country it has failed—the people, not the bank, have triumphed: and, as it regards the President who accomplished it, the wreath of Orleans may perish, but the gratitude of his country can only expire with its liberty.

Mr. Chairman, we have but one alternative left. We must collect, keep, and disburse our own revenues. This proposition was made, in 1835, by a gentleman from Virginia, (Mr. Gordon) then a member of this House. He proposed to employ our own officers for these purposes, to appoint receivers general at certain points, and that "the whole revenue of the United States, derived from customs, lands, or other sources, shall be paid in the current coins of the United States." In replying, on that occasion, to the gentleman from Virginia, (Mr. Robertson,) who is now near me, I stated that "I concurred entirely in his principles;" that I considered it my duty, at that time, to regulate, "in the best practicable manner under [then] existing circumstances, the deposits of the public money;" that

we could manage our finances "if there was not an incorporated bank in the Union;" and that I hoped "the time could come when we should be able to dispense with the agency of all banks, especially those of circulation." That time has arrived, sir, much sooner than I expected. It is forced upon us by the banks themselves. In 1835, they had been selected by the Secretary of the Treasury, and I had two motives for continuing them as our agents, which I then stated. One was, that I thought them the "safest places of deposit;" but I now see that safety—ultimate safety—is of little importance, if the Treasury is to be periodically deprived of the use of its funds. The other reason was that now given by the gentleman from Virginia, (Mr. Mason,) that the deposit banks might aid in reforming our currency, by withdrawing their small notes. Between that gentleman and myself I am sure there can not be any difference of principle, for his course has been democratic and constitutional. But, sir, I submit it to his judgment, whether experience has not proved that such an experiment upon the currency has been, and must be, wholly abortive. Suppose our agents withdraw their small notes from circulation conformably to our law, have we not seven hundred and fifty other banks employed in issuing them as fast as they are withdrawn? You might effectsome reform if you employed the whole eight hundred, but not otherwise. But, if you were to propose that, is it probable that the banks in the interior, half of whose profits arise from circulation, would accept your agency? All the reform we can effect, is by confining our Treasury to specie and evidences of public debt. The small notes and the banks must be left to the authority that created them—the State Governments, with whose duties it is not our province to interfere, directly or indirectly.

But how has this simple proposition to collect our revenue in coin or evidences of debt, and to disburse it through our own officers—a proposition almost as old as the world—how has it been received? Why, sir, it is denounced as an experiment never before attempted—as a dangerous innovation—as something monstrous. One would suppose, from the language of gentlemen, that we were about "to subvert the whole social fabric," to revolutionize the age, and through a rapid dissolution of morals, intelligence, and liberty, go back, as the gentleman from South Carolina (Mr. Legare) says, to the age of "iron money and black broth!" Why, sir, we have been, happily without being conscious of it, in a very lamentable condition for five months past; we have been, ever since the 10th of May last, actually circulating iron money, and drinking black broth! Luckily, however, the trade of the country, and the country itself, have very much improved since then, notwithstanding this Spartan discipline.

But what are the objections to the measure proposed? The unsafety of the public money. This is certainly an age more distinguished for discovery than experiment. After having trusted our public officers with the public money for near half a century, we have suddenly discovered that it is now to be "plundered" by these "faithless agents." Prior to 1800, every bond was collected at your custom-houses; and throughout the whole history of our revenue, every dollar, whether from lands or customs, has been placed to the credit of our officers before it was transferred to the credit of the Treasurer. The cashier of the New York custom-house collected five millions last year; one of your land receivers had, in the course of the year, two millions to his credit, and the collector of New York some sixteen or seventeen millions. Since 1789 we have had about eight hundred millions to the credit of our public officers, and gentlemen have just found out that we are for the first time about to confide in them, because we propose they should keep, under the direct supervision of other officers, that which they now have passed to their own credit, without any check or guard whatsoever. Your disbursing officers are also entrusted with the public money. Your receivers, collectors, and disbursing officers may apply the public money to what purpose they please, and, under existing laws, we have no security whatever but their bonds. We propose to enlarge this security; to

place guards over them on the spot, and to have visiting officers, besides, to see that the keeper of the public money and his supervisors all discharge their duty with fidelity to the Government. We propose to secure the revenue by stronger regulations than any that have hitherto existed. France has tried this experiment with an annual revenue of about two hundred millions of dollars, and we dare not try it with a revenue of twenty. Defalcations have occurred, and would occur, under any system. But ours has been a loose one, and, unfortunately for the argument of the gentleman from Virginia, (Mr. Garland,) all the defalcations he refers to have occurred under our laws as they now are, and during the very time when the United State Bank or the State banks were employed as depositories of the public money. Sir, if gentlemen can contrive any plan of special deposit, which will not be abused by permitting the public revenue to be used by the banks, or which will not aid in the circulation of their notes, it might be adopted. But they will find it very difficult to devise any special deposit system which will not be evaded by the banks.

Another objection is the prodigious increase of Executive patronage. One gentleman, not of this body, has stated (as I have seen it reported) that we are about to enlist an army of a hundred thousand public officers. Why, sir, if we did not add one officer to the number now in the public service, there would be, as there actually is at this time, no difficulty whatever in collecting, keeping, and disbursing, our revenues. Convenience may require the addition of a dozen clerks; greater security might be effected by employing half a dozen receivers general at points where the revenue exceeds the amount of the officers' bonds; and, to perfect that security, you may appoint two visiting agents. Were we to go further than the bill proposes, and appoint all these, is that patronage to be compared with the political influence exercised over your eighty-eight deposit banks, with their two thousand officers and directors, and some fifty thousand stockholders? Sir, the argument is unworthy of refutation.

The gentleman from Virginia (Mr. Mason) proposes, if I understood him correctly, to collect our revenue in specie, or its equivalent, and to make our disbursements in local bank paper. This is an extraordinary proposition, especially from one so devoted to the Constitution. What, sir! collect our revenues in coin, or its equivalent, extort the last fraction from the public debtors, and then turn to our creditors, and avail ourselves of this general act of bankruptcy, which the banks have established for the country, by their joint resolution to suspend specie payments? Are we to receive coin, or its equivalent, all over the Union, and pay our debts in depreciated paper, varying from five to forty-five per cent? I think the gentleman from Virginia will, upon reflection, abandon a proposition so unjust to the public creditors, and founded upon so palpable a violation of the public faith.

That, however, which seems most to alarm gentlemen, and especially the gentleman from Pennsylvania, (Mr. Sergeant) is, that we are to have two currencies, as the gentleman tells us, "one for the Government—another for the people;" "the people do not sit at the same table." Is this intended for argument, sir? I hope not. But, as the gentleman from Pennsylvania has prepared his table, and appears to be so solicitous to provide something for the people, I would advise him to take his seat, and to place before him his favorite dish, that "spurious progeny of local paper;" and then to invite a distinguished gentleman from the other wing of the capitol to take his seat at the other end of the table; and spread before him his "mortified mass of the body politic," though, by the way, no favorite of his. Then, sir, let these two distinguished gentlemen issue their proclamation to "the people," and invite them to participate. Will they come to the feast prepared for them by the gentlemen from Pennsylvania and Massachusetts?

Mr. Chairman, arguments not addressed to the understanding have no permanent effect. If gentlemen mean any thing by their two currencies; if they mean that this Government shall collect its revenues in depreciated local paper; if they propose



to collect our taxes from the States, and to receive payment for our public lands in eight-and-twenty different currencies, let them boldly take their ground, and not evade the question by popular appeals. Let them set the Constitution at defiance, and offer a premium to every State and Territory in the Union to depreciate its bank paper, for the purpose of diminishing its taxes and the price of the public lands; let them for ever postpone the resumption of specie payments, and disorganise the Union. Gentlemen dare not, as a party, take that ground: they know that the revenue must, and will be, collected in specie, or its equivalent, in a medium common to all the States or there is an end of our present constitutional Union. Sir, as to this question of two currencies, what is it? If bank notes are equivalent to specie, the people have two currencies, and the Government but one.

One would suppose, too, we were about to monopolise all the coin in the country. Why, sir, of the whole metallic circulation, assumed at eighty millions, the Treasury would require but a sixteenth part: the banks would have five-and-twenty, and "the people" fifty millions for general circulation. Even of the five or six millions of coin which might be abstracted from the general mass, one-half at least would be represented by Treasury warrants in circulation, founded upon the specie in deposit. There would be at no time more than two or three millions of specie in your depositories in every part of the Union not represented by these warrants. As to an excess or surplus beyond six millions, that will never occur; because Congress will now be compelled to do what ought to have been done when the public debt was extinguished: they must make permanent provision for guarding against a surplus, by investing the excess, whenever it is beyond six millions, and throwing the specie at once into circulation, and then to exhaust such surplus by a graduated reduction of our taxes. This accumulation of specie, which excites so much apprehension, is, in my view, the strongest recommendation of the proposed measure. It will keep our revenue down, and avoid the recurrence of a surplus to distract our councils, and make the States dependent upon our Federal Treasury. It will be a regulator of trade far better than the foreign exchanges. It will indicate the approach of over-trading, and not like the latter, rise after the mischief is done. To the banks it would be a steady and salutary check, in preventing the excessive and unwarrantable issues of their credit, by bank notes or otherwise, in periods of speculation—not for the purpose of circulation, but to furnish fictitious capital, by a mere exchange of credit for credit, to stimulate excited enterprise, to abuse credit, and to terminate in revulsions, ruinous to trade, and calamitous to the laboring classes.

The gentleman from South Carolina, (Mr. Legare,) objects to the measure, because it would make "New York the grand market for specie, and all the rest of the States tributary." I was happy to hear that he was not the author of this suggestion. I hope, sir, the honorable Senator (Mr. Preston,) to whom he referred, is also not responsible for its origin, for it is utterly without foundation. I had seen it before in an essay ascribed to a gentleman of South Carolina of great experience as a statesman, financier, and banker, who has suddenly and zealously enlisted against us. Whether this objection rests upon the authority of either or all these gentlemen, the author of it evinces a very limited knowledge of the financial operations of our Government. What would be thought of a Secretary of the Treasury, who would discharge the duties of his office so absurdly, as to transmit the public money from other States to New York, where two-thirds of the whole revenue from customs is collected, and where a large surplus, (except now when the revenue is every where suspended) uniformly exists, beyond the amount required for expenses in that vicinity? His duty is directly the reverse. The excess of revenue at New York must be placed in other States, where it is to be expended. But, sir, how is it transferred—does a dollar in specie go for these purposes, or for Treasury remittances, between different parts of the Union? Not one. We may require small amounts, as we always have done, in specie, for complying with In-

dian treaties, and for some of our expenditures abroad; but in all the great operations of the Treasury, no balance is transferred from city to city or State to State in specie. The warrant is issued upon the place where an excess exists, beyond what is wanted there; it is sent to the point of expenditure, and travels through the medium of trade, or the banks, to the place where the money is deposited, and the specie is drawn by the bank from the depository. So far as the Government is concerned, the coin remains where it is collected, and merely circulates between the bank and the depository. Such is the extent of these specie transfers which are so alarming to distinguished gentlemen from South Carolina.

We have now to notice a formidable objection. It is said we propose to establish a universal and exclusive metallic currency, and in the language of the gentleman from South Carolina, (Mr. Legare,) to effect "an absolute subversion of all credit and all commerce—an utter destruction of the whole fabric of society." This is indeed, sir, an age distinguished for discoveries. We have been for years endeavoring to secure through our federal legislation, a broader basis for the vast fabric of credit in this country. Gentlemen have cordially co-operated with us in accomplishing a purpose almost universally acknowledged to be necessary to give stability to trade, and solidity to our tottering banking system. But when we propose a measure calculated to forward effectually an object so essential to the morals and prosperity of the Union, they suddenly discover that our design is to break up the very foundations of civilized society, to return to "iron-money and black both"—to absolute barbarism. Gentlemen well know, that whatever may be our abstract opinions as to the effect of paper money on the morals and condition of society, no man in this "bank note age" can expect more than to reform the abuses of the system. But before they so roughly denounce the principles of those with whom they are politically associated, I would admonish gentlemen to consult together, and come to some understanding as to what they mean by "an exclusive metallic currency," and the "destruction of the credit system." The gentleman from South Carolina, (Mr. Legare,) and the gentleman from Virginia, (Mr. Garland,) considering how harmoniously they act together, have placed themselves in an awkward attitude before the country. The former gentleman denounces the currency of France as the author of her poverty; the latter eulogises it as the soundest in the world, and recommends it to us as a model for our imitation! And now, sir, what becomes of all the violent denunciations of the gentleman from Virginia about this monstrous attempt to introduce an exclusive metallic currency? Who had gone beyond the gentleman from Virginia? No bank note circulates in France of a less denomination than five hundred francs, and the whole amount is but about twenty millions of dollars in paper to four hundred and fifty millions of gold and silver. Is that a metallic currency? Is the credit system destroyed in France? Sir, the gentleman from Virginia will find, upon an examination of his own doctrines, that it will embarrass him to explain in what essential principle relating to currency he is opposed to the present administration.

The gentleman from South Carolina may also discover that his principles are not so hostile as he imagines, to the separation of bank and State. Why, sir, he admires the Scotch banking system, the very essence of which is its freedom from all legislative interference. The union between Parliament and this branch of trade has been long since effectually dissolved. Trade and not Government regulates the quantity of banking capital in Scotland. He seems struck with admiration at the splendid results of "the credit system" in that country, and ascribes them to the substitution of paper for a metallic circulation. The gentleman mistakes the shadow for the substance. The astonishing industry and wealth of Scotland, and the moral condition of her people, are owing, among other causes, to the absolute freedom she has enjoyed in banking, the best regulator of all trades when free. The act of 1708 did not extend to Scotland; she was not under the dominion of the Bank of Eng-

land. She had no gigantic institution to break her local banks periodically, and to throw thousands, nay, millions, of laborers out of employment. Beyond the Tweed, capital, free from all restrictions, flowed into this channel, and kept pace with labor, population, trade and wealth, and sustained the vast increase of her commercial credits. The banks of Scotland are an improvement upon the plan of our savings institutions. They have in that country not only a large amount of banking capital, but more than a hundred millions of dollars, drawn from all classes of society, in deposit upon interest, yielding a profit to the community as well as to the banks; thus mutually benefiting the capitalists and the country, and encouraging frugality and enterprise. Her "credit system" rests upon a foundation almost as broad as the whole property of Scotland. Her stockholders are not, like ours, exempt from responsibility. The public interest and security are not, as with us, sacrificed to encourage the growth of corporations—of partners not individually liable for their debts, and not responsible to the country for their management. Her banks are essentially the guardians of the poor, as well as the regulators of trade. It is to these circumstances we may chiefly ascribe the rapid growth of Scotland, notwithstanding her disadvantages of soil and climate, and without the appendage of an impoverished laboring population, as in England and Ireland. It is wholly immaterial to Scotland what may be the character of her circulation. She is an interior province; exchanges do not press upon her; England intervenes and sustains the shock. Like our country banks, theirs have little use for specie; and, like them, they have their "specie fund" in the centre of circulation. Had she been on the borders of the British channel, where her local circulations would come in contact with the metallic currency of the continent, she would have long since discovered that, however convenient small notes may be, the imaginary convertibility of bank notes into coin is but a frail protection to labor, and a weak foundation for the credit and contracts of a nation. Protected by her interior position, as well as by skilful management, her population has escaped some of the consequences of this abuse of credit.

But the chief object of the admiration of the gentleman from South Carolina was the triumphant result of the credit system in England. Why, sir, nothing can be more unlike than the credit systems of England and Scotland, as they were prior to 1826, both in their characters and their results. The one was a system of despotism, the other of liberty. The one filled the country with pauperism, the other kept labor steadily employed, and with parental guardianship hoarded the small accumulations of the poor. But it was in England that the gentleman saw "the grandest work of civilized life in any part of the world"—the splendid result of her credit and banking system. Sir, while the classical and intellectual gentleman from South Carolina was admiring the Corinthian grandeur of this proud fabric of the credit system, in the ecstasy of his admiration, he forgot that he was standing on a vast ruin of violated rights; lost in his sublime contemplations, he heard not "the accents of despair," nor the wailings of poverty, uttered by millions who had fallen victims to the credit system of England. He had not probably examined the poor man's record. He could not persuade himself to believe that, amidst all this bustle, life, and splendor, all this wealth and grandeur, he was in a nation of paupers. He could see it all in his travels through impoverished France with her metallic currency, but not in England with her credit and banking system. Well, sir, here is that record of its results which escaped the gentleman's observation. Two millions four hundred and ninety-three thousand, four hundred and twenty-three families "receiving relief not included in the returns for this year." But it is added, in this work published by the London Statistical Society, "judging from the results here exhibited, the paupers form the greatest portion of the whole population." Such, Mr. Chairman, is the foundation upon which rests this "grandest work of civilized life," this triumphant evidence of the blessings of the English banking and credit system.

[Mr. LEGARE inquired the date of the work.] The work was published in 1827; the statistical table of pauperism is for the year 1821-22. [Mr. L. added that there was a change since then.] The poor laws are reformed, it is true; but was not capital emancipated from the dominion of the Bank of England in 1826? was not banking, for the first time, set free in the great commercial and manufacturing districts? Sir, I have travelled a little, too. I have contemplated with delight the rich treasures of the Louvre and of the Vatican; the sublime doric and the proud corinthian; but it was in the beautiful valleys of France and Germany—on the Rhine and on the Elbe—it was amidst the mountains of Switzerland and Wales that I saw, without regard to questions of currency, or even forms of government, sound morality and personal comfort; it was these scenes that reminded me of our western paradise. And, sir, I could but regret that the tenants of those mountains and valleys were governed by that concentrated power of associated wealth which rules Governments, controls monarchs, and regulates the destiny of every nation in Europe.

Mr. Chairman, we have a great constitutional duty to discharge. We have to regulate the coinage, and by requiring the collection of our revenue in a common medium, to secure equal taxation to the States of this Confederacy, and to preserve for the whole people a measure of value of ancient origin, for labor, property and contracts. In discharging this duty, we have not only to encounter the vices of our complicated banking systems, but also a revolution which has been going on more than a century, and one which threatens in the end to substitute a mere exchange of credits for the ancient standard of nations. It commenced with the charter of the Bank of England, in 1694. This substitute first appeared in the form of notes of twenty pounds; in 1759, it was reduced to ten pounds; in 1793 to five pounds; and in 1797 the bank suspended specie payments, and commenced issuing one and two pound notes. After a fatal experiment of five and twenty years—fatal to the morals and welfare of the people, however necessary it may have been to Government—the bank resumed specie payments in 1822. The currency was reformed, and all notes under five pounds (about equal to twenty-five dollars) were prohibited in England and Wales. This was not, however, the most material reform.

The restriction on banking, which had been imposed in 1708 to protect the monopoly of the Bank of England, was repealed in 1826. For one hundred and eighteen years no association could be formed for banking purposes with more than six partners. Under this system, the trade and currency of England were periodically convulsed. The great regulator of banking in that country, by its own alarms and powerful efforts to save itself, brought down country banks by the hundred in every revulsion, prostrated trade, and threw millions of the laboring population out of employment. The violent revulsion of 1825 brought about the reform of 1826; and "with the consent" of the Bank of England, her monopoly was partially relinquished, and the great commercial and manufacturing districts were permitted, like Scotland, to form as many banks as they pleased. England has escaped some of the violence of the recent revulsion. Her banks have not suspended specie payments. The Bank of England was not saved, as in 1825, by an accidental discovery of one pound notes! It was not because there had not been over-trading in England; far otherwise. There never was a period when there was more extensive speculation in every branch of trade, and when her capital and credit were more widely extended in every quarter of the globe. How has it happened, then, that she did not suffer as in 1825? Because the revulsion in that year broke down the monopoly of the Bank of England; because capital, freed from its dominion, flowed with astonishing rapidity into that branch of trade, and was ready to meet the sudden and large addition which speculation had made to the mass of commercial credits. Some of these associations, it is true, were embarrassed by the revulsion; the wonder is that more were not brought down by it.

They were all of recent origin; and this trade had been effectually prohibited for more than a century. These were not the only reforms. That remnant of barbarism, the usury law, was also in effect repealed, by exempting all bills having not more than ninety days to run from their operation; and this has been subsequently extended. The rate of interest, sir, is the safety-valve of credit. It should be permitted to rise and fall with the pressure upon the money market. In this country we have locked it down, and doubly prohibited the free use of capital. The inevitable consequence is periodical explosions. But with all these reforms, it is still the policy of England to substitute credit for a metallic measure of value. That credit, it is true, is not so vitiated as it was; but by making Bank of England notes a lawful tender, and by authorizing the joint stock associations to issue their notes, redeemable in these notes, they have laid the foundation for revolutions in trade, which are not yet developed. These associations had not been long enough in existence to show to what amount they could increase their circulations, though long enough to prove how rapidly they could increase them. While the use of credit founded upon property should enjoy absolute freedom, the abuse of credit, by issuing that which is founded upon credit, should never be encouraged by Government.

The most powerful antagonist, however, of a uniform measure of value is our own banking system, unquestionably the worst in the world. If we had no other motive, we should be compelled to collect our revenue in a metallic currency, in order to preserve something in the country as a standard of value. We have six and twenty Legislatures and two Territorial Councils steadily at work enacting laws to banish specie from circulation. The present crisis, no doubt, must produce reform; but it can not be expected to be immediate or general, so long as our laws are made by those who entertain hostile principles of government, especially on this question of currency. It is true, there is a common conviction that our banking system is bad, and that our local circulations require reform; but when will that ever be effected, if we surrender up our constitutional standard? If we do not lay the foundation here, our banking system will never be reformed. It is impossible to imagine a system more discordant, and more embarrassing to trade, than the system of the United States as a whole. Capital is not at liberty to flow into this branch of trade as in England and Scotland. Government must regulate the quantity in each State. Our State Government might with equal propriety and wisdom regulate the quantity of capital in every other branch of trade. And what is the consequence of this legislative interference with banking? Why, sir, two of our cities have each more banking capital than the State of New York, with her hundred cities and towns, and with more than two millions of population. The commercial emporium of the Union, the centre of circulation, the point upon which the whole fabric of commercial credit, internal and external, presses at every revulsion, is permitted to employ, in this branch of trade, some twenty millions—about one-third the banking capital of a neighboring city. Such legislation is as absurd as it is unequal. It is calculated to unregulate trade and embarrass the banks.

Banking, legitimate banking, is a trade, and should be as free as all other trades. Let it regulate the quantity of capital, and this branch will keep pace with all others; it will increase with the increase of commercial credits, and with the growth of trade. As the demand increases, so will the supply; and no portion of the capital of the country will be unemployed. This is the secret of the success of the Scotch banking system, which is weakened, and not strengthened, by her small note circulation.

Currency, sir, is not a trade. Governments will be called upon to decide whether an attribute of sovereignty shall be exercised by trading companies, and if so, to what extent. They must determine whether such companies are to be permitted to furnish the world with their credit as a substitute for a metallic standard, with liberty to increase and diminish it at pleasure; for that is the result which seems approaching. The great question to be de-

termined is, are trading associations to be authorized to issue a species of State credit, and to collect a revenue, now amounting to six or seven millions annually, and constantly increasing, and to indemnify an abused community by producing periodical bankruptcy, poverty, and want? The gentleman from South Carolina knows that almost all the distinguished authorities are against his "credit system."

It is a conceded point, that the regulation of the quantity of currency which is the measure of value, ought not to be entrusted to those whose profits are increased by abusing the trust. You might as well at once surrender to these corporations the power to regulate the value of our coin, and let them adulterate it, or arbitrarily raise its nominal value at their pleasure, as monarchs formerly did, to the ruin of their people. Upon what ground is it that Governments have been induced to give their aid in substituting the paper of trading companies for the current coin of the world? An increasing demand for a medium of circulation and a deficiency of the precious metals. The former is admitted, the latter I deny; and on neither ground can these issues be defended. Sir, there has been no age of the world when it was so abundantly supplied with circulation, independent of all the small notes (I mean under fifty or one hundred dollars) in Europe and America. How is it with the precious metals? In the work referred to by the gentleman from South Carolina, the quantity of money in the Augustan age is estimated at less than two thousand millions. Why, sir, since 1492, we have drawn from the American mines alone, more than six thousand millions of dollars, and the aggregate of coin, bullion, and plate in the world, is estimated at from seven to ten thousand millions. The quantity of specie might have been an object of solicitude in earlier ages; but of what consequence is it now, when, for all its great offices, we have discovered other substitutes. We have discovered a mine richer than all the mines of Mexico and Peru—the human mind. We have drawn from that inexhaustible mine, countless millions of substitutes for specie, in the form of public debts, bank stocks, and stocks of every kind; of bills of exchange, notes of hand, bank drafts, and bank checks. These are our circulations which give velocity to trade. It is these, amounting to thousands of millions, which have accelerated the growth of wealth among nations, and not the contemptible amount of your small note circulations in Great Britain, Ireland and America. In the present age, trade provides its own substitutes for specie, in adjusting balances not only between States and Nations, but between individuals, and without the agency of bank notes. Specie is only wanted to adjust balances between nations when credit is suddenly destroyed. It is however wanted in every country as a standard for local circulation, and to sustain the increasing amount of commercial credit. The value of property is sufficiently affected by credit founded upon credit, in the form of bills of exchange, without extending this abuse of credit in the form of currency. The former we can not reach by legislation, and we have no right to do so if we could, however injurious its operation is upon trade. The latter interferes with the currency established by the Constitution, and we should adopt every measure that we can to prevent it from destroying our standard altogether.

This revolution may be accomplished. The precious metals may eventually be banished from the circulations of the world, and we may have no other standard than bank notes. I admit, sir, that as a mere question of trade it would accelerate the accumulation of wealth, and the growth of our cities. But what are the sacrifices attending such a system? Do you not lay the foundation of your cities on the ruin of your population? Sir, while we sacrifice the poor, we transfer political power from the agricultural and laboring classes of society to those thousand corporations which seem to have been, from the beginning of our free Governments, the only interests worthy, in the estimation of our American legislators, to be exclusively cherished, protected, and patronized. Sir, go on with your credit and banking systems; banish the precious metals; establish your paper standard, and let the value of pro-

erty and the price of labor float upon its agitated surface; let them rise with its expansions and fall with its contractions; and then, sir, gentlemen may anticipate every five years the return of the "awful winters" referred to by the gentleman from Pennsylvania. One of them is now approaching—an awful winter indeed for the poor; thousands will be struck down by poverty and want. Sir, I do not ask gentlemen for their charity. I make no appeals to their humanity, but in the name of HIM who made us all, I entreat them to spare them their taunts—do not stigmatize them—let these poor laborers die in peace and of famine, in a land overflowing with the richest abundance. Pardon these victims of your policy, should they in their last hour pray that their country might be delivered from your calamitous "credit system."

Mr. Chairman, upon the firmness and integrity of the people of this country, at the present crisis, depend the condition of our society and the character of our Government. It is evidently a struggle for power by some of the corporations of this country, but I trust not all of them. It is a great issue; for every thing moral, social, and political is at stake. On such an occasion, gentlemen may well discard their prejudices—republicans have been separated on party grounds, but not on principle—they may readily unite when a question arises involving the welfare of the people, and the very existence of free Government. In a cause so just we have little to fear, and every thing to hope. I can not believe that in the approaching contest we shall lose one sincere friend of this administration. Some have, I think, prematurely decided upon the measure now proposed; they have denounced it without proper examination. I am sure no sound republican can, upon deliberation, be ultimately found against it. While, sir, on the other hand, the proposition to separate bank and State must rally and unite the democracy of this country, by whatever questions they may have been hitherto divided. They will never consent that the Treasury of the United States shall be controlled by the stock exchange of Wall street, or of the Royal Exchange; that the public revenue shall be again made instrumental in augmenting the disasters of the country; and that the Government shall be periodically embarrassed for want of means, by entrusting its funds to institutions whose fate depends upon the slightest counter movement in any part of the commercial system of the world. Nor, sir, can I believe that any sound republican is prepared to substitute the credit of our corporations for the common medium and common standard of the world. No, sir: on these questions the democracy will be found united, as they always have been whenever the honor or the interests of their country were involved, as they are at the present crisis. Let not gentlemen deceive themselves; their victories always come with our calamities, and disappear with returning prosperity. The concentrated power upon which they depend cannot yet regulate the succession to the Presidency.

Sir, I have detained the committee too long. We challenge gentlemen to the vote. Let the gentleman from South Carolina declaim over his "iron money and black broth;" let gentlemen denounce the measure as an experiment or an experiment; let them call it a Sub-Treasury scheme, or by what name they please; but let them afford us an opportunity to test its advantages to trade, to banks, the Treasury and the country. We fear not the results of the experiment.

### SPEECH OF R. BARNWELL RHETT, OF SOUTH CAROLINA,

In the House of Representatives, September 29, 1837—  
On the bill authorizing an issue of Treasury notes—

MR. CHAIRMAN: I shall follow the suggestion made by the chairman of Committee of Ways and Means, and consider all the bills upon your table, as constituting one system, although contained in different bills. To the bill authorizing the Treasurer to issue Treasury notes, I shall propose, as amendments, that these notes shall bear no interest; and that the Secretary be authorized to issue ano-

ther kind of paper—*bills receivable in payment of the public dues*. When the bill regulating the depositories of the public money shall come up for consideration, I shall also move the amendment I send to the Chair, providing for a gradual dissolution of all connection between the Government and the banks; dispensing entirely, in the course of three years, with the use or reception of their paper; and using them only for the safe-keeping of the public money by special depositories. By these amendments, the Government will have the option of issuing their Treasury notes bearing no interest, or bills receivable in payment of the public dues; the Government will be separated from the banks—the public moneys be kept in the banks on special deposit—and the revenue be collected either in Government paper or specie. There is but one other alternative before the committee to this system in this shape, or by other modifications, and that is the project of the gentleman from Virginia, (Mr. Garland,) to reunite the Government to the State banks, receive their paper in payment of the public dues, and make them, as heretofore, the general depositories of the money of the country. These are the two projects for consideration.

If, sir, we are to have Treasury notes, I prefer that they should not bear interest. In issuing these notes, it is not our object simply to raise money, or to pay debts; but, in the paralytic state of the country, we want a medium in which the revenues of the country can be easily collected, and domestic exchanges be carried on without embarrassment to the banks. If these notes bear interest, their circulation will be impeded, if not stopped entirely; they will be retained on hand as investments. Nor, sir, do I think the objection, that if they do not bear interest they will fall below par, is well founded. Although they can not be employed like specie in paying debts abroad, they will answer a function which specie cannot perform, in carrying in the exchanges of the country. This peculiarity of usefulness, in the present situation of the country, will more than counterbalance any other advantages which either bank notes or specie may possess over them as a medium of circulation.

But, sir, I prefer, to Treasury notes in any shape, the medium I propose—*bill receivable in payment of the public dues*. A Treasury note, is a promise to pay, for the redemption of which, specie must be collected and reserved. A bill receivable in payment of the public dues, is merely a promise to receive, and has its promise fulfilled when received; the one, requires the abstraction of a large amount of specie from circulation—the other, not only abstracts no specie from circulation, but will actually be equivalent to an additional supply of specie to the amount of the issue. The one, may bring the Government in collision with the banks in the delicate position in which they will be placed when they resume specie payments—the other will give the Government the means of collecting its revenue without enrenching in the least upon the resources of the banks. The one, is intended as a temporary expedient; it is a debt, and the debt must soon be paid; the other is merely an instrument of collection, and can be kept out for ever, and be expanded or contracted as the wants of the country for the purposes of exchange and collection may require. For these reasons, I prefer, to Treasury notes, bills receivable in payment of the public dues.

But, Mr. Chairman, the same objection will be urged to this kind of paper which has been urged against Treasury notes not bearing interest—they will fall below par. Their appreciation or depreciation will entirely depend upon the great principle of supply and demand. If there are more bills in circulation than are needed for the purposes of exchange and the collection of the revenue, they will depreciate; if less, they will rise in value. This kind of paper is not an untried experiment, and new in the history of finance. It has been tried and used with success in far worse times, and by far feeble Governments than our own. The very first paper money issued in America was of this kind. Upon the failure of the first expedition against Canada in 1690, the Province of Massachusetts laid a tax upon the people to meet the expenses; but as the soldiers were impatient, and

would not wait until the tax could be collected, the Government issued notes, "*which were to be received for payment of the tax and all other payments in the Treasury*." Before the time when the taxes were to be collected, the notes of course depreciated, because there was no demand for them; but, "as the time of payment of the tax approached, the credit of the notes was raised, and the Government allowing five per cent. to those who paid their taxes in notes, they became better than money." The Government, encouraged by the restoration of credit to the bills, afterwards issued others in charges of the Government. They obtained good credit at the time of their being issued. The charges of Government were paid in this manner from year to year. Whilst the sum was small, silver continued the measure, and bills continued their value." Thus, for twenty years in Massachusetts, until the year 1711, the revenue of the Province was collected in bills receivable in payment of the public dues, which maintained an equal value with specie. In this year, to defray the expenses of a second expedition to Canada, these notes were greatly multiplied; of course they fell immediately below par, and went on depreciating with every additional issue; because the supply exceeded the demand. More notes were put into circulation than were needed for the collection of the revenue, and for payments to the Treasury. Another instance of the effects of receivability in payment of the public dues, may be seen in the continental money issued by the confederation in our revolutionary war; for the coercive enactments were futile in sustaining the paper. So long as the issue was moderate, it sustained its par value with gold and silver. Mr. Jefferson and Mr. Payne testify, that until the issue exceeded nine millions of dollars, there was no depreciation; and when forty-six millions were issued, the depreciation was but one per cent.; but, when it reached three hundred and fifty-seven millions, in the midst of a revolution, of course the depreciation became several hundred per cent.; and this depreciation would have taken place, (although not to the same, yet to an enormous extent) if the issue had been gold and silver, instead of paper money. Three hundred and fifty-seven millions of specie, was probably forty times as much specie as was then used in the country for the circulation of the products of its labor. The effect of such an addition to the circulation, would be to make forty dollars buy what one purchased before. Although, in relation to each other, the products of labor would remain the same in value—as money became cheaper, every thing would nominally rise in value. The great error of our fathers was, in supposing, that money of any kind could be multiplied indefinitely, without any regard to the great principles of supply and demand. "Do you think, gentlemen, said a member of Congress, that I will consent to load my constituents with taxes when we can send to our printer and get a wagon load of money, one quire of which will pay for the whole?" Had they proportioned their issues to the amount of taxes to be raised, or limited them to the wants of the circulation, the continental currency would never have materially depreciated. But their situation was a peculiar one. The confederacy could not effect loans; and by the articles of confederation they could not tax the people directly. Their only expedients for carrying on the war were fighting and paper money, and they freely used both. Great Britain, also, after the suspension of specie payments by the Bank of England, from 1797 to 1823, exhibits another strong instance of the effect of receivability in payment of the public dues, to sustain a paper issue. The notes of the Bank of England, during this period, were but little more than Government bills receivable in payment of the public dues. The whole capital of the bank, of £14,000,000, had been borrowed by the Government, and the bank had stopped paying specie for its notes. The notes, therefore, had neither bank capital nor specie to support them. The faith of the Government, and their receivability in payment of the public dues, constituted almost their only title to credit; and, for twenty-seven years, this cur-



rency sustained that great people through a war for existence, with half of Europe subsidized in the contest, whilst her commerce and her power advanced hand in hand to its present mighty consummation. All of these instances are of past times. But we have before us now, in the Treasury drafts lately issued by the Secretary of the Treasury, a strong exemplification of the effect of receivability in payment of the dues to the Government, in sustaining a paper issue. These drafts are drawn upon the deposit banks who have stopped paying specie; they have been presented and protested, but being due by the Government, they are of course receivable in payment of debts to the Government. Very few of them have been returned to the Treasury, because they are needed for the purposes of exchange; and are now three per cent. above the best bank paper in value, and but two per cent. below specie. They have thus the reproach, it is true, of being below par—that is, below the value of specie. But I doubt if this language is correct when applied to the subject. Specie is no longer a portion of the currency. It is a commodity for barter, like flour or tobacco, and ought not to be considered, rather than any other commodity, as a standard of value for the currency. If it constituted a portion of the currency of the country, these drafts, unless multiplied beyond the demand, would undoubtedly be of equal value with specie; because they are needed for an operation which specie can not perform—to conduct the exchanges of the country. But, sir, admit that these drafts are below par, and that the bills I propose to issue will likewise be below par—where is the injury? The only effect will be a mitigation of the tariff, and a proportionate relief to the people. The importer will pay less duty by this depreciated paper to the Government, and will charge less to the consumer. The Government will only not collect what it does not want, and what, in strict justice, it ought not to require. The worse evil then under the paper issue I propose, will thus be a benefit.

Mr. Chairman, there is another aspect in which the paper I propose to be issued by the Treasury should be viewed, in relation to the exchanges of the country. I mean its bearing upon the project of a United States Bank. The great purpose for which such an institution is needed, is to equalize exchanges—to afford a general medium of circulation by which debts can be paid, and money transmitted from one quarter of the Union to another without great loss and expense. The local banks, if we are to judge from the past, can not, or will not, furnish such a circulation. The inconvenience and loss, for want of such a medium, are unquestionably great; and I do not think will be long endured. In countries like England, or even France, where the capital of ages has been accumulated, and the facilities of intercourse actually bring the remotest parts of the country almost into contact, the business of exchanges may well be carried on without the aid or intervention of Government or banks. But, in a country like ours, young in the accumulation of capital, and covering such an immense space of territory, it may well be doubted, if one or the other of these instruments will not be necessary, to place the exchanges of the country upon an easy and proper footing. By issuing bills receivable in payment of the public dues, I believe a medium will exist, which may be made available in the hands of individuals for all the purposes of exchange; and which will entirely supersede the necessity of a Bank of the United States. To those who believe that such an institution will be unconstitutional—ruinous to the State banks in the process of bringing it into operation—and dangerous to the liberties of the country when established, this view ought not to be without weight. Here is a safe, constitutional, harmless, self-correcting medium, by which the dues to the Government may be collected; the State banks left free to resume specie payments with all their resources untouched by the Government, and the great purpose of a United States Bank supplied. You will also perceive, that by this system, all the objections which have hitherto been urged to a Treasury organization, by which the Government is separated from

the banks, and its own dues collected, will fall to the ground. It is practicable, beyond doubt, if experience is any test; it is safe, if banks, where the funds may be specially deposited, are safe; it is cheap, for a multiplication of officers and chests and vaults will be unnecessary. Its currency will be that of the people; just that which they most require—consisting of paper and the precious metals—either payable into the Treasury, as the public debtor shall prefer. All the imputations of a design, by this system, of bringing the whole country down to a hard money currency, (an attempt as wicked as it would be impracticable,) and of destroying the local banks, are rendered pointless.

Let us now turn, Mr. Chairman, to the alternative scheme before the committee—that submitted by the gentleman from Virginia—the exploded pet bank project. Time, sir, has set its mark upon this system. The Government has twice tried it, and it has twice failed. Indeed, so gross and indisputable was its failure in 1816, that the constitutionality of the United States Bank, then chartered, was based upon the fact, that the State banks were incapable of carrying on the fiscal operations of the Government; and when, in 1833, the experiment was again adopted, its failure was predicted, and the prediction has been realized. And how, sir, can it be otherwise under such a system? Eight hundred banks—scattered over twenty-six sovereign States, who may indefinitely multiply them—irresponsible to the Government—irresponsible to each other—having but one principle of conduct, gain—how can stability and safety for the Government, in connection with such institutions, in any trying emergency, be expected? And look at their situation now. In New York the banks have six and a half paper dollars out in circulation, to one in specie in their vaults. The banks of Alabama, nine to one; Boston, six to one; Pennsylvania, six to one; Virginia, five to one; and in this situation, with public confidence shattered, they are yet to go through that difficult process (which in England, in 1823, prostrated hundreds of banks,) of resuming specie payments. Many of these banks must break in the effort to resume specie payments; and should their paper be received in payments to the Government, or they be used as depositories of the public funds, loss will be inevitable to the Government. Now, what is the constitutional principle upon which alone the Government can connect itself with these institutions? It is the same upon which the United States Bank, in 1816, was established: That they are "necessary and proper" for the collection of the revenue and the fiscal operations of the Government. But will it be contended, can it be seriously argued, that the State banks, in their present situation, (throwing aside all past experience of their incompetency,) are "necessary and proper" instruments for the collection of the public revenue? But it is said that the Government should support the banks, even at the hazard of the revenue; because the banks are the people; and the Government, in separating itself from the banks, separates itself from the people. Is this the fact? Are the banks the people? They are corporations established in the different States, composed of certain individuals who own the stock, and have put out their notes *bearing no interest*, for the notes of individuals *bearing interest*. In this way, the community owes a great deal to the banks, and the banks owe a great deal to the community; but take the aggregate of mutual indebtedness, and it constitutes, comparatively, but a small portion of the whole capital of the country. There is not one of the southern States, in which there are not ten times as much paper in the bonds and notes of individuals in existence, as there are bank notes. Why should not Congress, then, undertake to legislate for the support of this whole mass of paper, as well as that of the banks? Why should capital, vested in bank stock, be fostered by congressional legislation, and that vested in land and stock be fostered by congressional legislation, and that vested in land and slaves be unprotected? Have we so soon forgotten the great constitutional principles upon which we opposed the tariff laws? It was contended that Congress had a right, incidental to the right of laying duties, to lay them in

such a manner as to have for their primary object the encouragement and support of domestic manufactures. We denied the right, and insisted that Congress, under the guise of laying duties for revenue, had no right to foster any particular class or interest at the expense of the rest of the confederacy. And does not the same principle apply here? Congress has a right to lay taxes and collect the dues to the Government; but it has no right to jeopard the revenue, which belongs to all the people of the Union, for the purpose of supporting a peculiar class or interest.

But, sir, are gentlemen sure that a connection with the Government will be of any benefit to the banks in the effort to resume specie payments. In many parts of the country, in South Carolina for instance, if there should be any benefit, it would be exceedingly small; for the whole amount collected from the customs in that State, for the last two years, does not exceed four hundred and thirteen thousand dollars a year. But where the benefits are expected to be great, so must also be the hazards. When these banks resume specie payments, their paper will not be immediately at par. Public confidence will not be won, until they have tested their ability to sustain themselves in this trying position. Until this is proved, their paper will be below par; and, if receivable in payments to the Government, will, of course, be eagerly sought for, to perform this function. In so doubtful a position, what will be the duty of a public receiver to whom such bank bills are paid for dues to the Government? Assuredly, to cash them in specie at the counter of the bank. If he did not do so, and the bank failed whilst he retained the notes on hand, he would be responsible. Now, will it aid the banks, in the effort to resume specie payments, to be obliged to redeem immediately in specie all their notes which may be received by the collectors in payment of the public dues? Let gentlemen take heed that this connection of the Government with the banks, so eagerly sought for, may not be as fatal to them, as the embrace of the serpent to Laocoon.

But, Mr. Chairman, there is one other objection, which, if all others, failed, would be insuperable with me to any connection of the Government with the banks—I mean the patronage it gives to the General Government. I am a nullifier, and will never consent that more power should be given to this Government than strictly belongs to it. Experience has shown that the tendency of our federal system is to consolidation—a concentration of all power, first in the legislative, and then in the executive department of this Government. It is strong enough, without being connected with the money power of the country. When the connection with the banks was dissolved a few months since, there were eighty-six deposit banks, being the leading banks in every part of the Union, under the control of the Secretary of the Treasury. Now, when a bank is influenced, it is not merely the directors, officers, and stockholders, but all other banks in the same vicinity, and all who are dependent upon these banks, who may be affected.

If we were heavily in debt, and large revenues were to be collected and deposited, it is impossible to imagine a better instrument in the hands of a popular and ambitious man, by which the liberties of the country may be subverted and his power perpetuated. The Treasury scheme I propose for collecting the revenue of the country, when compared with this in the patronage to be dispensed, is absolutely insignificant. The Secretary of the Treasury supposes that it will require thirty officers more than are now employed to carry it into operation; but suppose as many officers necessary as there were pet banks—eighty-six, a man for a bank—will not the difference in patronage be immense? It can not be doubted.

Mr. Chairman, neither in the scheme proposed by the gentleman from Virginia, nor in that which I have advocated, can I perceive any extensive relief to the country. The people unquestionably are distressed and embarrassed; but within the competency of this Government, limited in its powers, I can discover no higher or better means of assistance than those I have suggested. Those who have been accustomed to look to this Government

for every thing, naturally look here in this emergency; but the remedy is in time and the people themselves. The State banks, unless hurried on by coercion or popular clamor, will in due time resume their healthy action; and the unbroken energies of this free and mighty people will soon work out their own salvation. Upon the causes of our distressed condition, I will say a few words before I close.

The gentleman from Kentucky, (Mr. Menifee,) who sits before me, when a few days ago discussing the bill for the postponement of the fourth instalment of the surplus revenue, broadly maintained that it was Executive usurpation alone which had occasioned the calamities under which we labor. I agree with him that the illegal seizure of the deposits by the Executive, and placing them in the deposit banks, was one of the links in the chain of causes which produced our calamities; but he overlooks the far higher and greater causes which have originated in legislative usurpations upon this floor. The Bank of the United States, unconstitutionally created, was one of these causes; and, although an unquestionable benefit when its recharter was denied, yet, extending as it did, its roots into all the commercial and pecuniary interests of the country, it could not be abstracted from the immense sphere in which it moved without convulsion. Hundreds of banks sprang into existence to fill the vacancy it was expected to occasion, whilst those which were already in existence gave a loose rein to their issues. But it was the surplus revenue, for which the gentleman was contending, which most obviously shows the fallacy of his position. If the surplus revenue had not existed, Executive usurpation and corruption could not have rendered it injurious or dangerous. And what produced the surplus revenue? The tariff—the American system—that poison still lingering in the veins of the body politic—that unhallowed and corrupt combination, as unprincipled as the partition of Poland, by which one section of the Union was plundered for the benefit of another. Taxes were laid by Congress, not to support the Government or to pay our debts, but to foster the manufactures of the north at the expense of the rest of the Union; whilst the revenue, thus unconstitutionally raised, was to be expended in internal improvements in the north and west. And so enormous were these exactions, that although, by the compromise bill of 1833, not less than seventy millions have been saved to the people, in the face of the most reckless and profligate expenditure, the Treasury still overflowed; and, on January last, there were thirty-eight millions of surplus to be deposited with the States. The State banks, where these funds were deposited, were stimulated by them to inordinate issues of their paper; and the free accommodation to individuals which these issues afforded, fed the rage for speculation. Suddenly the deposits were called for from the banks by the deposit law. The call met them unprepared, because they could not collect from their customers. They pressed the community, but the community, who had borrowed on the faith of an easy indulgence, were as little prepared as they were for payment. The Specie circular came in also with its operation, weakening their vaults and crippling their resources. The result was distress every where, a panic, and the suspension of specie payments. These certainly were not all the causes of our present embarrassment; but, were it not for the legislative usurpations of Congress, I do not believe the catastrophe under which we suffer would have been produced. And what, sir, would have been the situation of this country, if South Carolina had not nullified your tariff laws, and the compromise bill had not passed? Instead of thirty-eight millions, there would have been upwards of one hundred millions of surplus revenue in the banks, under the control of that usurping and corrupt Executive the gentleman has so strongly denounced. Could the liberties of the country have survived such a state of things? Could the deposit banks ever have repaid the money? and if they could, after it had formed the basis of an immense issue of paper, who will measure the ruin the sudden abstraction of such a capital from the banks would have produced, in combination with the other causes

which have prostrated the country. But the gentleman from Kentucky overlooks these immense benefits resulting from the compromise bill; and can only see, in this measure, the design “to arrest treason, and save the genius and chivalry of the South from an ignominious gallows.” Sir, to know whether the gallows would have been ignominious in such a cause, it is necessary to understand it. What was it?

For ten years, from 1822, (when William Lowndes, filling the very representation I now occupy, declared upon this floor that the South was more heavily taxed than any people upon earth,) in person, or through our representatives, we remonstrated against your unjust and unconstitutional oppression. Instead of relaxing, we saw your policy grow stronger by time; and, bribed by its operation, those who were once with us in denouncing it, made common cause with our old opponents, in the effort to rivet it upon us for ever. At length, all confidence in your justice, slowly, reluctantly departed; and the melancholy and stern conviction was forced upon us, that we must right ourselves—alone must right ourselves. South Carolina met the emergency in which you placed her as it became her. She nullified your tariff laws. And did you then enforce them? Not and why? Sir, I will tell you: you dared not. It is one thing to sit here upon well stuffed hair-seated chairs, and legislate the property of the South into the pockets of more favored sections; and it is another to collect your black mail by the sword. And did we commit treason by this act? The gentleman from Kentucky says so, and that the compromise bill was intended to arrest it. Sir, if it was treason, it was treason hatched in Kentucky, that gentleman's native State, and practised by Virginia when she nullified the sedition laws; and Thomas Jefferson, Madison, Rowan, Nicholas, and Macon, were some of the arch traitors who taught or committed it. Mr. Chairman, I will vindicate the fathers from the aspersion of their sons. These men were not traitors. They were those who, in 1801, in the language of Mr. Jefferson, “saved the Constitution in its last gasp” from the strangling hands of consolidationists. They were not traitors, but wise and intrepid statesmen—the great fathers of the republican party, by whose sagacity and energy this Union now exists. Were it not for the principles of this party, and the watchfulness and opposition of the South, this Constitution would long since have been frittered away by constructions; and this Government, becoming one vast consolidated despotism, would have left no alternative to the free but to dissolve it. We but carried out—conscientiously carried out—the great principles of the republican party; and when you thought fit, by your compromise bill, to give way before our armed resistance, the gentleman from Kentucky says that it was “to save the genius and chivalry of the South from an ignominious gallows.” Sir, we certainly should be vastly grateful for the tragic benevolence of these disinterested philanthropists, who manifested on this occasion so noble a disregard for their own safety, and such tender consideration for ours. Whilst passive, “the genius and chivalry of the South” appealed in vain to their sensibilities; but no sooner was it aroused by their selfish oppressions, than all their melting sympathies overflowed for its salvation. Sir, the gentleman has done gross injustice to himself in uttering such sentiments. They are only worthy the bigot or the slave; of a mind which can tolerate no difference of opinion, or which succumbs to any. The gentleman should have vanquished before he vaunted, and possessed himself of the mantle of success, to cover over the hideous lineaments of cowardice and oppression which marked his cause. Had South Carolina been invaded, upon the first gleam of the bayonet along our mountain passes, he would have seen and known what the chivalry of the South really was, not in bloodless tropes and metaphors, but in the stern realities of the tented field. Not only Carolinians, but thousands of volunteers from the whole South, whose names are upon the file, would have met you in that fierce contest; and if the man who lately ruled this confederacy with more

than a monarch's power, and his abject followers (more base than he, for he had personal animosities to gratify) had not met in the gaps of the Saluda mountains another Thermopylae—if they had penetrated to our plains, and had not found the more vast cemetery for their interment, and with fire and sword Carolina had been desolated, and not one free spirit had been left living or dying to strike for her rights—in her fall liberty would have been avenged; and, like the mighty Nazirite of old, grasping the pillars of the Constitution, the Union would have perished in her ruins. Sir, this is no Government of force. No free Government is a Government of force. Fear is essentially the attribute of the slave; and the Government which appeals to this principle for support is already a despotism. Opinion, free, intelligent public opinion, can alone perpetuate our institutions; and when this fails, all that can maintain them fails. The sword can dissolve, but it can not cement your Union together by the blood of your citizens; and if it had been drawn against us, however mournful the consequences, we were prepared, fully, firmly prepared, to abide the issue. We knew the mighty inheritance for which we were to contend—that soil over which, for two centuries, we had been the lords; and those altars at which our fathers knelt and we had received our brides. We won it by the sword, and we were prepared to keep it by the sword; or to perish, as millions of our race had done before us, the victims of oppression and power combined. And if we had fallen in the field, or on the scaffold, (as the gentleman supposes,) would our fall have been inglorious? Sir, it is not the manner of death, but the cause, which makes death infamous. When Tully thrust his head out of his litter to the lictors of Anthony, who decapitated it, and his dead hands were cut off and suspended in that forum, in which they had so often pleaded for liberty and justice, was his death ignominious? Hayne perished on the scaffold—was his death inglorious? Why, in Abbeville district, there still stands the tree upon which, in our Revolution, twenty whigs were hung at one time; did these men die ignominiously? The youth of Carolina, as they approach such memorials of their country's sanguinary wrongs, tread more lightly upon the turf, whilst their hearts swell with the mighty lesson they inspire, that to die and die “ignominiously” in defence of our country, is the duty and the privilege of the patriot. It is the cause which makes death glorious.

But, Mr. Chairman, shall things come to this in the administration of the affairs of this Union? In this free and enlightened age, are differences of opinion to be considered crimes; and the gibbet and the halter to be held forth as the great instruments of establishing truth? If so, we had better separate at once, for the Union must be dissolved. God grant that it may long endure, a blessing to the powerful people who are growing up beneath its auspices. But should it be dissolved, history—when all the interests and passions, which pervert the views of contemporaries, shall sleep with the departed—impartial history will record, that the South was ever true to the faith which bound her to the rest of the confederacy. Although, under the mildest and most favorable operation of the Constitution, she must bear an unequal portion of the burdens of the Government; at this she has never murmured. In prosperity she has upheld, and in adversity she has never abandoned you. All she requires is, that you adhere to your compact with her. Take what is legitimately needed for constitutional purposes, but in all other things leave her alone to her own resources and destiny. And is this an unreasonable request; or is it hard to grant it? Must perpetual agitation be the penalty she must ever pay for her connection with you? and shall the bond of our Union, which was designed by our fathers to be a bond of affection and peace, be sacrilegiously converted into an instrument of bigotry and oppression? After a cycle of forty-eight years, we have arrived, apparently, at a new era under our Constitution. Let us forget the past, excepting in the lessons of forbearance and moderation which its experience affords. For that noble State, which I in part represent, I know I can with confidence

anticipate her course. Too generous to remember wrongs—too proud to resent them—too great to practise them—she will ever be true to the cause of liberty, the Constitution, and the Union.

## REMARKS OF MR. TOWNES,

OF GEORGIA,

In the House of Representatives, September 28, 1837—

In reply to Mr. Dawson, on the "bill to postpone the fourth instalment of deposits with the States."

Mr. TOWNES addressed the House as follows:

Mr. SPEAKER: I would not have risen, after the protracted discussion we have had, but for the very remarkable speech of my colleague (Mr. Dawson,) who has just taken his seat. Sir, I have no expectations to fulfil, no vanity to gratify. But when my colleague thinks proper to address his and my constituents, rather than the members of this House, with the view, doubtless, of operating on them, it shall be my duty to examine the correctness of his argument, and to expose whatever errors may be suggested to my mind. For my honorable colleague, I now do, and trust I ever shall, entertain the kindest personal regard; but when he rises on this floor, and uses unauthorized denunciations of measures and motives, I feel that circumstance a sufficient apology for the time I shall consume.

Sir, when my honorable colleague rose to address the House last night, he gave us to understand that he brought no *party feeling* to the discussion; that he should alone confine himself to the bill on your table, and give the reasons that would induce him to vote against that measure. I think the gentleman was unfortunate in this remark. Why should he have thought proper to give notice that he was about to discuss this subject *without regard to party*? What act of his political life would have exposed him to a *suspicion so uncharitable*? It is true, I believe, sir, that my colleague is always found acting with one political party against the other, but surely no one could suppose this to be the result of *party feeling*! For myself, I have known the honorable gentleman too long and too well for the disclaimer of party feeling which he placed in the front part of his speech to mislead or deceive me. My colleague, at an early part of his remarks, if I understood him correctly, maintained that the funds, now in the deposit banks, were available for all the purposes of the respective States, as well as for the exigencies of the General Government; and the better to fortify himself in this position, he propounded questions to members from different States in which the banks are situated, with a view to show their solvency. The information thus obtained was deemed amply sufficient for the purpose of my colleague.

Sir, it is not the ultimate solvency of the banks that we are looking to, but it is whether the banks can now, on demand, pay the amount on deposit, in such funds as would enable the States to use it profitably. Has my colleague established this important fact? I think not, sir. In some of the States, where there are large amounts in the deposit banks, it may be to the interest of the people of those States, that the deposit of the fourth instalment should be made, for it is manifest that some of the States would be benefited, while a majority would be injured. My colleague insisted, and properly, too, that the funds in the Treasury of this Government, in January last, were alone the funds that could be deposited, and which were composed exclusively of the notes of the deposit banks, and such other local institutions, the paper of which was received on deposit by the pet banks, as they are called. My colleague then, after having satisfied his own mind (rather better I think than that of any other) of the solvency and availability of the funds now in the deposit banks, in the accustomed taste, and manner of the day, poured forth his lamentations over the ruined and wretched condition of the whole country, brought about by causes he did not pretend to explain. This picture, so fancifully drawn by some, and so faithfully repeated by many others, was well rehearsed by my colleague, and, as is usual with those who can see in

the times evidence of folly and wickedness in the present administration, and the necessity of rescuing the people from themselves, he declared himself in favor of *relief*. And, sir, what is the relief he would give? Who is it he will relieve? And what is his mode of relief? The first step in my colleague's great scheme of relief is, by depositing with one hand the fourth instalment, amounting to upwards of nine millions of dollars, with the States, when, with the other, in order to relieve the Government, he would have to take back not only that very fourth instalment, but also a large proportion of the sums heretofore deposited. This, sir, would be one of the consequences of rejecting the bill on your table. It surely can not be the object of the honorable gentleman to cut off all supplies to the Government! It is not, I hope, his purpose to bring the Government to bankruptcy! Much less will he consent to bring disgrace upon the institutions of the country, and more especially, as he tells us he has no *party feelings* to gratify! Patriotism imperiously demands of every member on this floor to deal fairly between the Government and the people; for if you cripple and dishonor the one, you disgrace and enslave the other.

Sir, what are the demonstrated, and I may add virtually conceded, facts as regards this question? First, sir, that all the funds now in the Treasury, available and unavailable, do not much exceed eight millions. Of this there are less than two millions strictly available; and now my colleague is fretting and chafing, because we will not consent to deposit with the States upwards of nine millions, when we have only about eight in the Treasury, and a very large proportion of that not available. And, sir, because the party in power will not do this, he has been pleased to characterise the course of the administration as a "humbug upon the people." Sir, this brings me to perform an unpleasant duty: I regret it, but my colleague has brought it on himself. He charges every motive but the correct one, upon those who vote for this bill; he alone claiming the credit of unmasking the wretched deformity of those who advocate that measure; and showing, by a report from the Secretary of the Treasury, the gross inequality and injustice of this bill. However high I may estimate the opinions of my colleague on most subjects, I can not, after the evidence he has furnished against himself as a financier, hold any opinions of his as unquestionable authority on that subject. Is it not in the recollection of every gentleman on this floor, that my colleague, when this bill first came up for consideration, offered an amendment, the first, as I presume it will be the last, of its character known to the legislation of this country? What could have been the object of the gentleman in offering that amendment? Was it because he really believed that the unexpended balances of former appropriations, estimated by the Secretary of the Treasury at about twenty-four millions, was evidence of that sum of money then in the Treasury? No, sir: my colleague knew that these twenty-four millions of unexpended balances of former appropriations were a charge now existing against the Treasury. Either he must have known this, or the fact of his not knowing it will essentially destroy the confidence which would otherwise belong to his statements as to the condition of the Treasury. If, sir, I am right in supposing he understood what the Secretary of the Treasury meant when he speaks of the unexpended balances of former appropriations, as a charge against the Treasury, I ask the gentleman, in all candor, who it is that has attempted to "humbug" the people? He well knew he could not "humbug" this House; and I therefore have a right to conclude that he wished to "humbug" his constituents. And yet my friend from Georgia will have it that the friends of the administration, believing that the resources of the Government are adequate to meet all the engagements and liabilities of the Treasury, are nevertheless disposed to withhold from the States the last instalment under the deposit law. For myself, sir, I am free to admit that I was as much opposed as my colleague could be to the passage of this bill until proof was adduced, most conclusive to my mind, that there was an actual deficit in the Treasury. Could I longer doubt as to the course I was bound, from

every consideration of patriotism, to pursue? On the one hand stood your Treasury depleted, disarranged, and disordered—stripped of all its resources by the sad revulsions in trade and commerce—with the Secretary asking Congress to give such facilities as the exigencies required; and on the other the States urging that the last farthing in the Treasury should be deposited with them for safe keeping. What, sir, would be the duty of the Secretary of the Treasury if the bill now under consideration be rejected?

In the first place, he would be required to deposit money which is not in the Treasury, and the deficit would have, of necessity, to be supplied by a loan, and then the principle would be fully established, that this Government will borrow money to loan or give the States, that they may appropriate the same to all the purposes of internal improvement. Is my colleague prepared to sanction this doctrine? Is he prepared to see works of internal improvement carried on by a system of legislation that would beggar the South and enrich the North? I should hope not. Yet, sir, if this bill be rejected, we shall be compelled to create a loan in the first place, to be discharged hereafter by an increase of duties on foreign imports. The traff, so justly odious to the southern interest, would be increased in order to discharge the national debt which would be the consequence of further continuing the policy of the deposit act of June, 1836. Have we not witnessed enough during the progress of this discussion, to awaken the fears of every southern member on this floor? Look, sir, at the course of debate on this question. For the first few days the bill was resisted on the ground that gentlemen were unable to come to satisfactory conclusions, from the report of the Secretary, as to the actual condition of our finances. This ground was taken and insisted upon by every gentleman who opposed the bill. An honorable gentleman (Mr. Briggs) who addressed the House some days since against its passage, declared himself so much bewildered and embarrassed from the humbuggy report of the Secretary, that he appealed to one of the committee (Mr. Hamer), "to remove the shadow from his eyes." I am unable to say whether the gentleman from Ohio has yet performed that operation. I apprehend, sir, that in order to operate with success upon the gentleman from Massachusetts, (Mr. Briggs) you should observe the preliminary treatment of all skilful surgeons, first to prepare the system, which in this case could only be done by removing the money from his reach. No, sir, when money is in the way, "shadows" will rise, and in vain can we hope to approach a subject in that clear light so important to the best interests of the people. But, sir, it is a curious fact, well worthy of remembrance, that all, or the most of those who have opposed this bill, on the ground that they could not understand the report of the Secretary of the Treasury, were able to understand, with great clearness, that the deposit act of June, 1836, was a *bona fide* contract, entered into between this Government and the States, whereby upwards of thirty-seven millions of money was to be deposited with the States; and that the faith of this Government was pledged to make this deposit, whether in point of fact there was a surplus or not. Sir, the first ground taken in the debate was abandoned. The second was then assumed, that this law was a contract, and that the public faith and good morals, demanded a fulfilment of it on the part of this Government. When I advert back to the period when this law was passed, and the arguments then advanced in its favor—when I recollect that a large majority of all parties then united in the measure, which they professed to believe necessary, to guard against the alleged Executive patronage, in converting the money to improper uses—when, sir, I remember that these arguments, enforced as they were by all sides of this House, failed in convincing me that the principles of that bill were not dangerous to the people and to the Government, I can not but feel gratified that none of the responsibility of that measure rests on my shoulders. But, sir, the last ground taken in this debate throws off all disguise, and places this question on a new and still more objectionable ground. Have we not heard



loud rejoicing at the humbled and prostrate condition of your Treasury? Have we not been given to understand, by the avowed friends of the American system, that they can and do perceive the revival of the principles of that system in the rejection of this bill? Have you not heard that the financial measures of this administration had exploded, and upon its ruins would be erected a new system, against which my colleague and myself have been equally opposed? Is there not enough in the signs of the times to deter my colleague from pursuing any course that may again give pretext to any portion of the representatives of this Union to increase the tariff? Sir, upon no principle consistent with the elevated stand the South should occupy on this floor, can we justify the rejection of the bill on your table. I deeply regret that my colleague should have thought it his duty to have discussed this question on the ground of preserving the "rights and equality of his constituents." Sir, who is opposed to the rights of their constituents? That is not the question. It is, how can we best protect their rights? My colleague's plan would be to pay them the fourth instalment in the funds of the banks of Alabama, Mississippi, Ohio, Kentucky, and Indiana, on which they would lose from fifteen to thirty per cent. as he well knows that the paper of the banks of those States is not current in Georgia, and if used at all, must be converted into other funds through a broker. But this is not all: the people would be required to return this very money in specie. Surely my colleague would not desire to bless his constituents with a calamity so great!

Mr. Speaker, when my colleague endeavored, by his argument, to show that all the people of Georgia required was money, regardless of consequences, or the principles involved in their receiving it, I must confess I felt humbled, and that the true spirit of the people I represent in part had been unfairly stated to the House and to the nation. No, sir, it is not money that we want; we desire a free Government—a Government administered upon principles securing every man in every portion of this Union in the enjoyment of his property and the fruits of his industry. No, sir; my colleague has underrated our constituents, by placing this question on grounds too narrow. Sir, a more high minded, generous, and patriotic people than those represented by the gentleman and myself in part, do not breathe. When in their history, and to what period of their existence, was it ever known that they sat down upon the selfish and sordid calculation of dollars and cents, when the public welfare was involved? Go back, sir, to the remotest period, and let my colleague tell when great constitutional and legal principles were involved on the one side, they ever looked to the petty, wretched, pitiful consideration of money on the other. Sir, I will not dishonor their high and exalted claim to patriotism, secured by an uninterrupted course of public measures, and political principles, by addressing an argument to feelings which I have yet to learn they possess. No, sir; as my colleague has supposed on his return to his constituents, he will be asked to give his reasons for the vote he may give on this question, I ask him to tell, what is now placed beyond doubt, that so far from there being a surplus in the Treasury to deposit with the States, that there is an actual deficit of several millions; that so far from the Government being able to make the fourth deposit, we are compelled to issue Treasury notes to meet the current expenses of the Government; that if we do not withhold the fourth instalment, we will be compelled to borrow three or four millions to enable the Secretary of the Treasury to carry into effect the law; and after telling them this, he may say, that so far as Georgia is concerned, the best he could do was to get Alabama, Mississippi, Indiana, and Ohio paper; and above all, let him tell them, that if he votes against the bill, he admits, by that vote, that a power exists in this Government to tax the people to raise a surplus to be distributed among the States for works of internal improvement! Let my colleague tell this, and I am not afraid to meet the judgment that may be pronounced upon the vote I give, by my

constituents. With no expectation of addressing the House to-day, I have, Mr. Speaker, in a desultory manner, attempted an answer to the argument of my colleague; and, sir, in conclusion, if my counsel could prevail, I would beg him to re-examine the whole question, and renounce at once the errors into which he has fallen.

## REMARKS OF MR. TITUS,

OF NEW YORK,

*In the House of Representatives, Tuesday, October 10, 1837*—On the bill from the Senate postponing the payment of duties on revenue bonds

MR. TITUS said he had hoped that some of the honorable members of this House, whose character and talents would have given weight to their opinions, would have thought proper to address the House upon the bill before it. He was aware that views similar to his own were entertained by very many upon this floor, but the disposition generally manifested, seemed to render hopeless any opposition to the amendment offered by the honorable chairman of the Committee of Ways and Means. Viewing it, however, as he did, and in the absence of any discussion, he felt it to be his duty to give very briefly his objections to the consideration of the House.

The first section of the bill grants an extension in the time of payment on all revenue bonds of nine months. To that he had no objection. The condition of the times unquestionably requires it, on the ground that it will render the payment ultimately more certain, and it may moreover tend, in some degree, to relieve those immediately connected with the importing interest. Still it appeared to him, that the only just and tenable ground upon which an extension could be granted, was the additional safety attained by that extension.

But neither the second section of the bill nor the amendment offered, can be entertained upon the principle of increased security, or of relief to any portion of the community, except the merchants. There is no indebtedness to the Government that the amendment proposes to secure; on the contrary, it releases in these days of non-payment, from the custody of the Government, the merchandise held in security for cash duties, and proposes the substitution of a lengthened credit upon bonds, subject of course to the contingencies of the times.

He was opposed to this portion of the bill, as well in regard to its practical effect, as to its violating a settled principle of existing laws. He took it for granted that the laws in relation to revenue were proper and just; they had been a subject of exciting interest and profound discussion during a long period, and were finally settled in the spirit of compromise amid the convulsions of the nation. Were they to be lightly disturbed? Were they to be approached without great and apparent causes? However unimportant in that point of view the present proposition might appear to the House, it acted forcibly upon his mind. It was well known to this House, and to the nation, that at the last session of Congress, the Committee of Ways and Means, with its present chairman at its head, introduced a bill to reduce the duties on imports. It bore in that character too unfavorable an aspect to meet support, and was abandoned.

The subject is now approached with more caution, and we are only presented with the first step by which the ladder is to be mounted; another is about being introduced, which, if accepted, will scatter to the winds whatever of protection, if protection it can be called, that the producing classes now receive.

The proposition, then, being to that effect, it is desirable that the Committee of Ways and Means should approach the subject directly; that they should toe the mark, and introduce a bill entitled an act to repeal the duties on imports. Its object would then be understood, and the honorable members of this house would act advisedly.

The practical operation of this bill will be to increase, and throw into market, the already excessive importations of goods, paying, by existing laws, cash duties. The means obtained by the

bounty of Government, will furnish forth new importations; and none can act with such deleterious effect upon the labor and interests of the producing classes, as those of this character; and an acquiescence in the demand of the commercial interest, will fall with peculiar hardship upon that extensive class of the people. They suffer not only in common with all other classes of the community, but by the provisions of this bill, they, in effect, are required to furnish forth the means to enable the importers, by further unnecessary importations, still more to injure and depress them.

Gentlemen are aware that merchandise paying cash duties, as embraced in this bill, consists of wool, woollen goods, and goods of which wool is a component part. We have been told in this hall, that our manufactories are generally suspended in their business; that thousands of our citizens connected with them are out of employment, and are in a condition of want and suffering; and it is well known by those conversant in such matters, that the price of goods of this description is depressed beyond all former precedent. The quantity on hand of this kind of goods, foreign and domestic, is immense; and the amount of wool in the warehouses, and remaining yet in the hands of the producers, scattered over the northern half of the Union, can not be less in value than twenty millions of dollars.

Does not this state of things exhibit embarrassment and distress to an extent that does not require legislative enactments to increase it? Shall the command—he believed the term was not inappropriate—of the commercial interest add to the general calamity, by screening themselves from the effects of their own imprudence, and throwing it with appalling force upon the great mass of the producing classes, whom that imprudence has already so severely injured? It is true, that those classes are not asking for relief; they disdain to prefer the mendicant's prayer; but, in the language of the honorable gentleman from Ohio, they pull off their coats, roll up their sleeves, and go to work.

He had said that the distresses of the people were principally caused by the imprudence of the commercial interest. It was generally conceded that they had proceeded mainly from over-trading; but, to his mind, a proper distinction had not been taken as regards the kind or character of over-trading. So far as the individual concerned is affected, no distinction exists; but it must be borne in mind that, however severe the revulsions in business may, at any time be among a great people, a vast majority of individuals are not materially affected by it—a vast majority do not incur liabilities that create embarrassment. Hence, when the balance of trade is not against us with foreign nations, our immense domestic operations are not impeded; and, although in their excesses individuals will suffer, capital is not diverted from its accustomed channels; it merely changes hands within a circle over which it is not required to pass. A brief view of our own condition will establish that position. Our domestic operations, including current business and general indebtedness, reach to an amount of which it is difficult even to form an opinion. We have no data to direct us but what is derived from our knowledge of indebtedness to banks, but he thought he was more likely to be below than above the mark in placing it at two thousand millions per annum.

This immense business had at all times been transacted without difficulty, when balances abroad had not pressed too hard upon us. No revulsions under such circumstances had taken place, and all the efforts to that end that were made by politicians and others, in 1834, were abortive. No efforts could have been more animated, nor means more powerful applied, to create confusion and produce disaster; but the energy and resources of the people, not being crippled by foreign demands—the payment of which required the basis of our paper currency, bore up triumphantly and successfully against the storm. In illustration of this view of the subject, he would adduce a remark of an English statesman in comparing the relative condition of England and the United States in the present crisis. He said that the former, with a national debt of eight hundred millions of pounds

sterling, and an annual tax of fifty millions sterling upon the people, was prosperous and unembarrassed, and its industry and trade not materially affected; whilst, on the contrary, the Government of the United States, with a surplus of forty millions of dollars, and the people comparatively no taxes to pay, yet the Government and the people were alike bankrupt. Without literally adopting these positions, they nevertheless went clearly to elucidate to his mind the effect, of the commercial action of the two countries. England has no balances against her, and, hence, the comparatively partial evil she experiences; whilst the balance against us required, in its liquidation, the coin of the country—the basis of our paper currency. The step taken was inevitable. The basis of our currency would have been swept from the country but for the proper and justifiable course of those who held it in possession. Had England received her dues, she would, of course, not have felt the blow; but had we promptly paid our debts we should have been ruined.

In establishing the position that the present state of things has been produced principally by over-trading, the condition of England has been assimilated to ours, and her embarrassments ascribed to the same causes. In his judgment, however, there was a material, a radical difference—our over-trading consisted in buying too much, in buying more than we can pay for, of foreign countries. The over-trading of England, on the contrary, consists in selling more than she can obtain pay for, and the losers only feel the effect, without its pervading all branches of business. Our over-trading abroad, as before remarked, in creating balances against us, affects in a greater or less degree all classes of community by its operation on the currency. He hazarded little in saying that excessive importations had been the forerunner of all the severe revulsions we had felt for the last twenty years. That of 1819 must be familiar to most of the members of this House, and he thought no individual could doubt its cause. It operated with extreme severity; and however great may be the embarrassment and suffering of the commercial interest at the present time, the general distress at that period was incomparably greater than it now is. Our numerous manufacturing establishments, with scarcely a single exception, were overwhelmed in irremediable ruin. Thousands of farmers canged proprietors, and those who but yesterday thought themselves secure in a certain, though, perhaps, humble independence, were on the morrow the tenants of their former freeholds. And it may not unworthy of remark that they asked not, received not, any of the bounties of Government.

He had no doubt of the existence of the difficulties complained of by the commercial interest. Public fame, as well as the documents before us on that subject, establish that fact; and he should hope for the honor of humanity that that distress must be deep indeed, that could bring before us, begging alms, that class of our citizens, who, in their own estimation, and as it would appear in the estimation of this House, were first in importance as they were in wealth.

He trusted the provisions of the first section of this bill would afford them great relief; at all events it was their proportion of the bounties of Government. He considered the second section, as well as the amendment offered, went to increase by the aid of the Government, an evil which had, to a great extent, been checked by its own excesses. Importations, embraced in the amendment, being principally from the west of Europe, had in general been ordered since the commencement of the present embarrassments. The importers were consequently aware of their inability, if that inability exists, to comply with the requirements of the revenue laws. If then they have knowingly and purposely plunged in beyond their depth, they should be left, as the great mass of their fellow citizens are, to get out of their difficulties, without the special bounties of the Government. He would say no more, except to express the hope, though apparently a vain one, that those who had contributed to the establishment of the present revenue laws, would feel and see the propriety of rendering them permanent.

## SPEECH OF MR. RIVES,

OF VIRGINIA,

In Senate, September 19, 1837.—In support of the bill introduced by him designating the funds receivable in payment of the public revenue, and in opposition to the Sub-Treasury scheme.

MR. PRESIDENT: I rise, in pursuance of the notice I gave yesterday, to ask leave to bring in a "bill to designate the funds receivable in payment of the revenue of the United States." It will be borne in mind, by the Senate, that among the most prominent, and certainly not the least important objects presented, both by the President's message and the report of the Secretary of the Treasury, for the "immediate attention" of Congress at their present session, is the expediency of some legislative provision defining the character of the funds to be received, in future, in discharge of the public dues. From the intimate connection between the collection of the public revenue and the general currency of the country, this question has, in my estimation, far more essential bearings on the great interests of the community than any which the President has submitted for our deliberations. The Committee on Finance, however, to whom the Message was referred, have not thought it proper to make any report on that portion of it, and we have been informed by the honorable chairman that it is not their intention to make any report upon it at the present session. It is this omission, on the part of the committee, that it is the object of my motion now to supply.

The President recommends that henceforward the whole revenues of the United States shall be collected exclusively in gold and silver. A proposition of so marked a character, emanating from a source of such high authority, could not fail to excite deep anxiety in the public mind; and it seemed to me that all uncertainty, in regard to the policy of the Government on so vital a subject, should be promptly settled one way or the other by the action of the legislative department. It is my misfortune to differ with the President in his views of the expediency of this proposition. I am fully convinced that, in the actual condition of our circulating medium, and in what is likely, for years to come, to be its condition, the operation of such a measure would be distressing to the community, injurious to every branch of industry and enterprise, and, above all, would postpone indefinitely that return to specie payments by the banks, which is the great object of the public solicitude, and ought to be the end and aim of our deliberations here. Viewing the question in this light, I desired it should be met with promptitude, considered with candor, and decided with wisdom.

Since I gave notice yesterday of my motion, two gentlemen, the Senator from South Carolina, (Mr. Calhoun,) and the Senator from Missouri, (Mr. Benton,) have submitted propositions intended to carry out the President's recommendation, differing somewhat in detail, but both founded on the principle of rejecting bank paper altogether in the operations of the Government, even though immediately convertible into specie, and issued by banks of unquestionable solidity. Both contemplate, as does the recommendation of the President, a thorough revolution in the policy and practice of the Government. From the origin of the Government it has been the practice of the Treasury Department to treat the notes of specie-paying banks as equivalent to specie; and the joint resolution of 1816 expressly placed bank notes, convertible into specie, on the same footing with specie in the fiscal transactions of the Government. It is true that, under the construction given to that act by the law officer of the Government, the late President of the United States caused an order to be issued, requiring payments for public lands to be made in gold and silver alone, still leaving the other branch of the revenue (the customs) to be collected as heretofore, in the notes of, or checks on, specie-paying banks. That order was understood at the time to be issued for objects purely of a temporary nature; and as such it may have been a salutary measure. But its continuance as a part of the permanent policy of the Government was almost unanimously repudiated by the voice of the representatives of the people and of the States.

You well remember, Mr. President, that the discussions to which this subject gave rise, during the last session of Congress, terminated in the passage of a bill, by overwhelming majorities of both Houses, distinctly re-affirming the principle of the joint resolution of 1816, in relation to the receivability of the notes of specie-paying banks, and containing also the significant provision, that in future no discrimination should be made between the different branches of the revenue, as to the medium in which they were to be paid. The bill received the votes of nine-tenths of the members of this house, and near three-fourths of the other. Still it did not become a law. The circumstances under which it was arrested in the ordinary and regular course, and which alone prevented it from being now the law of the land, are fresh in the recollection of the country. I will not speak of them, for it is my sincere wish to keep out of the present discussion every thing which may awaken unpleasant feelings. But this I will say, that no act of legislation was ever the subject of a more watchful scrutiny, in the various stages of its progress; few, if any, have ever met a fuller discussion, or a more deliberate consideration; none, within my experience, has ever received a more unanimous and emphatic assent of the bodies by which it was passed. The country, too, so far as I have been able to learn—and I have not been an inattentive observer of the evidences of public sentiment on the subject—has responded, with a general voice of approbation, to the decision of Congress, and warmly and cordially sustained it. It is that measure, thus doubly sanctioned, with some modifications suited to the change of circumstances, that I beg leave to re-present as a compliance with the call of the President on Congress for further legislation, believing it to be adapted to the exigencies of the occasion, as well as useful and salutary in its general operation on the currency.

The principles of that bill were these. It declared that the public dues should be collected in specie, or in the notes of specie-paying banks, under certain restrictions in regard to small notes, which were intended to operate the suppression (ultimately, but gradually) of all notes under twenty dollars; and it further provided, as I have already stated, that, in future, no discrimination should be made between the different branches of the revenue, as to the funds in which they were receivable. These principles are incorporated in the bill I now ask leave to present, and in the very language in which they stood in the bill of last session. The modifications of that bill, which I have made with reference to existing circumstances, are these: In contemplation of the contingency, now highly probable, of an issue of Treasury notes, I have introduced an alternative clause, declaring that, in addition to specie and the notes of specie-paying banks, the public dues may be collected "in any other medium specially authorized by law." The other modification has relation to the great desideratum of an early resumption of specie payments by the banks; and consists in a proviso that "he notes of no bank which now fails, or may hereafter fail to redeem its notes in specie, shall, at any time, be received in discharge of the public dues, unless such bank shall, on or before a given day, have bona fide resumed payment in specie." The object of this proviso is to designate a fixed period for the resumption of specie payments by the banks, which may serve as a rallying point to them all, and produce that concert and harmony of movement without which this most desirable end cannot be accomplished. There will be no difficulty, I think, from the data already in our possession, or easily attainable, in fixing that period understandingly and judiciously. The mere designation of a day by Congress will, itself, be powerfully operative in effecting the result we aim at. You doubtless recollect, Mr. President, what was the effect produced by a similar proceeding in 1816-17. By the joint resolution of April, 1816, the 20th February following was fixed as the day for the resumption of specie payments by the banks. The banks themselves determined, in a formal convention held for the purpose, not to resume until the 1st of July, 1817; but the firm adherence of Congress to their original resolution,

forced the banks to yield, and they finally and simultaneously resumed specie payments on the 20th February, 1817, the day indicated by an act of Congress.

The inducements to an early resumption of specie payments held out to the banks by this bill are two-fold. It addresses itself both to their hopes and their fears. It says to them, in effect, that whenever you resume specie payments, (provided it be before a certain day,) your notes, under the restrictions of the bill, shall be receivable in payment of every branch of the public revenue, whether for lands or customs; but if you do not resume by that day, your notes shall not be received in payment of public dues, even though you may thereafter resume. The banks will thus be doubly stimulated to a resumption of specie payments—by the promise of a benefit on the one hand—by the exhibition of a penalty on the other.

With these provisions, I do not doubt the early re-establishment of a sound and healthy state of things. What is the present condition of the country, and what the treatment it demands? If we look around us, we find all the great sources of national prosperity still unimpaired—the land, the labor, the capital of the country in their accustomed fertility and abundance. And yet industry is paralyzed, commerce at a stand, the currency degraded and deranged, the precious metals fled from circulation, the land overrun with spurious or precarious substitutes for money, exposing every interest of society to insecurity and hazard—an insecurity and hazard involving alike the wages of labor, the value of property, the fulfilment of contracts, all the acquisitions of the past and all the hopes of the future. Now, what is the remedy for this extraordinary state of the body politic? It is comprehended in a single word. The restoration of confidence.

It will be admitted, on all hands, that the first thing to be brought about, with a view to the amelioration of the present condition of things, is the return to specie payments by the banks. But that return cannot be effected without a restoration of confidence; and confidence is to be restored mainly by the policy and example of the Government. With its aid in the re-establishment of confidence, nothing is clearer than the ability of the banks, at an early day, to resume and maintain specie payments. Let us, for a moment, look at the condition of the country and of the banks in regard to those particulars which form the leading elements of this question. And, first, as to the stock of precious metals in the country. This supply in the country is most abundant; for, although a good deal has gone out recently to pay off our foreign debt, an equal, or nearly equal, quantity has come in. It is shown by official returns that the importations and exportations of specie, during the year, very nearly balanced each other. The quantity in the country at this moment, according to the estimates and statements we have received from the Treasury Department, is nearly three times as great as it was four years ago. The means to enable the banks to resume and sustain specie payments are, therefore, ample and unquestionable, as soon as confidence shall be restored. Then, as to the balance of our foreign debt, which forms another important element of this question—it has been in a course of constant and progressive reduction for the last six months, and with the aid of the new crop which is now coming in, and the great diminution of foreign imports, we shall soon see it entirely extinguished. At the same time, the great mass of the banks throughout the country have been diligently preparing themselves for a return to specie payments, by a steady and judicious reduction of their circulation.

Nothing, then, is wanting to a speedy accomplishment of that great object but the restoration of confidence, and it depends mainly on the action and policy of the Government to supply that requisite. The currency of the country is, at this moment, in the condition of a human body in a state of suspended animation—the heart still beats, the principle of vitality is unextinguished, but the active functions of life are suspended. Let the Government but breathe the breath of confidence into it, and it will be at once resuscitated. It is

the more necessary that the Government should give its aid in this work of restoring confidence, because, whether justly or unjustly, it is from the Government that the greatest danger of hostility is apprehended. Let this apprehension, then, be quieted by some pledge of security, by some token of encouragement and confidence.

The Senator from South Carolina (Mr. Calhoun) asserted yesterday that the disease of the country is *debt*, the only remedy is *time*, and that he relied much more on the cotton and tobacco crops for relief, than upon any action of the Government. Sir, the debt of the country, as I have already remarked, has nearly reached its extinguishment, either by actual payments or the bankruptcy of unfortunate debtors. But, if this were not so, the cotton and tobacco crops, though essential ingredients of relief, do not supersede the necessity of other and auxiliary remedies. Examples are not wanting in the financial history of this and other countries, to show the magical effects of confidence in periods of great public distress, and how that confidence depends on the conduct and policy of the Government. The year 1793 was a period of the severest commercial distress in England. More than a hundred country banks became bankrupt, and the whole country seemed destined to a similar catastrophe; when a single act of the Government, *encouraging confidence*, produced immediate and general relief. I allude to the offer made by the British Government, in that crisis of suffering and alarm, to lend to solvent dealers five millions of pounds in exchequer bills. A considerable part of the sum was not taken or even applied for; but the simple offer of the credit of the Government, in restoring confidence between man and man, elicited the dormant resources of the country, and relieved at once the general distress.

We have had a similar and striking example in our own country. You well recollect, Mr. President, the memorable panic of 1834, which ensued on the removal of the deposits from the Bank of the United States. The storm which was raised on that occasion was directed chiefly on the great commercial emporium of New York. The legislature of that patriotic and powerful State, with a paternal sensibility to the interests and sufferings of her citizens, came forward and authorized the creation of a stock of six millions of dollars to be lent to the banks, for the purpose of sustaining them under the extraordinary pressure to which they were exposed. What was the effect? Not a solitary dollar was taken by the banks; but the offer itself operated like a charm. It *restored confidence*, and *relieved the pressure*. These examples may serve to show gentlemen that there is some practical virtue in confidence, and in the moral power of the Government to promote and encourage it. What does the country ask at the hands of the Government at the present moment? Is it a loan of six millions? No, sir. The only boon that is asked, the only aid that is wanted, is, that the Government should not discredit, by its act, the great circulating medium of the country, in which ninety-nine hundredths of the transactions of society are negotiated and settled, when that medium shall be restored to soundness, and brought back to the standard of convertibility into specie.

In connexion with this subject, I beg leave to call the attention of the Senate to one remarkable consideration. It is this: the President, in tracing the causes of the present calamity, states that the same embarrassments and distresses have existed in England as in this country, arising from the same general causes, with this only difference in the result—that here the banks have suspended specie payments, while in England no such catastrophe has occurred. This difference, to my mind, comprehends every thing. It is rendered the more remarkable by the fact that, during the progress of these difficulties, England was constantly losing her supply of the precious metals, the stock of bullion in the bank having been reduced from about eight million to four million pounds sterling, (one-half of her ordinary quantity,) while in this country, during the same period, the precious metals have been steadily flowing in upon us, and accumulating in an unprecedented manner; so that at the time of the suspension of specie payments we

had three times the amount of specie we ever possessed before. According to these circumstances the results in the two countries ought to have been precisely reversed. We should have continued to sustain specie payments here, while a suspension of them in England would seem to have been inevitable. Why has it been otherwise? How has it happened that England, with her supply of the precious metals reduced to one-half her usual stock, has continued specie payments, while we, with three times the amount we ever had before, have been compelled to suspend specie payments? The solution must be found mainly in the fact, that in England, in periods of commercial distress, *confidence* is always encouraged by Government, while here nothing was done by the Government to animate and sustain confidence. I do not mention this as matter of reproach to the Government. It may be that the Government here believed it had no constitutional faculty to interpose, in any manner, for the support of confidence. But, unfortunately, direct and open attacks on the commercial credit and institutions of the country, well calculated to *destroy confidence*, were made in a quarter which, from the relation it bore to the Government, gave rise to lively apprehensions of hostility from the Government itself. These apprehensions are now again revived, by the recommendations of the President—a recommendation which, if attempted to be carried into execution, would, in my humble judgment, render the recovery of the country from its prostrate condition hopeless and impossible.

It is a matter susceptible of demonstration, that if the policy of demanding specie exclusively in payment of the public dues shall now be adopted, it will be utterly impossible for the banks to resume specie payments. It is an invariable law of currency, well stated by my honorable friend from Georgia (Mr. King) yesterday, that if there be two currencies in a country, one answering all the purposes of the other, and a *valuable purpose besides*, the currency answering the additional purpose will always command a premium. This is the condition of the country at the present moment. Bank paper constitutes the great mass of the circulation, while gold and silver are only to be had at a premium. If the Government shall now adopt the policy of requiring payment of its dues in specie alone, this state of things must be perpetuated. Applicable to all the purposes for which bank notes can be used, and over and above that, answering the important purpose of paying the public revenue, from which bank notes will be excluded, specie, under these circumstances, must continue to command a premium. Can the banks resume specie payments in the face of a premium borne by gold and silver? The very moment they opened their vaults, the holders of notes, in order to secure the premium to be obtained for specie, would make a general run upon them for cash; and, if they opened their vaults, it would only be to close them immediately.

But again, sir: would not the *example* of the Government, in the indiscriminate rejection of all bank paper, have a powerful moral influence in exciting the jealousies and suspicions of the whole community? If the Government, by its acts, shall declare bank paper to be worthless or unsafe, will not the people also take the alarm? Will not a general distrust be created of all banking institutions, and will not every person holding their paper become impatient to convert it into specie? In this pervading want of confidence, their vaults would be drained of every dollar they possessed. It is demonstrable, therefore, that, under the policy of collecting the dues of the Government in hard money alone, we never can accomplish that great object in which the whole country has so vital an interest—the resumption of specie payments by the banks.

How does the proposition of the honorable Senator from Missouri (Mr. Benton) bear upon this question? Its practical effect, if I understand it correctly, will be to enforce a *penalty* upon the banks for resuming specie payments. In the amendment offered by him there is a blank left for the day after which the revenues are proposed to be collected in gold and silver only; and I understood the gentleman to say it is his intention to fill that



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blank with the day on which the banks would probably resume specie payments. I believe, sir, said Mr. R. (turning to Mr. Benton,) I am not mistaken. [Mr. Benton. Right, right.] Then, Mr. President, here is a positive penalty denounced against the banks when they shall return to specie payments. As the law now stands, the notes of specie paying banks are receivable in payment of the public revenue. The Senator is willing that this should continue to be the law while the banks do not pay specie for their notes; but then they do pay specie, the honorable gentleman says to them, we will revoke this privilege, thenceforward reject your notes, though immediately convertible into specie, and declare that, from and after the day of your resumption, nothing but gold and silver shall be received in discharge of the public dues. Is not this, in effect, a direct penalty visited upon the banks for returning to specie payments? Under such a policy, this great object of public interest and anxiety never can be accomplished; and I recur with confidence to my original position, that the only means by which it can be effected is a just, safe, and paternal policy on the part of the Government, announcing to the banks, that, on such conditions as may be necessary to guard against the recurrence of the catastrophe, we are now suffering from, we will receive your notes, convertible into specie, in payment of the public dues, as they have been received, by the practice the Treasury Department or by express enactment of law, from the origin of the Government down to the present time.

I have thus far, Mr. President, spoken of this matter in reference to the particular circumstances of the crisis, and what appears to me to be the pressing and paramount object to which the attention of every patriotic legislator ought to be directed at the present moment—an early resumption of specie payments by the banks. But, looking at it in a broader and more general point of view, I ask, sir, upon what principle of republican Government is it that the Government can be justified in drawing a line between itself and the people—in saying there shall be one currency for the Government and its officers, and another for the great body of the community—that the better currency shall be for the governors, and the baser currency for the governed? Such I have shown must be the effect of demanding the public dues in gold and silver exclusively, while the great mass of the circulation shall consist of bank paper. Sir, I have always been taught to believe—my honorable colleague and myself learned it from the bill of rights of our own State, as soon as we were capable of reading—that a common interest between the governors and the governed is a fundamental principle of free institutions, and that the best means of “restraining the former from oppression is to make them feel and participate the burdens of the latter.” Let the Government share the same fate with the citizen, and you give it the strongest of all motives to watch over the general interests. On the other hand, place it in a position different from that of the great body of the community, especially in so vital a matter as that of its revenue and pecuniary support, and you make it, at once, callous and indifferent to the sufferings of the people, and even give it an interest to perpetuate those sufferings. You destroy all sympathy on the part of the Government with the people, and you alienate the confidence and affections of the people from the Government.

What, sir, is at this moment the ungracious attitude in which the Government is placed towards the people? Its officers and contractors are paid in gold and silver, or in Treasury drafts made receivable in discharge of public dues, and therefore nearly equivalent to gold and silver, while the community at large are left to conduct their business, as they may, in an irredeemable paper currency. Does not this operate as a virtual increase of the salaries of public officers, in the midst of general distress affecting all the rest of the community? The gold and silver which they receive is at a premium of ten or twelve per cent. and the Treasury drafts at seven or eight per cent. above the actual and common currency of the country. This premium is, I repeat, an addition of so much to

the amount of their salaries; for, in a practical sense, there has, as yet, been no depreciation in the value of current bank notes. They pass for as much in the ordinary business of life—in the payment of debts, in the purchase of necessities and conveniences of whatever is worn, drank, or eaten—as they ever did. The premium, then, which the public officers and contractors obtain on their gold and silver, and Treasury drafts, is so much clear gain to them. And at whose expense is it acquired? Is it not at that of the great body of the people, the ultimate tax-payers and supporters of the Government? Does any one suppose that the importing merchant, who has to give ten or twelve per cent. for the gold and silver, and seven or eight per cent. for the Treasury drafts, with which he pays his duties to the Government, does not add an equal amount, with the usual profit upon it, to the price of his goods? It is, then, the consumer at last, or, in other words, the great body of the people, who are subject to increased taxation for the benefit of the office-holder and the contractor.

Sir, this is a state of things which I do not wish to see perpetuated. It is contrary to the genius and fundamental principles of our republican system. Of all schemes of policy I can conceive, that which proposes a permanent distinction between the Government and the people in their pecuniary interests—one currency, and that the better one, for the Government, and another, and inferior currency, for the people—such a system of discrimination is, to my mind, of all others, the most injurious and revolting in principle, the most heartless in character, and the most despotic in its tendencies. It is like quartering the Government, as a foreign enemy, on the heart of the country. You entrench it behind a frowning fortification, surround it with battlements, and lay the country, far and near, under contribution for the support of this garrison of office-holders. Desolation and oppression are without, while the tenants of the citadel are revelling in luxury and profusion within. I am not willing, for aye, to see the Government of my country placed in this anti-social, if not belligerent, attitude towards the people. I am not willing that this favored land, to which the nations of the earth are looking for a successful example of the practical enjoyment of free institutions, should exhibit such a spectacle of inequality and oppression in the eyes of the world.

Much reliance, Mr. President, has been placed on the popular catch-word of divorcing the Government from all connection with banks. Nothing is more delusive and treacherous than catch-words. How often has the revered name of liberty been invoked, in every quarter of the globe, and every age of the world, to disguise and sanctify the most heartless despotisms. Let us beware that, in attempting to divorce the Government from all connection with banks, we do not end with divorcing the Government from the people. As long as the people shall be satisfied in their transactions with each other, with a sound convertible paper medium, with a due proportion of the precious metals forming the basis of that medium, and mingled in the current of circulation, why should the Government reject altogether this currency of the people, in the operations of the public Treasury? If this currency be good enough for the masters, it ought to be so for the servants. If the Government sternly reject, for its uses, the general medium of exchange adopted by the community, is it not thereby isolated from the general wants and business of the country, in relation to this great concern of the currency? Do you not give it a separate, if not hostile, interest, and thus, in effect, produce a divorce between Government and people?—a result, of all others, to be most deprecated in a republican system.

We have been told, Mr. President, of the embarrassments and inconveniences to which the Government is exposed, by receiving its revenues in any thing but gold and silver, in such an event as has now overtaken the country and involved it in general distress. For one, sir, I cannot respond to this appeal. I do not desire to see the Government placed in a position that would exempt it from embarrassment when the people are embarrassed. Would it give any satisfaction to a patri-

otic mind, in the present calamitous condition of the country, to see treasures of gold and silver pouring into the coffers of the Government, while the people are suffering all the evils of an irredeemable and depreciating paper currency? For myself, I am free to say, that neither as a citizen nor as a representative, having it in my power, if I would, to participate, in some degree, in these peculiar advantages of the Government, could such a state of things minister the slightest gratification to me. No, sir, my heart disowns the thought. So far from it, the contrast would be but a new feature added to the mortifying and distressed condition of the country, and casting reproach upon our institutions which admitted such an unnatural and anti-republican inequality. If any thing could make your Government a callous and indifferent spectator of the sufferings of the people, refusing a helping hand to their relief, and “mocking when their fear cometh,” it would be to place it in a position like this. No, sir; whenever the people suffer embarrassment, embarrassment should be felt by the Government, that it may be stimulated, through experience of the common suffering, to do all it can to prevent or relieve that suffering. I am for holding the Government in all things to a common fate with the people, so that whatever touches the one shall be immediately felt by the other. Let the condition of the Government answer to the condition of the people, so that the conduct and policy of the one may, with equal fidelity, reflect the interests and sentiments of the other.

This, sir, is the principle which has always guided my views in regard to the great question of the currency. No one desires a sound reform of the currency more than I do; but I wish to improve it for the benefit of the people as well as of the Government. I desire to see a large infusion of the precious metals into the general circulation and business of the country, and not a monopoly of them by the Government. This great object can be effected only by the suppression of bank notes of the lower denominations, and not by demanding gold and silver alone in payment of dues to the Government. Let all notes under twenty dollars be gradually suppressed, and you will have an abundance of gold and silver in common circulation, passing from hand to hand in the common business of society. That will be a salutary and beneficent reform, enuring to the advantage of the great body of the people, as well as of the Government; and when it shall have been accomplished, when gold and silver shall thus have become the common currency of the country, you may, without hardship or injustice, demand payment of the public dues in the precious metals. But this most desirable result, the general circulation of gold and silver in the common business of life, never can be effected, (as I think I have fully shown on another occasion,) without a previous suppression of bank notes of the lower denominations. In every scheme of reforming the currency, which looks to the benefit of the people as well as of the Government, this is the great point to be aimed at. It was the leading object of the measure I brought forward during the last session of Congress, and which then received the almost unanimous sanction of this house, and the assent of a large majority of the other, though, from causes to which I have already alluded, it failed to become a law. The same measure, in all its essential principles, I now again submit for the consideration of the Senate.

The President, sir, in his message, tells us that the requisition of gold and silver in payment of the public dues would have “a direct tendency to produce a wider circulation of the precious metals, to increase the safety of bank paper, and to improve the general currency.” I desire to treat the opinions of the President with all possible respect—a respect felt alike for the individual and the magistrate; but unless I have wholly misconceived the elementary principles which belong to this subject, as well as their obvious practical operation, it is impossible to sustain any one of these positions. How, sir, can the collection of the revenue in gold and silver tend “to widen the circulation of the precious metals?” It is a well known and invariable law of currency, that bank notes and coins

of the same denomination can not circulate together. It is in vain, then, to attempt to *widen the circulation* of gold and silver by any other means than by the suppression of bank notes of the lower denominations. But, not now to dwell on this view of the subject, (which I have fully developed and enforced elsewhere,) I maintain that the collection of the public revenue in gold and silver, while the common currency of the country consists of bank paper, instead of *widening the circulation* of those metals would have the effect of taking them out of *general circulation* altogether. In the remarks I have already made, I think it has been satisfactorily shown that the necessary effect of this policy would be to cause gold and silver to bear a premium. Bearing a premium, they would not circulate as currency at all, but would be at once converted into an article of merchandise. The public debtor would buy them of the broker to pay his dues to the Government; and when paid out to the public creditor, he would go and sell them again to the broker. Instead of entering into circulation, all of them that were seen would be restricted to this narrow round of traffic, while the great mass of them would be withdrawn from public view as well as use.

Then, sir, as to the tendency of this policy to "increase the safety of bank paper," would you increase the safety of bank paper by abstracting the fund for its redemption? Yet such would be the plain operation of this policy. The Secretary of the Treasury has referred to the condition of the Treasury in 1834 as affording a general average to illustrate the operation of the new financial system he proposes. In looking at the Treasury statements for that year I find that the average amount of public moneys on deposit in the city of New York, during that year, was about five million; while the whole amount of specie in the banks of the city was about two million. Taking this as a fair average for that city, what would be the influence of this new policy of collecting the public dues in gold and silver on the *safety of bank paper there*? Where would you get the five million of specie to meet this demand for the public revenue? It is evident the banks would be drained by it of their stock of the precious metals, and the community would thus be deprived of the security on which they relied for the soundness of the bank paper held by them. The "improvement of the general currency," then, which the President anticipates as the result of the policy he proposes, would, unless the principles heretofore received as incontestable truths on the subject of the currency be utter fallacies, amount to this: that the precious metals would no longer form a part of the general circulation; that they would cease to be currency, and become mere articles of merchandise, to be obtained only at a premium; and that the specie basis, on which the soundness and safety of bank paper so mainly depend, would henceforward, to a great extent, be withdrawn and monopolized by the Government.

But it has been said, and I regret to perceive that the idea is countenanced by the high authority of the President, that the general currency of the country is a matter with which this Government has nothing to do; that its duties are confined to the exercise of the coinage power, and the collection of its own revenues in gold and silver; and that the general circulating medium of the country must be entirely abandoned to the separate and often conflicting control of the individual States. Now, sir, as my opinion differs alike from this view of the subject, and from that urged a few days ago by the Senator from Massachusetts, (Mr. Webster,) I beg leave to state briefly what they are. The whole history of the formation of the Constitution, as well as the internal evidence of its provisions, prove, beyond question, that the framers of that instrument intended that there should be a *common currency* for the Union, and not "as many different currencies as there are States." They, doubtless, believed that that currency would consist almost entirely of gold and silver. There were but two banks then in existence, whose issues formed an exceedingly small part of the general circulation. They no more foresaw that immense multiplication of banks, which has made bank paper the actual

currency of the country, than they foresaw the two great discoveries of the age—steamboats and railroads—which have had so extraordinary an influence on the wealth and resources of the country. Believing that gold and silver would continue to constitute the currency of the country, they placed the "regulation" of that currency expressly under the control of Congress, and took it away, in terms equally express, from the States. But, while they did this, they left with the States (for the omission to take it away amounted to the same thing) the power of incorporating banking institutions. In the general and extensive exercise of that power by the States, the issues of the banks have come to take the place of gold and silver, and to form the actual currency of the country. In the practical working of our system, then, a state of things has grown up entirely unforeseen by the founders of the Constitution. This Government has no authority, by force of law, to put an end to that state of things; nor is it desirable, considering the many and indisputable conveniences of a sound paper currency, in the present advanced stage of commerce and civilization, to destroy it altogether. But, as the original design and intention of the Constitution certainly was that there should be a *common currency* for the Union, it is incumbent upon Congress, in the exercise of the powers delegated to it, to do all it can to fulfil that design, and to render the actual currency of the country as sound, as equal, and as nearly equivalent to gold and silver, as possible.

This duty is essential to the harmony and friendly intercourse of the States, and is, indeed, intimately connected with all the objects of a *common Government* which led to the establishment of the Constitution. But this duty is to be measured by the extent of the powers which have been delegated to Congress; for it must always be borne in mind that this Government can exercise no other power than such as have been specifically delegated to it. Now what are those powers in regard to the question of the currency? The Senator from Massachusetts (Mr. Webster) argued, the other day, as if the Constitution had given to Congress a substantive and plenary power to "regulate the currency," *eo nomine*, and inferred from thence the power to establish a national bank to regulate the issues of the State banks, which form the actual currency of the country. But, in the first place, the Constitution has not delegated to Congress any general or substantive power to "regulate the currency," nor has it, anywhere, either by express grant, or necessary implication, given to Congress the power to create a banking corporation. What, then, are the powers it has vested in Congress on the subject of the currency? In the first place, it gives to Congress "the power to coin money and regulate the value thereof." But since the precious metals form so small a part of the actual circulation of the country, this power, however important in itself, can exert no controlling influence on the general currency. We then find that the Constitution gives to Congress the power "to lay and collect taxes, duties, &c., to pay the debts, &c., of the United States." From the large amount of the receipts and disbursements of the Government, this power is susceptible of an extensive and important bearing on the general currency of the country. In the exercise of it, it is incumbent on Congress to make it instrumental to secure to the whole country, as far as possible, the benefits of a sound and equal currency, equivalent every where to specie. It may be so managed, by receiving the paper and employing the agency of the State banks in the fiscal operations of the Government, under certain salutary restrictions and conditions, as to impart to the issues of those banks, forming the actual currency of the country, some of the most essential qualities of a sound, stable, and equal circulating medium. But if, on the other hand, this incidental control, through the revenue power of the Government over the actual currency of the country, is to be abandoned, and that currency be regulated exclusively, as is now proposed, to the separate and conflicting legislation of the individual States, our whole monetary system, affecting so widely and deeply the interests of society, must run into wild disorder and confusion, and one of the highest ob-

jects of the Constitution be nullified and defeated.

This, sir, was the doctrine steadily maintained by the late administration. From the removal of the deposits from the Bank of the United States, down to the close of that administration, it was constantly put forth, in bold relief, in the messages of the President, and the reports of the Secretary of the Treasury, as well as in the speeches of its leading friends in this and the other branch of Congress. The obligation of the General Government to watch over the general currency, and to secure to the whole country, as far as possible, the benefit of a circulating medium that should be sound and of equal value, was distinctly recognised and admitted; and it was contended that this object could be as effectually accomplished through the State banks, as by the agency of any national incorporation. The management of the revenue through those institutions, was to be the instrument by which the end was to be accomplished, and the particular means relied on was to make a suppression of the small notes, and some other reforms in the currency, the *conditions* of a deposit of the public funds in the banks, and of the receivability of their notes in payment of the public dues. By the employment of these means, the late President, in his last annual message but one to Congress, said, "we should soon gain, in the place of the Bank of the United States, a practical reform in the *whole* paper system of the country;" and, looking forward to the ultimate suppression of all bank notes *below twenty dollars* as the result of this policy, he hailed it with enthusiastic patriotism, as "forming an era in the history of our country, which would be dwelt upon with delight by every true friend of its liberty and independence." The present Chief Magistrate, in his celebrated letter to a member of the other house, speaking of this same policy, said: "nothing but a *faithful prosecution* of it by the General Government and the States is necessary to place us on a footing of equality with other nations," enjoying, in the highest degree, the advantages of a stable and uniform currency. To all this I was a sincere convert, and am still. I still believe that it is the duty of this Government—a duty from which it can not free itself without betraying one of the highest objects of the Union—to exercise a superintendence, in all constitutional modes, over the general currency, so as to secure to the *whole* country a sound, stable, and, as nearly as may be, uniform medium of exchange; and, to use the language of the late President of the United States, that "the management of the public revenues, through the State institutions, may, and ought to be, made auxiliary" to the accomplishment of this great end.

The measure which I now offer to the consideration of the Senate, and which received the almost unanimous sanction of both houses of Congress at the last session, is the result of these views. Permit me, for a few moments, to inquire what would be its practical effects on the general condition of the currency, if the policy it holds out should be carried into full effect by the co-operation of the States and the General Government, as I think it would be if sustained here. It contemplates the gradual suppression, after given periods, of all bank notes under ten and twenty dollars respectively. Supposing this last limit attained, how would the currency of the country then stand under its operation? According to a calculation I submitted last winter, founded on authentic data, it would, in that case, be constituted nearly as the currency of England is; that is, nearly one-half of the precious metals, and the residue of convertible paper. Would not such a constitution of the currency as this accommodate all the wants of the community? What are the real wants of the country in regard to currency? To have a sound, stable, and convenient medium of circulation, for ordinary and local purposes; and for occasional and more extended use, a medium which, in addition to these fundamental properties, shall be substantially of uniform value throughout the whole country. Now, for the first description of uses, there could be no better currency than the policy of this bill would give us. There would be an abundance of gold and silver in circulation for the great mass of daily and ordinary transactions, while, for

large payments and remittances, we should enjoy the conveniences of a sound, convertible paper medium. In regard to those distant uses which call for a medium of general and uniform credit, the occasions of them are either travelling or remittances. But for travelling, there could be no medium of more uniform and general credit than the gold coins, which, in the case supposed, could always be had without difficulty, while they would, at the same time, be perfectly portable and convenient. As to distant remittances, they are hardly ever made in money of any sort, but are effected through drafts and bills of exchange; and when the local currencies within their respective spheres shall be raised to par with specie, the rates of exchange, with the advantages of so portable a currency as gold to adjust balances between the States, would be next to nothing—certainly as cheap as it has ever been under the regime of a national bank.

Among the most important advantages of such a constitution of the currency as is contemplated by this bill are the substantial securities it would afford against the peculiar dangers and evils of the banking system. Those evils are a tendency to over-issues of paper, fluctuations in the quantity of currency and in the value of property as affected by them, and the liability to a suspension of specie payments. The suppression of the small notes would operate, in two ways, to check over-issues. In bringing a larger quantity of gold and silver into circulation, it would, of course, diminish in the same proportion the issues of paper to form a part of the circulation. The number of issuers, too, would be diminished, for, the small note circulation being a considerable source of profit, its suppression would take away one efficient motive to the multiplication of banks. Then, as to fluctuations in the amount of the currency, and the often ruinous fluctuations that ensue in the value of property, this evil is greatly increased by the fact that, in the existing state of the currency in this country, whenever an unfavorable balance of trade creates a drain on the banks for specie, having no means of recruiting their supply but from abroad, for every dollar of specie that is drawn from them they are forced to draw in their own circulation to three or four times the amount. But when the domestic channels are filled with gold and silver, as they would be if the small notes were suppressed, the banks, being always able to replace whatever specie is drawn from them by a foreign drain, with an equal quantity obtained in the country, their circulation remains comparatively steady. The same circumstance, enabling the banks to meet any sudden run upon them by a prompt reinforcement of their resources, obviates the danger of a suspension of specie payments, and renders such a contingency next to impossible. If all bank notes under twenty dollars had been suppressed, who, for example, could suppose that, filled as the channels of circulation would in that case have been with gold and silver, and the quantity of bank paper comparatively small, the banks of this country would, in the late pressure, have been compelled to sustain specie payments?

The system of policy, then, proposed by this bill, if carried into full execution, would secure to the country a sound, stable, convenient, and substantially uniform currency—consisting nearly one-half of coin for the daily and ordinary transactions of life, and the residue of sound convertible paper, for large operations and commercial purposes. Without depriving the community of any of the advantages of the banking system, it would obviate the danger and cure the evils incident to that system. But the Senator from South Carolina, (Mr. Calhoun,) while acknowledging the high importance of the reform contemplated by the bill, objects that the means proposed for its accomplishment are inefficient. If that gentleman be right in supposing that the credit of bank paper is owing to its receivability in payment of the public dues, which, he says, operates as a general endorsement of it by the Government, then surely the means proposed by the bill are not inefficient. What more powerful inducements could be addressed to the banks to conform their issues to the provisions of the bill than the announcement that, if they did

not do so, the Government would withhold from them that which, according to the opinion of the Senator from South Carolina, alone gives credit to their paper? But, without agreeing with the Senator from South Carolina in the extent to which he carries his views of the credit of bank paper being solely derived from its receivability by the Government, I still believe that the *sanctions* of this bill, though I have never supposed them sufficient of themselves to fully accomplish the object, would exert a very considerable influence on the conduct of the banks. It must not be forgotten that the means proposed by this bill are the very means employed by the joint resolution of 1816 to bring the banks back to specie payments on that occasion, and which, notwithstanding the previously declared determination of the banks to the contrary, did bring them back to specie payments on the day fixed by that resolution. The same means, too, were employed with success by the Secretary of the Treasury, in 1815, to induce the banks to receive Treasury notes (which had sustained a considerable depreciation) at par, though they had before refused to receive them either in payment or on deposit.

But my reliance is not so much on the direct operation of this measure on the banks themselves, as on the moral influence it is calculated to exert upon the policy of the States, which have full and complete power to carry its object into effect. The public mind is now universally awakened to this great common interest of the currency, and is anxiously looking to Congress for the adoption of some common system, to be acted upon and carried out by the States, so far as their action may be necessary to supply the defect of federal power. The States have heretofore shown no backwardness in seconding the policy of Congress on the subject of the currency; but, on the contrary, have promptly and zealously co-operated in the reforms which have originated here, under the auspices of the national representation. The promptitude with which a majority of them have already prohibited the issue of bank notes under the denomination of five dollars, as soon as this Government adopted, in its fiscal policy, the principle of discontinuing those small issues, is an encouraging proof of the patriotic co-operation of the States. I may add to this proof the recent example of my own State, whose legislature, being in session at the time of the passage of the currency bill by both houses of Congress, during the last winter, immediately responded to the policy announced by that bill, by the enactment of a law prohibiting, after an early period, all bank notes under the denomination of twenty dollars. There is no fear that the States will abandon the General Government in this wise policy of reforming the actual currency of the country, if the General Government do not abandon them. Let Congress persevere in the policy so earnestly inculcated by the late administration, and so warmly embraced by itself at the last session, and that policy cannot fail to be carried on, by the co-operation of the States, to a triumphant and beneficent consummation. Public opinion, in our republican system especially, is the mistress of human affairs, of government and legislation, as well as every thing else. Let us, by the example of our measures here, awaken that opinion to the importance of the reforms which are needed in the currency of the country; and if it approve them, as we have every reason to believe it will, it will not be slow in finding, in some branch or other of our system, *efficient* as well as *appropriate* organs to work out its decision.

Besides the reform contemplated by this bill, there are others of high importance, in regard to the soundness and uniformity of the general currency, which an adherence to the policy of the late administration, with regard to the employment of State banks in the fiscal operations of the Government, would afford the means of accomplishing. In what did the boasted power of the Bank of the United States to preserve the soundness of the currency consist? Was it not in checking the issues of the State banks, when tending to excess, by periodical and frequent settlements with them, so as to keep them, to use the language of the president of that institution, "in the habitual presence of

accountability?" The same practice has long prevailed in Scotland, and constitutes, by general acknowledgement, the distinguishing excellence and chief security of the eminently successful system of banking in that country. All the banks have agents in Edinburgh, who regularly exchange their notes twice a week, and the balances are paid by bills at ten days' date on London. By this means, over-issues are effectually prevented, and the currency of that country, though consisting almost entirely of paper, has been preserved in a condition of constant soundness. Nothing would be easier than to incorporate this same regulating principle into a system of deposit banks. It might be made the duty of each of them, as a condition of their employment, to have frequent and regular settlements with all the banks with which they maintained relations of business, and to call, if necessary, for an adjustment of the balances in specie. This would be an efficient check upon over-issues; and, administered by some twenty or thirty deposit banks in different parts of the Union, would exert a far more powerful and extensive influence over the general currency of the country, than the same check in the hands of the Bank of the United States could have done; inasmuch as the aggregate capital and business of these deposit banks would, in all probability, much exceed that of the Bank of the United States. Here, then, is an object of the highest importance, in regard to the preservation of a sound currency for the whole country, which might be easily and certainly accomplished by a perseverance in the policy of the late administration. If to that were added, as there is reason to believe might easily be done, an arrangement among the deposit banks to receive and credit each other's notes as cash, whenever offered in payment of public dues, you would secure to the country the advantages of a convenient circulating medium of equal and diffusive credit throughout the nation, and possessing every attribute of the paper of the late national bank, without its unconstitutionality. By thus accommodating the practical wants of the country, in regard to currency, you would put an end for ever to the bitter and recurring struggles for a national moneyed institution, and would give that stability and repose to the social and business relations of the country which are so much needed for its prosperity.

But all these high considerations, it seems, are now to be disregarded, and a policy, announced with the most confident promises of success, and prosecuted, for more than three years, with a signal fulfilment of those promises, is to be, all at once, abandoned, for new and untried expedients. And why this sudden change of policy? Because the suspension of specie payments by the banks has occasioned some momentary embarrassments in the operation of the system. It is, therefore, pronounced that the system has been *tried* and *failed*; and I heard yesterday, with amazement, the Senator from South Carolina (Mr. Calhoun) appealing to the friends of the late Administration, in the confidence that, of all parties, they would be the most certain to join him in opposition to this system—that they who had been the sponsors, the advocates, the champions of it, who were identified with it in every possible mode of honorable commitment, would be the first to turn round and abandon and disown it! Why, sir, if they are against it, who are for it? That Senator said, if it be folly to adopt an "untried expedient," it is madness to employ one that has been *tried* and *failed*. But, sir, that is the question at issue. Has this system of State bank depositories *failed*? I say it has not, unless the explosion of a steamboat would justify you in pronouncing the great discovery of the age—the application of steam to navigation—an imposture, or the sweeping away of a mill by a fresher would prove that most useful invention, for the subsistence of man, to be an abortion. The recent suspension of specie payments by the banks is an accidental and an extraordinary occurrence, the result, as I shall show, of circumstances peculiar in their character and unprecedented in their combination, and affords no criterion by which the general utility or success of a system is to be judged. If we wish to form a correct judgment of the system of State bank de-



positories, we must review the whole history of its operations. And here I might appeal to the Senator from Missouri, (Mr. Benton,) who was the zealous champion of this system at a period when its capacities were put to the severest test, if it did not then give the amplest proofs of its usefulness and efficiency. I refer to the memorable struggle of 1834, when the Bank of the United States, enraged by the loss of the public deposits, and stimulated by the desire of regaining them, waged open and violent war on these State institutions—when some of the State banks themselves, coerced or subsidized by the Bank of the United States, joined in the unnatural and fratricidal conflict—when the eloquence of his body was thundering upon the system, and the artillery of the press at the same time pouring in its unrelenting and destructive fire. Did not these abused institutions then give triumphant evidence alike of their strength and their fidelity, and bear the country and themselves harmless through the conflict? There can be but one answer to the question.

In reference to the stirring and important events of that day, I will say, that no one more heartily approved the conduct of the late Executive in removing the public deposits from the Bank of the United States than I did. I believed that the bank had not only failed in the prompt and faithful discharge of its fiscal duties to the Government, but, in one instance particularly, that it had balked and counteracted the execution of a great measure of public policy. It had, moreover, manifested a dangerous spirit of ambition by an active interference in the politics of the country. I held, therefore, the conduct of the late President, in the removal of the public deposits from the Bank of the United States, perfectly justifiable; and I viewed it with the more satisfaction, because, believing the institution itself to be unconstitutional, I saw in the measure of the President the most certain means of preventing its recharter. But while I considered the removal of the public deposits, under the circumstances of the case, lawful, justifiable, and proper, it was evidently a bold measure, and not without hazard of disturbing, for a time, the business and pecuniary interests of the country. It was the firm, judicious, and patriotic conduct of the selected State banks, sustained, as they then were, by the prudent confidence of the Government, that mitigated, and, in a great degree, obviated the threatened pressure, and ultimately reconciled the public mind to this bold and decisive measure of State policy. I little supposed, while the Government was thus leaning on these State institutions for co-operation and support, that they, too, in their turn, were destined for the sacrifice; and that the only favor they were to expect was the Cyclops' boon to Ulysses—that of "being last devoured."

But, sir, not to dwell, in particular, on the success and services of the deposit banks in that period of trial and danger, let us inquire what have been their general conduct and efficiency. Have we not seen the satisfactory manner in which they have discharged their duties as fiscal agents of the Government, year after year, made the subject of the warmest eulogies in the annual messages of the President, and the reports of the Secretary of the Treasury, and put in striking and advantageous contrast with the operations of the Bank of the United States? In the very last message of the late President, (in December last,) in bearing his testimony to the promptitude and regularity with which the transfers of the public moneys had been made by the deposit banks, he showed that the amount of these transfers during the preceding year (about forty million of dollars) was more than double the largest sum which had ever been transferred during an equal period by the Bank of the United States; and all this had been effected without the smallest expense or cost to the Government. At the same time he states that an amount of domestic exchanges had been negotiated by the banks for the public exceeding more than three times the operations of the Bank of the United States, in the same way, during an equal period of time, and generally at rates below those charged by that institution. What more could be expected or desired? And what does the Secretary of the Treas-

ury now tell us as to these deposit banks? That their condition, in regard to the great elements of soundness, was never better than at present; that, in a comparative view of their means and liabilities, both immediate and ultimate, the proportion of the former to the latter is considerably increased, and is now much greater than has been customary with the banks of this country, or even with the Bank of England; that, since the suspension of specie payments, they have paid the drafts and accounts of the Treasury upon them to the amount of between fifteen and twenty millions, in a manner acceptable to the holders; that there remains now but a comparatively small sum due from them to the Government; and that of that sum there is no reason to apprehend the loss of a single dollar.

In the presence of these facts, with what propriety can it be said that the State bank deposit system has failed? If a temporary suspension of specie payments, under most extraordinary circumstances, constitutes a failure of a system, then the national bank system and the hard money system have equally failed. I say the national bank system, because the Pennsylvania Bank of the United States, (which we all know suspended specie payments at the same time with the deposit and other State banks,) we have the authority of its President for saying, possessed all the strength and real advantages under its charter from the State of Pennsylvania that it did under its charter from the United States. If it had been a national, instead of a State institution, it would equally have suspended specie payments, under the extraordinary circumstances of the crisis. And has not the hard money system, if we apply the same test, also failed? Where now is all that boasted abundance of gold and silver which, we were told, was to overspread and rejoice the land? Do you see a dollar of it in circulation, performing its true office of effecting payments in the business of the country? No, sir; all, all has disappeared.

If, then, the State bank deposit system has failed, the other systems, proposed by one party or another to be substituted for it, are equally demonstrated to have failed. But, sir, this system has not failed. The banks have been embarrassed and momentarily obstructed in some of their functions, by circumstances which have embarrassed and deranged the whole commercial world. If they have bent, for a time, beneath a tornado which has swept over the globe, it is only that they may rise again, and resume their erectness and vigor, when the fury of the storm is spent.

But, superadded to these general causes of embarrassment, there have been peculiar and extraordinary causes operating here, (most of them originating in the errors of our public policy,) which have mainly contributed to the recent disaster, and which, being such as will not occur, or may be guarded against in future, prove nothing against the system itself. Some of these anomalous and disturbing causes I will briefly advert to: and first, to that enormous surplus revenue which we permitted to grow up, under our own improvident legislation. Forty millions of public money were thus thrown into the banks, upon which they were not merely authorized, but invited, to found new discounts and accommodations to the public. It was a virtual addition of so much to the capitals of the banks, by act of the Government itself; which naturally led to an increase and dangerous expansion of their business. But, sir, another disturbing cause, not less mischievous in its operation, has been the factitious importation of gold and silver into the country, during the last three or four years. It is estimated that the quantity of the precious metals in the country has been increased in that time, under the various provocatives administered in one way or another, nearly another sum of forty millions. This enormous augmentation of the precious metals has been the subject of much inconsiderate exultation; but, in truth, sir, it has been one of the most efficient causes of the present derangement of our currency. What became of all this gold and silver, as it was brought into the country? It could not enter into circulation, because the channels of circulation were already occupied by the smaller bank notes, which we have seen, will invariably exclude coins of the

same denominations. It went, then, to enlarge the specie basis of the banks, and for every hard dollar they thus acquired they put out, in the usual ratio of their circulation to their specie, three or four paper dollars.

Gentlemen who have patronized this artificial importation of gold and silver, with a view to enlarge the metallic circulation, and restore the "constitutional currency," have committed a great mistake. They began at the wrong end. They should have first provided for the suppression of small notes, and then the gold and silver, as they came into the country, would at once have entered into circulation. But, brought into the country as they were in large quantities, before any opening was made for their circulation by the previous suppression of the small notes, they accumulated in banks, where they furnished the basis of new issues and discounts, and thus formed one of the chief causes of that undue distension of the paper system, which terminated in the recent catastrophe.

I have already alluded, Mr. President, to a measure, the protracted continuance of which had, in my opinion, no small agency in producing the suspension of specie payments by the banks. I mean the specie circular. It has been common to assume the amount of specie paid into the land offices as the true measure of the operation of that order. But this is a very fallacious and inadequate view of the subject. What is called *Land office* money, or money receivable in payment for the public lands, is the universal standard of the currency in the west. In all private payments and transactions, it is the sort of money that is required. When, therefore, by the specie circular, convertible bank notes, however sound, were no longer receivable in payment for public lands, and gold and silver were made the only *Land office* money, every body wanted gold and silver. This necessarily gave rise to extensive demands upon the banks in that portion of the Union for specie, which they provided for by drawing large supplies from the east. But this was not all. All persons emigrating to the west, whether they intended to buy public lands or not, felt it necessary to provide themselves with *Land office* money—the general and standard currency of the country to which they were going. The ordinary preparation for removal was first to convert all the bank notes held by them into gold and silver. This, I know, has been extensively the case in Virginia, for many of my friends and neighbors have recently migrated to the west, and in every case they have gone to the banks, whose paper they held, to exchange it for specie. The same thing has, doubtless, occurred in every portion of the Union whence emigrations have taken place to the west. I have been informed, particularly, that it was so in the northern and eastern States—that great hive which has poured forth so many swarms of useful and enterprising citizens to people and subdue the western forest. Gentlemen who represent those States here can correct me, if my information has been erroneous. These multiplied and extensive calls for specie, resulting from the direct and indirect operation of the Treasury order, must have produced a very serious pressure upon the banks throughout the country, but especially in the Atlantic cities. It was a sudden and unnatural displacement of the precious metals, which could not fail to give a violent shock to the whole system of bank credit founded upon them. But when the Government announced its final determination to continue this specie circular as the permanent policy of the country, the blow was decisive and fatal. In the permanent and indiscriminate refusal of the notes of all banks in the largest branch of the public revenue, an official discredit was stamped by the Government upon bank paper, which, in the critical state to which it had already been brought by the circular, it could not survive. Public confidence was shaken, distrust and panic were produced, systematic runs upon the banks commenced; under which, whatever their ultimate ability, they were forced to succumb for the time.

I know, sir, that this catastrophe has been sometimes, in particular quarters, attributed to the transfers of public money under the deposit act. But if the specie circular had not been issued, and that

act had been executed in the true spirit of the policy which shaped its provisions, no sensible embarrassment could have resulted from it to the banks. The act itself was a measure of wise and necessary policy. It grew out of a state of things which presented these three alternatives: An immense surplus of near forty millions of public revenue was to be continued in the deposit banks, and used by them in ministering to a reckless spirit of speculation, at the hazard of the ultimate loss of the whole fund to the Government, as well as of great injury to the community; or, secondly, it was to be wasted in projects of Government expenditure, which were not merely useless, but highly dangerous and pernicious; or, lastly, it was to be laid by, in ratable proportions with the several States, as temporary and unquestionably safe depositories, with the privilege of using it, till called for by the wants of the nation, in such manner as they should think best for the benefit of their respective communities. I think, sir, there are but few candid and patriotic minds which, looking back to the state of things which then existed, will not at once decide that the last alternative—that which was embraced by the bill—was the one most proper to be adopted. At the same time, its provisions were of the most liberal and considerate character, in regard to the banks from which these moneys were to be drawn. The whole payment was to be divided into four equal instalments: the first, not to be paid over by the banks till after six months' notice given by the act itself; and the three remaining instalments to be paid at successive periods of three, six, and nine months thereafter. Ample time was thus afforded to the banks to meet these payments; and there is reason to believe that, upon a judicious plan of execution, the greater part, if not the whole, of the necessary transfers might have been made through the trade and commercial exchanges of the country, not only without inconvenience, but with real accommodation to the business of the community. A fundamental principle of the act was the six months' notice given to the banks before the commencement of its execution. But, instead of this, anticipated transfers to the amount of ten or fifteen millions (unless I am erroneously informed) were made, and without any known necessity for them, very soon after the passage of the act. In the execution of the law also, it is said that large amounts of specie were drawn and transported to and fro, to the great disturbance of commerce, when the same movement of funds might have been effected with ease, through the customary channels of trade, without displacing a dollar. I have heard, for example, of a case in which a bill of exchange had been declined, and a considerable sum drawn and transported, in specie, when, almost as soon as the specie arrived at its destination, the bill of exchange overtook it, and brought it or its equivalent back again to its original point of departure. It is not my purpose, sir, to enter into any detailed examination of the mode in which the deposit act has been executed; but I refer to these circumstances to show that, if inconvenience and embarrassment, to any serious extent, have really attended its operation, there is ground, at least, for the inquiry, whether the fault has been "in the law, or in the administration of the law." I am far from imputing any thing wilfully wrong to the Secretary of the Treasury; but I am well satisfied that the inconveniences which have been felt might have been avoided by a different execution of the law.

If I am not mistaken, Mr. President, in this review of the circumstances which have mainly contributed to the recent suspension of specie payments by the banks here, I have shown that suspension to be the result of causes which are not likely to occur, or may be guarded against in future. Our late experience will, I think, effectually admonish us against another surplus revenue, which has been the chief source of the derangement in our monetary concerns; and in this respect, I am happy to perceive that the President gives us the assurance of a cordial concurrence of views on his part. Neither shall we, I trust, again do violence to the natural laws of trade by forcing large quantities of gold and silver into the country, in the vain hope of extending their circulation, before any opening is made for them by a suppression

of the smaller bank notes, but with the real effect of stimulating and expanding the paper system; and, if we may judge of the opinions of future Congresses by the almost unanimous sense of the last, we shall not again be exposed to the disturbing operations of a specie circular. The suspension of specie payments, taking place under circumstances so peculiar and anomalous, and so unlikely to occur, or so easy to be guarded against in future, proves nothing, in my estimation, against the general expediency of using the State banks as fiscal agents of the Government. But, if it were otherwise, is this the time, I would ask, to withdraw the countenance and support of the Government from them? I would appeal, to those political friends with whom I have acted in steady and harmonious opposition to the Bank of the United States, and ask them if they have not seen the attitude assumed by that institution? Do they not recognise her controlling influence in the late meeting of the banks of Philadelphia, in which it was resolved not to join in the measures proposed by the New York banks with a view to an early resumption of specie payments? It is evident she does not desire a return to specie payments; and there is reason to believe, from the large extent of the commercial operations in which she has been engaged, that, however much her strength may be vaunted, she is, least, of all the respectable banks in the country, prepared at this time to meet her liabilities. All her power and influence, then, in conjunction with those of the allies she has enlisted, will be exerted to delay the resumption of specie payments by the other banks. How important is it that a design, so contrary to the best interests of the country, should be counteracted; and what mode of counteraction is there so effectual as to reinforce the other banks with the confidence and support of the Government? I appeal then again to my political friends, who deprecate, as I do, the dangerous dominion of this ambitious institution, if this is the time to weaken other institutions, who must be mainly relied on to balance her power and defeat her schemes.

If ever a party, Mr. President, was honorably committed to the prosecution of a great public policy, it seems to me that the friends of the late administration are so committed to the policy of employing the agency of State institutions, in the fiscal concerns of the Government, as the true practical substitute for a dangerous national institution. A system of financial administration, founded on that principle, was organized and put in motion by the late Executive; it was attended with eminent success for three years and a half, till momentarily thrown out of gear by the extraordinary convulsions of the times; its satisfactory results were made the theme of repeated and earnest representation to Congress, by both the President and the Secretary of the Treasury; it was the policy under which the whole republican party rallied; it formed, indeed, the defensive rampart from which they fought, as they believed, the battles of constitutional liberty against a powerful and aspiring moneyed monopoly. But we are now called upon, all at once, to abandon that policy; we are appealed to by the Senator from South Carolina, (Mr. Calhoun,) in the name of State rights, to make war upon State institutions; and summoned, in the name of republicanism, to surrender a republican strong hold! Sir, for every republican authority that can be vouched in favor of the Sub-Treasury scheme, a hundred might be adduced in favor of State institutions as the depositories of the public revenue. The Senator from Missouri, (Mr. Benton,) with a triumphant sense of the weight of that authority, produced to the Senate a few years ago an extract from the opinion of Mr. Jefferson, on the constitutionality of the first national bank, in which that great statesman pointed to the State banks as the practical and efficient substitute for a national institution. We all know that, too, was the ground occupied by Mr. Madison and his republican associates in the debates of Congress on the same occasion. When the question of the recharter of the bank came up in 1810-11, the same ground was again taken, and adhered to by the organs of the republican party in Congress.

But let us see what has been said on this subject

by distinguished statesmen of the republican party, to whose opinions actual and large experience in the administration of the public finances gives a peculiar and impressive weight. In a letter addressed to a committee of this body in 1811, by Mr. Gallatin, then Secretary of the Treasury, and who had presided over that department for a term of ten years, that able financier, after speaking of the many conveniences afforded by the banking system for the collection, safe-keeping, transmission and disbursement of public moneys, employs this emphatic language: "State banks may be used, and must be used, in case of a non-renewal of the charter [of the Bank of the United States,] by the Treasury." What renders this testimony of Mr. Gallatin the more important is, that Mr. Jefferson, in 1803, (then President of the United States,) addressed a letter to him as Secretary of the Treasury, suggesting for his consideration the question, Whether it would not be practicable to organize a distinct machinery, for holding and administering the public funds, through the officers charged with their collection and disbursement? With his attention thus specially called to the subject of an independent fiscal agency, such as is now proposed, and with the advantage of all the lights which could be obtained from a free consultation with Mr. Jefferson, Mr. Gallatin reports to the Senate of the United States, as the mature result of his experience and reflection, that "State banks may and must be used by the Treasury, in case of a non-renewal of the charter of the Bank of the United States."

Let us now consult another great oracle of American finance on this subject; and, however I differed with him on one of the leading questions of his time, I cannot mention the name of Mr. Dallas on this floor without bearing the humble tribute of my admiration to the superior ability, the fertile resource, the elevated moral courage and fearless patriotism with which he conducted the finances of the nation, at a period of the greatest difficulty and embarrassment they have ever seen. It is well known that Mr. Dallas came into the Treasury Department shortly after the suspension of specie payments by the banks in 1814, and continued, through the whole period of his administration, to struggle with all the formidable impediments occasioned by the state of things. His embarrassments were much increased by the wide diversity that had arisen in the value of the various local currencies, and the consequent refusal of the banks, which had been employed as public depositories, to receive and credit the notes of each other as cash. In this state of things he was driven to the necessity of considering the very question; which is now presented, of discontinuing the banks as depositories, and henceforward committing the custody and safe-keeping of the public moneys to the hands of officers of the Government. The result of his deliberations is given in a very interesting report submitted by him to the President, in 1816, at the moment of his retirement from office, in which he rendered a full account of his arduous and responsible stewardship. In that paper, after referring to the embarrassments I have mentioned, he says: "In this state of things, the Treasury was driven to a choice of expedients; that is, either to take the hazard of accumulations of revenue in the hands of individual collectors and receivers, or to recognize as places of deposit the banks (being, however, banks of unquestionable solidity) established in the districts most affected by the course of exchanges. Many powerful considerations led to an adoption of the latter measure." Thus we see that Mr. Dallas, after full deliberation, "for many powerful considerations," gave a decided preference to State banks as public depositories, even while they had suspended specie payments, over the individual agency that is now proposed, and actually employed as many as ninety-four of those banks in that capacity, cumbersome and inconvenient as so large a number necessarily was.

These, Mr. President, are authorities entitled to no light consideration. It seems, however, we are growing far wiser than the great minds that have gone before us. I am one of those, sir, who believe in the progress of light and knowledge. But still I cannot but reverence the lessons of wisdom

bequeathed to us by our ancestors; and, when I see especially the same question presented again and again for consideration, and men of the highest experience, sagacity, and patriotism, giving, under every change of circumstances, their concurrent testimony in favor of the utility and advantages of a particular system of administration, I confess my mind bows with unreluctant deference to such a weight of authority.

And now, sir, permit me to say something in regard to the machinery that is proposed to be substituted for the State banks. Can you rely upon it? Does it afford any adequate guaranty for the safety of the public moneys? I say you cannot; all experience proves you cannot. Look at the records of your Treasury Department, and see in how many instances your receivers of public money fail to pay over, as they are required to do, the moneys collected by them. Look at a brief but most pregnant report made on the 23d of February, 1820, to this body, by Mr. Crawford, then Secretary of the Treasury. He states the amount lost to the Government by the infidelity of officers employed in the collection of the public revenue, from 1789 to 1819, at one million and a half of dollars; and the losses sustained by the misapplication of the public money by the officers of Government employed in disbursing it, he adds, "there can be no doubt greatly exceed those which have been incurred in the collection." Here, then, we have an aggregate loss to the Government from the infidelity of its officers, employed in the collection or disbursement of the revenue, during the first thirty years of its existence, greatly exceeding three millions of dollars! This period, it must be remarked, too, was one characterized, during the greater portion of it, by extreme simplicity in the organization of the Government, as well as by a very moderate amount both of revenue and expenditure. It must be borne in mind, also, that the losses sustained were by the infidelity of officers employed merely in the collection or disbursement of the public money, who held possession of it momentarily and *in transitu* only, till they could hand it over to the banks in which it was to be deposited, or pay it to the public creditors whose claims were to be discharged with it. But under the system now proposed, these officers are to be themselves the depositaries of the public money, and to retain continuous possession of it till called for by the actual expenditures of the Government. How infinitely would the hazards of infidelity and misapplication be increased by such a state of things!

With great deference, then, to the honorable Senator from New York, (Mr. Wright,) this system has not even the merit of being an "intrinsical expedient." It has been tried, though to a limited extent, in the operation of this Government itself; and the bluer fruits of that partial experiment are found in the facts I have just stated. But, sir, it has been fully tried in my own State. The Treasury of Virginia was formerly organized on that principle of personal custody and control of the public moneys, which is now proposed to be made the basis of a new system of fiscal administration here. Without entering into any painful details, I will only say, that the experiment signally and mournfully failed; and from that period, the public moneys have been kept in, and disbursed by, the banks, under efficient checks against abuse and misapplication by the public officers authorized to draw on the public funds; upon which plan the finances of the State have ever since been conducted with perfect success. When I consider the infirmities of human nature, I am utterly opposed to a system which would subject it to such cruel trials as that now proposed must inevitably do. I hope, sir, my standard of virtue and integrity is not much lower than that of other men, and yet I can conceive that even an honorable man, having a large sum of public money lying idle in his hands, for which there was no call in the public service, appealed to by a friend in distress, whose destinies, and those of wife and children, might depend upon pecuniary relief at a critical moment, confiding in the solemn assurances of that friend that whatever money was advanced to him should be restored before there could be any occasion for its application to the public use—I say, sir, I can con-

ceive that even an honorable man, thus situated and thus appealed to, might be prevailed upon, by the feelings and sympathies of his heart, to yield from an idle public hoard the means of salvation and relief to a numerous and interesting family, and, his calculations upon the return of the money (thus momentarily diverted) disappointed in the end, find himself at last a defaulter to his public trust. But, sir, the temptations of another character, arising out of the necessities or speculations of the officer himself, having a large amount of idle funds at his disposal, would be constant, habitual, and powerful. To these would be superadded the danger of misapplication to political purposes. It often happens that public officers are zealous and active partisans. Suppose that such a one had in his hands a large amount of idle public money at the moment of a critical election, on which the continuance of his employers in power depended, would he not be strongly tempted to use the funds in his hands to sway the result, and would there not be the more danger of his yielding to the temptation, as he would naturally rely on the indulgence of those for whose benefit he had violated the trust? We are now, Mr. President, to found a system that is to last, and which may influence, for good or for evil, the destinies of the country in all future time; and consequences and dangers, however remote or improbable they may appear to some at the present moment, ought to be looked to and weighed. In this view, I cannot but fear that the system proposed will be found both demoralizing and unsafe.

The President, in his message, says, that the objection to the proposed system, as being unsafe, must proceed on the assumption that "a vault in a bank is stronger than a vault in the Treasury." This observation does not seem to me to be well considered. It overlooks the important distinction, that if the vaults of a bank be despoiled, and the public money be taken therefrom, the loss is not that of the Government, but of the bank; whereas, when the vaults of the Treasury are violated, the loss falls wholly and exclusively on the Government. In the one case, the stockholders of the bank are interposed between the Government and the violated vault, (their whole capital being bound to make good the loss,) whereas, in the other, no shield is interposed, but the Government is left naked to the spoiler.

Another most important objection to this system is the dangerous increase of Executive patronage it would bring with it. If I seem to give way too much to old republican jealousies, I hope gentlemen will pardon me. I imbibed them early from the fathers of our political church, and I cannot now get rid of them. I have always been taught to believe that the great danger to liberty is in the growth of Executive patronage. Every day's observation of the operations of our Government confirms me in the conviction that here is the *peculiar* part of our system, and that it cannot be too closely watched by the vigilance of the people and their representatives. The bill upon your table, sir, for organizing a new fiscal agency, is the latent germ of a vast growth of Executive patronage, which will spread and spread till it overshadow the land. If the immense moneyed concerns of this Government, which have heretofore been managed through banking institutions, (extending in number to sometimes near a hundred,) are to be henceforward committed to individual agencies exclusively, an enormous multiplication of those agencies will be inevitable. The bill now offered merely introduces the principle. Let the principle once receive the sanction of law, and it must go on. It will generate a force in itself that will be competent to carry it forward to a fearful development. I was informed, during my residence in France, that this Sub-Treasury system, which prevails in that country, embraced there not less than one hundred thousand officers. Our population is already near one-half that of France; and whether we are not, in time, to have here a swarm of official locusts, that will bear a corresponding proportion to those that now darken and devour that fair land, may depend upon the issue of our present deliberations. I repeat, sir, that the bill upon your table is but the grain of mustard

seed, the least of all seeds, but when it is grown it will be a large tree, overspreading the land with its boughs, so that the fowls of the air, yea, sir, birds of prey, will come and lodge in the branches thereof.

But it has been alleged by some that there is as much, if not more, danger of an increase of Executive influence from the employment of banks in the fiscal operations of the Government, as from the new official agencies that are proposed to be organized, under the absolute control of the Executive. What, sir, are the banks? Are they not institutions of the States, created by the States, supervised by the States, and dependent on the States? A breath of the States has made, and a breath of the States can unmake, them. They are subjected to the constant surveillance of the State Governments; and if any thing improper should occur in their administration, or exist in their connections, it would be promptly detected, and as promptly and vigorously corrected by the authority of those Governments—the natural and jealous guardians of of the public liberty against federal influence or encroachment. How powerless a share of the public deposits would be to sway these institutions, is strikingly shown by what occurred in my own State in the very origin of the State bank deposit system. An arrangement had been made between the Treasury and one of the banks to become the depository for Virginia, on certain conditions agreed upon by the parties. When the arrangement was submitted to a general meeting of the stockholders, they refused, by a large majority of voices, to accept the deposits on the conditions proposed, and furnished by their decision a conclusive and practical demonstration of the fallacy of the argument I am now noticing. Gentlemen seem to me to give a free scope, indeed, to their imaginations, when they gravely compare the influence to be exercised over institutions like these, made independent, too, by the very terms of the law, (which does not permit them to be discontinued, when once selected as depositories, except for special reasons to be laid before Congress,) with that which would exist over an army of fiscal officers, subject to the unrestrained orders, and removable at the absolute will of the President.

One of the most alarming and portentous aspects in the Sub-Treasury scheme still remains to be considered. To my view it has a squinting, an "awful squinting," towards a *Treasury bank*—a bank under the sovereign and exclusive control of Executive agents. It appears from the report of the Secretary of the Treasury that the contemplated fiscal agencies are to furnish "a paper medium" for the community, by "issuing certificates and drafts payable in specie to bearer or order, and made receivable for all public dues." After descending on the advantages of "this kind of paper," he says: "If the demand for such paper increased, public and private convenience might be promoted, and an equal quantity of specie, at the same time, preserved in the country, by reserving for this purpose, from any accumulation in the Treasury, a sufficient sum, and placing it a few important and convenient points, to render a greater number of certificates redeemable there with the very coin whose representative they are intended, and honestly ought to be." These views of the Secretary are referred to, and impliedly sanctioned, by the President in his message. Now, sir, is not this apparatus, to all intents and purposes, a *Government bank*? The fundamental idea of a bank is an institution which "issues and circulates a paper credit, founded on a deposit of coin or other property, which paper credit is to answer the purposes of money!" This project fulfils every feature of the definition. The officers of the Government are to issue a paper credit in the form of certificates and drafts, founded on a deposit of specie in the Treasury and Sub-Treasuries, which paper credit is to answer the purposes of money, or a general "circulating medium." It is a remarkable coincidence that this scheme is the precise embodying of the outline given by General Hamilton in 1791, of what he describes and avows to be a *bank*—a *Government bank*. Such, I believe, is the tendency and virtual operation of the Sub-Treasury scheme.

I ask gentlemen, then, if they are willing to or-



ganize a great moneyed machine like this, and put it, for all future time, in the hands of the Executive; if they are willing, in the form of a fiscal agency, to create a *Treasury bank*, with its ramifications penetrating every part of the Union, to be managed, directed, and controlled exclusively by Executive agents. To my mind it presents a fearful conjunction—Realizing that union between the moneyed and political power of the country, which reflecting men have hitherto considered the most fatal of all devices to the liberties of the people. I have revolved the subject deeply and anxiously, and I can see but two possible issues to the scheme proposed. It will either terminate in a great Treasury bank, such as I have described, affording a fatal accommodation to the moneyed concerns of the country at the expense of its liberties, or otherwise, failing, in any degree, to relieve the actual derangement of the currency—on the contrary, abandoning that currency to wild disorder and confusion—the people, finding the inconveniences of such a state of things no longer tolerable, will, with a voice extorted by their sufferings, call for a national regulator in the shape of an incorporated national bank! Either alternative is, to my mind, fearful and alarming; but believing one or the other to be the destined result of the scheme proposed, I entreat gentlemen to pause and consider well the consequences of their decision.

I recur now, Mr. President, to the question more particularly involved in the bill I ask leave to introduce. I think I have shown, sir, that the exaction of the public dues in gold and silver, while the great mass of the circulation shall consist of bank paper, would be oppressive in practice—that it is anti-republican in principle, as drawing an invidious line of demarcation between the Government and people—and, especially, that in the present circumstances of the country, it would indefinitely retard, if not render impossible, that resumption of specie payments by the banks, which is the great and urgent object of the public solicitude. In considering the propositions which the occasion has brought forth, I have been strongly reminded of the words of a great man—of one born to serve and instruct mankind. Speaking of the province and duties of a practical statesman, that great oracle of political wisdom says: "A statesman differs from a professor in a university. The latter has only the general view of society; the former (the statesman) has a number of *circumstances* to combine with those general ideas, and to take into consideration. Circumstances are infinite, and infinitely combined, variable, and transient; and he who does not take them into consideration is not erroneous, but mad, *metaphysically* mad. A statesman, never losing sight of principles, is to be guided by circumstances; and, *judging contrary to the exigencies of the moment, may ruin his country forever.*" I ask, sir, is this the *moment*, when the country is weak and suffering, to subject it to the action of so violent a remedy (if remedy it can be called) as that involved in the proposition to collect the revenues in gold and silver? Does it show a wise regard to *circumstances*, at such a moment, when that credit system, under which the country has grown up to power and greatness, and with which, for the present, at least, its most vital interests are identified—at a moment when that credit system, thus incorporated with the country, has already sustained one of the severest shocks to which it has ever been exposed—is it wise and prudent, I say, to introduce an innovation in the fiscal policy of the Government, which aims a fatal blow at that system, and all the wide-spread and diversified interests connected with it? The effect of this innovation, at the present moment, must be, as I have already shown, to fix upon the country, for an indefinite period of time, the curse of an irredeemable and depreciating paper currency, or otherwise to force, violently and prematurely, an *exclusive* metallic circulation, by compelling the banks at once to wind up their concerns. But what would be the consequence of thus compelling the banks precipitately to wind up their affairs? They have vastly more debts due to them than they owe. Compel them, then, to wind up, and you turn them loose, or rather drive them, in necessary self-defence, upon the community. According to the most recent and

authentic statements upon the subject, the aggregate amount of debts due to the banks is between four and five hundred millions of dollars. Force them, by your policy, to collect this vast sum from the community, and what a wide-spread scene of desolation, embracing every class of the community, must ensue! The banks will press upon the importing merchant, the importing merchant upon the retail dealer, and the latter upon his customers—the laborer, the mechanic, and the farmer. If the result of this desolating process should not be, in the language of Burke, "the ruin of the country forever," it would be, at least, to inflict upon it, causelessly and heedlessly, a blow, from which recovery could be effected only through long years of suffering and distress.

I stand here, Mr. President, as no advocate of the banking system. I have been the constant enemy of its abuses, the correction of which, by salutary and progressive reforms, I have steadily pursued, without aiming, however, at the destruction of the system itself, which the country has chosen to adopt, and under which it has hitherto attained a prosperity unparalleled in any age or quarter of the world. The measure I now offer to the consideration of the Senate is, in my humble judgment, one of the most effective reform. I have no interest whatever in banks. I do not own, never have owned, and never expect to own, a single share of stock in any bank, nor do I owe a debt, even of the smallest amount, to a bank. I mention these things, not because I could suppose that other gentlemen who might happen to be differently situated, could, in the slightest degree, be influenced by considerations of this sort. I deem too highly of the patriotism of my fellow-citizens not to believe them above all personal considerations, as I am sure all with whom I have the honor to be associated on this floor are, in pronouncing on great public questions, involving the interests of the country. I know, however, that there are ungenerous minds, which impute other principles of action to public men; and, following the example of the Senator from South Carolina, who spoke yesterday, (Mr. Calhoun,) I have thought it not improper to state what, from the nature of my pursuits, happens to be my situation in this respect. Those pursuits identify me by interest, as my feelings and tastes do by sympathy, with the great agricultural body of the country. I am under no bias to regard the interests of other pursuits or other classes of the community, except as I believe that, under our happy institutions, all pursuits and all classes are blended in one common interest, and must prosper or decline together. It is in this spirit, looking to the whole country and all its interests, that we shall, I trust, discharge our duties here. The occasion rises far above the narrow and fleeting interests of party, and demands the best exertions of all for the country. The measure which I have ventured to offer is one on which I have supposed all parties might unite, as all parties have heretofore united. Its effect, I persuade myself, will be both to revive confidence and to furnish security; and, with the language of encouragement and with the pledges of a wise and stable policy, proceeding from the national councils here, we shall soon see our youthful and vigorous country rising from her momentary prostration, and, Antæus like, gathering strength from her fall.

#### SPEECH OF MR. SMITH, OF INDIANA.

In Senate, September 21, 1837.—The bill "imposing additional duties, as depositories in certain cases, on public officers," together with the amendment offered thereto by Mr. CALHOUN, being under consideration, Mr. BENTON having laid his amendment on the table—

MR. SMITH, of Indiana, being entitled to the floor, rose and said: Suffer me, Mr. PRESIDENT, to make to the Senate my acknowledgments for its kindness in adjourning over last evening upon my motion. At that time I was too much indisposed to proceed; and, in return for the indulgence of the Senate, I can only promise you that I will detain it no longer than may become necessary to enable me

to submit, in as brief a manner as possible, some thoughts on this important subject.

Sir, in this my first attempt to address this august body, of which I have but recently had the honor to become a member, I am not unapprized of the delicacy of my situation, surrounded by old, able, and experienced Senators, who have grown gray in the service of the country, in this and the other body—men to whom the People have justly looked for the doctrines of constitutional liberty. It would almost seem presumptuous in me to throw myself into this debate; nor could I be persuaded to do so, to their entire exclusion, unless under a paramount sense of duty to my State. The country, however, will lose nothing from that source, as I understand that the subject now before the Senate is one which will undergo a full and ample discussion on the part of those distinguished Senators to whom the country is looking for information as to the best course to be pursued, not only on the part of the Government, but on the part of the People; and while it is to be hoped that most of them will respond to the call of the Senator from South Carolina, (Mr. CALHOUN,) I am still disposed to ask your indulgence to the expression of my own opinions on a subject on which the views of even such men are so opposite and so various.

Sir, this is a subject of great importance to the interests of the country, and one that has caused great anxiety in the public mind. It is therefore highly important that the whole matter should be laid clearly and fully before the People, that they may have an opportunity of judging for themselves on the merits of the propositions made here, both in favor of and against the views of the Executive. For my own part, it is sufficient for me to say that, if I know my own heart, I came to this body with a sincere desire to co-operate with the Executive Government in any measures which may benefit the People, or restore the national prosperity; and towards the individual now in the Executive chair, and the other officers of the Government, I have none other than the kindest feelings. But in relation to measures proposed for the benefit of the People, I hold myself at liberty to examine them fully and freely, without being controlled by those trammels which have been too often used to force men to act contrary to their convictions. When I took my seat in this body, it was with a full determination to examine carefully for myself the various propositions that might be presented, and to decide upon them according to their merits. Sir, we were called on to aid the Government, because it is obstructed in the exercise of its ordinary powers. And when we were told that the Government required our aid, that it was embarrassed for the want of money, and that it was necessary for Congress to grant it supplies to aid in the course of its ordinary operations, I did not hesitate, nor did I even examine very closely the propositions in relation to the means of those supplies; but, knowing that they came from the Committee on Finance, founded on the estimates of the Secretary of the Treasury, without any hesitation I voted for the bill authorizing the issue of Treasury notes. I preferred the bill as it was, without striking out the provision for interest on the notes. I was not willing to resort to a temporary expedient, such as issuing notes without interest, which, as heretofore, could serve only to delude the People, and end in disappointment without any practical benefit.

The next bill in order was the one to postpone the fourth instalment of the deposits with the States. It may not be strictly in order, but, as great latitude has been given to the debate, I beg leave here to give my reasons why I could not vote for that bill; and one of the strongest, in my mind, was this; that the Government of the United States, through the medium of an act of Congress, had raised expectations, on the part of the States, which it ought not to disappoint. The States had prepared to receive the money; they accepted the proposition of the Government, proceeded to legislate on the subject, and many of the States appropriated the whole fund: some to the important cause of education; some to aid in their works of internal improvement; some in one way and some in another, beneficial to the People. The States relied with full confidence on the receipt of the money; they had a right so to re

ly; and, although the facts may not strictly amount to a legal contract between the parties, it is certainly so nearly allied to one, that it would be doing the greatest injustice to the States and People to disappoint their just expectations, by withholding the instalment.

Again: it was admitted by the chairman of the Committee on Finance that, if the instalment was retained, being in paper, it could not be made available in aid of the necessities of the Treasury, as the Government would not use paper, and we would still have to authorize an issue of Treasury notes, and a loan of at least \$10,000,000. Why then withhold it from the States, who are willing to receive it in the very funds the Government rejects; and, in many instances, can accommodate the matter with their own deposit banks, beneficially to the Government, the bank, and the States?

But, viewing it as a question of inconvenience between the Government and the States, how stands the case? It would certainly be much less inconvenient to the Government to add the amount of the instalment to the amount of the loan she is compelled to make, at all events, than it would be to the States to lose the benefit of the money at this time. These, sir, are some of the reasons that induced me to vote against that bill. I thought it but justice to myself to state them, as I gave a silent vote on that occasion.

Sir, I have been surprised to hear this great subject argued here as if it were really a question between the Government on the one side, and the merchants and banks on the other—as if the great body of the People had no stake or interest in the matter. Do gentlemen really suppose that the banks and merchants are not creditors as well as debtors? Do they not know that for every dollar the banks and merchants owe, the People owe them at least as much? Do they not know that you cannot oppress the banks and the merchants without producing a corresponding pressure on their debtors, the People? Will not the importing merchants call upon their debtors, the retail merchants? The retail merchants are involved; but are they alone? No, sir; they go to their debtors, the People, with their demand augmented by their profits on the goods. The whole, sir, falls on the consumer. In this way the disasters of all classes in the country are necessarily identified. Sir, you cannot oppress the banks or the merchants, unless you, by the same measures, embarrass their customers, the People. If you put your iron hand on them, they resort to the People; and on the people ultimately the evil must fall. It is not the fact, that this is a controversy between the Government and the banks and importing merchants. It is a question involving the interests and prosperity of the entire country; and, sir, I am glad it is so. I should be extremely sorry to see the time when the great interests of the community shall be so separated that one may fall without the others. They are all embarked in the same national vessel; bound to the same port; and equal regard should be paid to them all.

It is admitted on all hands that, throughout the country, from one end to the other, confidence is destroyed. Yet it is said, truly, that we possess all the elements of prosperity, which only require to be put in action. But, sir, look at the state of our exchanges. Gold and silver, at Nashville, commands eighteen per cent. premium; United States Bank notes are brought up by brokers at twelve and a half per cent., to be sold by them at fifteen; Ohio, Indiana, and Kentucky paper from eight to ten per cent. premium. Such is the state of the money market there, as stated in the Nashville Banner; and so it is all over the country—at a premium at one place, and at a discount at another. Sir, it is impossible for the farmer, the mechanic, the merchant, or any other individual, to know what to do; such and so great is the destruction of public confidence and the derangement of the currency and the exchanges. But we are told from very high authority that the Government has nothing to do with the exchanges; that the merchants must manage them themselves, or that other means must be provided than those of Government. If, by this doctrine, I am to understand that Government has no power to fix the rate of exchanges, I admit its correctness. But if the Executive means to say that

Government has no power to aid in the application of the appropriate remedy for the deranged and obstructed exchanges of the country, I wholly disagree with him. Sir, it is an after-thought, to answer a particular occasion. It is an opinion never advanced before by any statesman. Such, sir, was not the opinion of President Jackson, or his advisers, at any time of his administration.

It will be recollected that, during the time of the bank war, when the power of the Executive Government was arrayed against the Bank of the United States, it was declared that one of the important functions of the bank, due to the interests of the People, was to regulate the exchanges; and therefore it was contended that it ought to be continued as the Government agent. On the opposite side, it was contended that the local banks, the State banks, the Government deposit banks, would regulate the exchanges with as much advantage to the People of the United States as the United States Bank. And yet it never was contended that the power of the Government, in its fiscal operations, could not be constitutionally directed so as to regulate the exchanges of the country. Allow me, sir, to read an extract from President Jackson himself, in which the regulation of the exchanges was considered an important part of the duties of the fiscal agent of the Government of the United States. The President, considering the matter of so much importance, uses the following language, for the purpose of satisfying the American People that the local banks, while they would perform equally well the ordinary duties of the Bank of the United States, would also perform the same office equally well, in regulating the exchanges of the country. He says:

"Experience continues to realize the expectations entertained, as to the capacity of the State banks to perform the duties of fiscal agents for the Government. At the time of the removal of the deposits, it was alleged by the advocates of the Bank of the United States, that the State banks, whatever might be the regulations of the Treasury Department, could not make the transfers required by the Government, or negotiate the domestic exchanges of the country. It is now well ascertained that the real domestic exchanges, performed through discounts by the United States Bank and its twenty-five branches, were, at least, one-third less than those of the deposit banks for an equal period of time; and if a comparison be instituted between the amount of service rendered by these institutions, on the broader basis which has been used by the advocates of the United States Bank in estimating what they consider the domestic exchanges transacted by it, the result will be still more favorable to the deposit banks."—*Message of 1836.*

Does any one suppose that President Jackson and his cabinet would have thought it so important to satisfy the public mind of the ability of the deposit banks, as fiscal agents of the Government, to regulate and assist in procuring a wholesome state of the domestic exchanges, if, in truth and in fact, the Government had no constitutional right to act in the matter?

It appears, sir, from a paper now before me, that such also were the views of Mr. Van Buren, as expressed in his letter to Sherrod Williams. I read this, sir, for the purpose of showing that this idea of denying to the Government, through its fiscal agents, the power to aid in the regulations of the exchanges, is an after-thought, to answer, as I said before, a particular purpose. Mr. Van Buren, in the letter referred to, says:

"The principal grounds relied upon for a bank, to establish its utility and necessity, as I understand them, are,

"1st. That such an institution is necessary for the transmission and safe-keeping of the public moneys;

"2d. To secure a safe, cheap, and convenient system of domestic exchange; and

"3d. To make and preserve a sound currency.

"The official reports of the Secretary of the Treasury show, first, that the average amount of money annually transferred by the Bank of the United States, from 1820 to 1823, was from ten to fifteen millions of dollars; and the amount transferred by deposit banks from June, 1835, to April, 1836, or about ten months, over seventeen millions

of dollars; in both cases, the operation has been without loss, failure, or expense. In regard to domestic exchanges, the following facts are also established by the same authentic source, viz. That the amount of domestic exchanges, performed at the last returns by the deposit banks, exceeded thirty-five millions of dollars; and at no return, for many months, has it been less than twenty-five millions; which, at an average of thirty millions at each return, would be, in a year, one hundred and eighty millions, if each bill of exchange run on an average of sixty days."

Now, sir, do not gentlemen see the vast amount of the currency of the country operating as a circulating medium, which assumes the character of bills of exchange? and do they not see the fatal consequences to the business and prosperity of the country, resulting from the derangement of this part of the medium of circulation, and the vast importance of regulating it by the fiscal agent of the Government, as no other power can do it? Sir, it appears conclusive to my mind, that when Mr. Van Buren was canvassing for the Presidency, he did not pretend that the Government had not the power to aid in the regulation of the currency and the exchanges. I think, sir, I have sustained the position clearly, that such was not the opinion of the late Executive, and that such was not the view of Mr. Van Buren when he was canvassing for the Presidency. But now, in order to sustain the divorce bill, which withdraws the aid of Government in regulating the currency and exchanges, it is necessary to repudiate the idea that Government should aid in regulating the currency and the exchanges, and to show that she has no power over this matter.

Again, sir: we hear from different quarters—I know not whence it originates—but we hear the cry of "propose your questions; bring forward your counter-propositions, if you are opposed to those of the Administration; this is a contest between the aristocracy of wealth and the democracy of numbers." Sir, I know not what the aristocracy is like, or of what it is composed. There may be such a thing in some of the older States, but it is unknown in the State from which I come. There, all are on an equality; or, rather, there is but one line of distinction between them; and that is the line which divides vice from virtue, honesty from villany: every man standing on his own merits, without regard to those factitious and invidious distinctions. But, even if such a line existed, are we to array one class of citizens against another—to excite envy and enmity on the one part, and contempt and hatred on the other? No, sir; under this Government all are on the same platform of equality, uninfluenced by artificial distinctions not founded on personal merit, and stimulated by the glorious consideration that the door to the highest offices within the gift of the People is alike open to all.

Sir, as to the embarrassments of the country—the great and menacing crisis at which we have arrived—I have but a few words to offer. We must be guided mainly by the light of experience in providing a remedy. Again and again has it been ascribed to the same cause—of overtrading, speculation, expansion of bank paper, &c. &c. The People, it is said, have become consumers, and not producers. No doubt these are some of the immediate causes of the evils complained of. But I have my own views on this subject; made up, (not here, for I have been eight years from the Capitol, but) at home with the People; and I think I know their views: they are founded on plain common sense. It is said there has been great overtrading, too much speculation, too much bank paper. Sir, I admit the fact; but, standing here as I do, I feel it due to myself, to my State, and to gentlemen here, that I should not withhold my more particular views on this subject—not for the purpose of criminating others, or of disuniting us; this would do no good; we ought, as far as possible, only to recur to the past to guide us in future, and to unite in attaining the great object of the session. I will not say, therefore, that this, that, or the other measure was wrong, for the purpose of censuring any one; but I do say that the People have a right to know all that they can know from us respecting them; they are

looking with intense anxiety to this body, both for information and relief.

Sir, I attribute this crisis of the country to something different from the Senator from South Carolina, (Mr. CALHOUN,) and, in doing so, I judge by the times of different events, and by their effects on the People. I know, sir, the great ability of that gentleman to argue away our common sense, and almost induce us to believe that a thing is not what is apparent on its face. I attribute these embarrassments and disasters to the destruction of the national bank, and the removal of the deposits, in the first instance, as the great moving cause. I cannot be satisfied without speaking the truth. Previous to changing the deposits these difficulties were unknown; the exchanges were unobstructed, and almost without expense; and bank paper was every where redeemed with specie. But the moment you said "break down the Bank of the United States," and it became evident that you would succeed in its prostration, these evils were excited; and banks sprung up, and banking capital increased all over the country in a manner without a parallel in the banking history of this or any other nation. Your next step was to remove the deposits of the Government from the United States Bank to the selected local banks. These deposit banks, so soon as they received the public revenue, were encouraged—nay, compelled—by the Government to expand their issues; it was expected and required at their hands before the Government would give them the use and control of the public revenue. The vacuum created by the withdrawal from circulation of the notes of the Bank of the United States was to be supplied by this better currency, as the People were told. The banks, thus encouraged and stimulated by Government, expanded their issues until the whole country was flooded with their paper; property of every kind took a sudden rise, except the public lands; produce was high, and paper money as plenty almost as the leaves on the trees of the forest. The temptation was too great; the People were seized with a kind of speculating mania; millions of dollars were drawn from the banks, and invested in public lands and other property; a great demand was created for merchandise in consequence of the facility with which money was obtained; and the importing merchant, willing to share in the golden harvest, made large importations; the whole country presented a most flourishing aspect, and the friends of the measures pointed with pride and self-gratulation to all these evidences of prosperity, and cried, "Now who can doubt the wisdom of our measures?"

In the midst of all this cheering, while the banks were pursuing the very course pointed out to them by Government, they were met by the cruel Treasury circular, the order in council, which required all payments for public lands to be made in gold and silver. Sir, what was the consequence of this order? Why, sir, it at once created a suspicion of bank paper; and that suspicion immediately ran through the public mind like fire through a dry western prairie; it was the tocsin of alarm to the People; public confidence was soon destroyed; and the consequence was, that specie soon commanded a premium. A run commenced upon the banks by the holders of their notes; but even this they could (most of them) have stood, but private depositors became alarmed, and withdrew their deposits, and hoarded them up; and the final consequence was the suspension of specie payments. Sir, thus, by your own acts, you have aggravated the very disaster which you produced, and which, in the first place, you ought to have prevented; and, in the second place, to have remedied. This state of things became contagious, and the contagion extended itself to every country, and to every interest, directly or remotely connected with us, with a violence proportioned to the intimacy of the connexion and the quantum of the interest involved. The extent of the injury sustained by the issuing of the Treasury order in council is not to be measured by its operation on the specie of the country, by diverting it from the channels in which the laws of trade required it to flow, but by the effect it produced on the public mind prejudicial to the credit, currency, and business of the nation. Sir, from the first moment I saw that order, I had no doubt of the ap-

proach of the final catastrophe. The banks, pressed on the one hand by the Government, and by their depositors and the holders of their notes on the other, were wholly unprepared and unable to stand up. I contend, sir, that the Government stimulated the banks to the unwarrantable expansion of their issues, in the first instance, by her measures, and then by her counter-policy, produced the catastrophe which followed. I presume these measures were adopted from patriotic motives; but, sir, can there be a question as to their wisdom?

It is admitted by all, that the revenues of the Government must be collected and disbursed; and that, in order to perform this operation, fiscal agents must be employed. The great question, then, submitted to us, is, what shall be that agent? That we may decide that question, Mr. President, with all the lights of experience and reason before us, it seems necessary to recur to the past policy of the Government. I do not this, sir, for the purpose of criminating or reproaching others who have differed from me on this policy—far, very far, from it. I recur to it as a matter of history of past events, that should not be lost to the statesman of the present time, while anxiously seeking for the true position of the vessel of state, and for the best means of extricating her from her perilous situation. The People want to be placed in a condition that they can pursue their various avocations with safety. The matters connected with this bill should be finally and forever decided, not to be disturbed without good cause: for it would be better for the People to know what they have to depend upon, though it might not appear at first so beneficial to their interests, than to be eternally deceived and deluded by "experiments" and "expedients," only proving that, even in these days, there are men who are "rich in promises, but poor in performances." Sir, the fiscal operations of this Government have been, for a great portion of the time since the adoption of the Federal Constitution, aided by a national bank. The first institution of the kind was established under the administration of, and approved by, President Washington, the father of his country. It passed a Congress composed of a large number of the very men who formed our glorious Constitution. I mention this fact for the purpose of answering an objection to a national bank, founded on these positions: first, that it is unconstitutional; secondly, anti-republican, and dangerous to liberty. I hear these objections urged from all quarters, by the politicians of the present day. Do these gentlemen suppose that the framers of the Constitution themselves did not know what powers were intended to be given by that instrument, or that they would so recently after its adoption wantonly violate its provisions? Or, can they believe that these patriots and sages would have adopted a measure anti-republican, and dangerous to liberty, so soon after they had crowned themselves with unfading laurels, in that glorious struggle which ended in the prostration of regal power, and the establishment of these free institutions under which we live, at once the envy of monarchs and pride of freemen? After this bank had discharged the duties assigned to it for the term of its charter, the local banks were tried, fairly tried, and proved wholly inefficient to discharge the duties which the United States Bank had performed: and the Government was compelled to ask for the charter of another national bank. This call was responded to, favorably, by almost the entire democracy of the nation, and by many who had voted against the old bank. The act was approved of by that great apostle of constitutional liberty, Mr. Madison. It subsequently received the approval of the highest judicial tribunal in your country, deciding the question of constitutionality—that great jurist, Chief Justice Marshall, on the bench. Sir, is this question of constitutionality never to rest? It has been decided in every way known to the Constitution. Why, then, disturb it?

I have said, Mr. President, that a great part of the time the Government has existed, she has used, as her fiscal agent, a Bank of the United States; and, let me add, up to the day of the removal of the deposits, not one dollar was ever lost to the Government, from any mismanagement on the part

of this agent. Her revenues were received and disbursed, in every part of the nation, with a promptness and safety almost incredible. The domestic exchanges of the country were aided, to the entire satisfaction of all concerned. The currency, the vital principle of industry, was sound, astonishingly sound; all of the banks redeeming their notes on demand, with specie. Sir, it may safely be said, that no People ever before had so safe, so uniform, and so convenient a circulating medium. It was exactly suited to the enterprise of the American People—a mixed currency; a paper currency, convertible into the precious metals, at the will of the holder. I would to Heaven, Mr. President, that we had just such a currency at this time, in lieu of the deranged circulating medium which has been forced upon us, by the mistaken policy of the late Administration. But, is this all? No, sir. The fiscal agent of the Government, the Bank of the United States, not only discharged all these duties to the Government without the loss of a dollar, but it actually paid to the Government the sum of \$1,500,000, as a bonus, for the privilege. Why, then, let me ask, did the Government abandon this agent; give up the bonus, which was increased to \$3,000,000 by the act which passed Congress, and met the veto power of the President; give up the benefits arising from a sound and wholesome state of the exchanges and currency, and ask to be delivered from that union? Sir, I was opposed to that divorce; first, because I thought the old matron a mainstay in the family; and, secondly, because I could not discover any of the predicted advantages that were to arise from the new alliance with the local banks. I viewed the matter then, as those who are asking for a divorce from that union seem to view it now; and gentlemen will excuse me if I cannot have much confidence in the new "expedients" of those who, like the present Executive, with a full knowledge of the results of former trials of the State bank system, still urged it upon the American People as altogether entitled to their confidence and regard. I was somewhat surprised to see the open avowal of the President, in his message, read to us a few days ago. He says, "Local banks have been employed for the deposit and distribution of the revenue at all times, partially; and, on three different occasions, exclusively: first, anterior to the establishment of the first Bank of the United States; secondly, in the interval between the termination of that institution, and the charter of its successor; and, thirdly, during the limited period that has now so abruptly closed. The connexion, thus repeatedly attempted, proved unsatisfactory on each successive occasion." Then why did they resort to it again? They openly avow, and admit the fact, that it (the "experiment") had been tried twice before. But there are two simple facts, admitted by the President, that to me speak volumes in favor of the wisdom of a Washington, a Madison, and their cotemporaries, in establishing a national bank; they are these: that even the most desperate of the officers of the army that has been employed in the war against the bank while living, and against its ghost since its decease, cannot say—has not dared to say—that it had not at all times discharged its fiscal duties with fidelity; and, secondly, it is admitted that the operations of the Government became obstructed, in each case, when the Bank of the United States was dispensed with as a fiscal agent of the Government.

I come now, Mr. President, to speak of the bill before the Senate, known here as the divorce bill. I was opposed, as I have told you, to the original divorce; I was still more opposed to the object of your then choice; and had I been here, in the name of my country I would have forbidden the banus. But, you married, and I now find the groom, and nearly all the wedding guests, in favor of another divorce. Sir, upon principles of common law, you are not entitled to it; you winked at—nay, more, you seduced your bride from the path of virtue; and you ought not to be allowed to take advantage of your own wrong. But, sir, I am ready to confess that I am much more opposed to the object of your third union, than I am to a separation from the darling of your second choice.

Sir, this sub-treasury scheme of divorcing the Government from the banks and People is, in my



mind, the most alarming proposition that has ever been presented to the American People. In vain did our revolutionary sires shed their blood in the contest for liberty; in vain did the sages and patriots of that eventful epoch contend for the glorious privileges which we enjoy, if, at this day of the Republic, we are to surrender up to the Executive, and to his immediate advisers, the liberties of this great People. Sir, when the patriot daily sees the immense powers claimed for, and exercised by, the Executive, has he not just cause for alarm? The veto power is his; the army is his; the navy is his; the appointing and removing power of all the inferior officers of Government is his; the sword is his; and he now asks for the purse. Shall we give it to him? Shall we surrender up the treasures of the nation—the hard earnings of the People—into his hands, as is proposed by this bill? Never, Mr. President, with my consent—never, never. I speak not with reference to the present Chief Magistrate. I am discussing this matter upon principle. Sir, I have reason for alarm when I see the other powers of the Government surrendered up, one at a time, either before or after the exercise of the veto, to the will of one man. How can I forbear to look with jealousy and alarm at a power so inordinate in its desires, and so ingulfing in its effects? This bill, sir, surrenders up the remnant of power which we had still left with us. I object to it because of the vast increase of Executive power and patronage it confers, first, by giving up the sole control of the revenues of the nation; and, secondly, by the vast increase of officers it authorizes. In addition to the land and custom-house offices now in existence, it will be necessary to establish a great many more, as sub-treasuries; add to these the twelve thousand post offices, all of which are to be little treasuries, and, sir, then come the visitors and examiners of these offices—as the bill requires an examination once, at least, each year—and you have an army of officers, traversing every part of the country at the bid of the Executive, paid from the public moneys by the President, and bound, upon pain of dismissal from office, to obey the Executive or party fiat. Sir, I am unwilling, by any vote of mine, to contribute to this result. But, sir, will the public money be safe? This is a question of great importance. Experience tells us that it will not; and, my word for it, when it shall have been tried to the satisfaction of those who are pressing it upon us, the defalcations will be found a much more formidable item in the unavailable funds than what appears against the national bank. But, in addition to this, you give up the bonus paid by the United States Bank. You give up the advantages resulting to the country from a well-regulated currency, and a wholesome state of the exchanges, and you pay not less than \$100,000 annually to carry on the “expedient,” without one countervailing benefit.

Sir, there is another objection to this measure more formidable, in my mind, than any of those I have attempted to urge. You propose to separate your fortunes from the destinies of the great body of the People; to make this Government, which I have always understood to be a Government of the People, an alien to their interest; you propose to give the Government and its officers gold and silver, and leave the People to struggle on with such a currency as the States may furnish. Sir, I know this People love the Government; I am not unapprized of their deep-rooted devotion to the institutions under which they live. Have they not on all occasions, in times of peril, when the existence of the nation was threatened by a hostile foe, rallied to the standard of their country, and laid down their lives a voluntary sacrifice on the altar of liberty? and shall they then be told, in times of difficulty and embarrassment, that this Government will take care of itself—that it has no power to assist the People—that it will provide for its own officers the precious metals, although the consequence may be ruin to the People? Sir, let those who are pressing this matter upon them not presume too far. It is not your parchment roll, called a Constitution, that holds this People together; it is a supposed community of interest; and whenever you shall satisfy them that the Government of their choice has no common interest with the People, the governed, that moment they will lose all attachment to the Constitu-

tion, and either dissolve themselves from a Government of requisitions and burdens, and not of benefits, or they will seek redress in a change of rulers. And, sir, I am no prophet, yet, judging from the voice you have heard from the West, and the responsive echoes from the East, if you carry these measures, in the course of my senatorial term of six years you will see these tables turned, and a confident majority reduced to a harmless minority here; and, in that event, mark my words to-day—you will hear a voice long and loud coming from that minority crying for another divorce from the evils of this measure. I hope in this I may be mistaken; but such are my opinions of the evil consequences which must result from this measure, that I hazard the opinion.

But, sir, as the representative in part of one of the western States, I protest against this measure as being of the most noxious character to our interest. Does not every western man see that its practical effect must be to drain all our specie from us, through the land offices and post offices, and expend it here and on the eastern waters in the creation of a navy, break-waters, light-houses, fortifications, &c., &c.? Since you have abandoned the doctrines of internal improvement, we have no objects for national expenditure, except, to be sure, the Cumberland road; and the expenditure on that is as a drop in the bucket when compared with the amount received by the Government from the people of the State.

Again: I object to this bill as being wholly illusory, and presenting a false issue to the People. It is not a question now, whether the People will have specie or paper in their common business transactions. This Government has no power over the State banks; they are the creatures of the legislatures of the different States; and whether this bill passes or not, the People of the States will have a paper currency; and the true question for them to decide is, whether they prefer a local paper exclusively, or whether they would prefer a national paper of universal circulation, controlling the State issues within wholesome bounds, and convertible into specie at the will of the holder.

Sir, let us examine for a moment the consequences that must necessarily result from any measure, at this time, reducing the property of this nation to a metallic value. Would it not at once amount, in effect, to a confiscation of at least two-thirds of the property in the country? Would it not increase, as two to one, the debts of the People? And how, let me ask, do gentlemen suppose the debtors—either merchants, banks, or people—can pay their debts, if specie should be required? Property must come to the hammer of the auctioneer; and the sacrifice would create ruin, wide-spread ruin. Sir, I would rather see a foreign army in your country, than to see the property of every debtor brought to the hammer on a specie demand. The desolation would be far less. Innocent and unoffending families who are in supposed affluence to-day, would be beggars to-morrow; thrown upon the cold charity of an unfriendly world. Sir, I cannot see it. I would avert it if I could. But, if gentlemen will go on, let them take the responsibility. The Senator from South Carolina, (Mr. CALHOUN,) told you that the disease was debt, and he knew of no cure, but to pay it. This may be true; but does not that Senator know that it is in vain to tell men to pay their debts, if you take from them the ability and means of payment? If you render the property with which they might pay valueless, how do you expect them to pay? Do gentlemen suppose that there is specie enough in this nation to pay the one-fourth of the debts, independently of answering the ordinary medium of circulation? If they do, I can only say that they have surely not examined the subject.

Sir, I have detained the Senate much longer than I had anticipated before I rose. I will say a few words, relative to the amendments of the Senators from South Carolina and Missouri, (Messrs. CALHOUN and BENTON,) and resume my seat.

I cannot go for the amendment of the Senator from South Carolina. It assumes the same principle of the bill; that is, that the Government, in the collection of its dues, will, at given periods, re-

fuse to take the paper of specie-paying banks, and will collect all its revenue in specie. I object to the principle, and cannot give any vote that can be construed into a sanction of such doctrines.

The amendment of the Senator from Missouri is still worse in principle. The amendment gives a premium, on the part of Government, of one per cent. for all the gold that may be paid by her debtors? What does this mean? What can be the object? Is it to draw all the gold of the country into the Government vaults for the benefit of its favorites? For if the Government gives one per cent., surely she will not pay it out in her ordinary business transactions at par.

I cannot close my remarks, Mr. President without saying that I entertained strong hopes, when I came here, that we should be able to unite on some measure that would restore confidence, regulate the currency, and give relief to the People. But I am now compelled to say that, in my opinion, we shall do nothing to meet their just expectations; and my fondest hopes will end in disappointment. I shall vote, as a choice of evils, for the bill of the gentleman from Virginia; but I must say I have little or no confidence in it. Still I do not think it so objectionable as the sub-treasury scheme. My opinion has been, and still continues to be, that experience has proven that a national bank, properly guarded in its powers, is an indispensable fiscal agent to the Government, as well as absolutely necessary as a general regulator of the currency and of the exchanges, and of the issues of the local banks. A majority here, however, think otherwise, and it will be for the People ultimately to decide the matter; and in that decision let all acquiesce. I am sure I have no personal interest in sustaining any bank. I never owned a dollar of stock in a bank in my life, nor do I expect to do so; but I have an interest in sustaining those measures that may benefit the People. Their interest is my interest, and my interest is their interest.

Mr. President, I know I have occupied too much of the time of the Senate; yet I offer no other apology than the importance of the subject; and in resuming my seat I return to the Senate my unfeigned thanks for the marked respect and attention which it has honored me with in this my first attempt to address it.

## SPEECH OF MR. WEBSTER.

### OF MASSACHUSETTS,

In Senate, September 23, 1837.—The Senate having resumed the consideration of the bill “imposing additional duties, as depositories in certain cases, on public officers,” with the amendment offered thereto by Mr. CALHOUN—

Mr. WEBSTER addressed the Senate as follows:

Mr. President: I am opposed to the doctrines of the message, to the bill, and to the amendment of the member from South Carolina, (Mr. Calhoun.) In all these I see nothing for the relief of the country; but I do see, as I think, a question involved, the importance of which transcends all the interests of the present occasion.

It is my purpose to state that question; to present it as well to the country as to the Senate; to show the length and breadth of it, as a question of practical politics, and in its bearing on the powers of the Government; to exhibit its importance, and to express my own opinions in regard to it.

A short recital of events and occurrences will show how this question has arisen.

The Government of the United States completed the forty-eighth year of its existence under the present Constitution on the 31 day of March last. During this whole period, it has felt itself bound to take proper care of the currency of the country; and no administration has admitted this obligation more clearly or more frequently than the last. For the fulfilment of this acknowledged duty, as well as to accomplish other useful purposes, a national bank has been maintained for forty out of these forty-eight years. Two institutions of this kind have been created by law: one commencing in 1791, and limited to twenty years, and expiring, therefore, in 1811; the other commencing in 1816, with a like term of duration, and ending, therefore,

in 1836. Both of these institutions, each in its time, accomplished their purposes, so far as currency was concerned, to the general satisfaction of the country. But before the last bank expired, it had the misfortune to become obnoxious to the late administration. I need not at present speak of the causes of this hostility. My purpose only requires a statement of that fact, as an important one in the chain of occurrences.

The late President's dissatisfaction of the bank was intimated in his first annual message, that is to say in 1829. But the bank stood very well with the country, the President's known and growing hostility notwithstanding; and in 1832, four years before its charter was to expire, both houses of Congress passed a bill for its continuance; there being in its favor a large majority of the Senate, and a larger majority of the House of Representatives. The bill, however, was negatived by the President. In 1833, by an order of the President, the public moneys were removed from the custody of the bank, and were deposited with certain selected State banks. This removal was accompanied with the most confident declarations and assurances, put forth in every form, by the President and Secretary of the Treasury, that these State banks would not only prove safe depositories of the public money, but that they would also furnish the country with as good a currency as it ever had enjoyed, and probably a better; and would accomplish all that could be wished in regard to domestic exchanges. The substitution of State banks for a national institution, for the discharge of these duties, was that operation, which has become known, and is likely to be long remembered, as the "experiment."

For some years all was said to go on extremely well, although it seemed plain enough to a great part of the community that the system was radically vicious; that its operations were all inconvenient, clumsy, and wholly inadequate to the proposed ends; and that, sooner or later, there must be an explosion. The administration, however, adhered to its experiment. The more it was complained of the louder it was praised. Its commendation was one of the standing topics of all official communications; and in his last message, in December, 1836, the late President was more than usually emphatic upon the great success of his attempts to improve the currency, and the happy results of the experiment upon the important business of exchange. But a reverse was at hand. The ripening glories of the experiment were soon to meet a dreadful blighting. In the early part of May last, these banks all stopped payment. This event, of course, produced great distress in the country, and it produced also similar embarrassment to the administration.

The present administration was then only two months old; but it had already become formally pledged to maintain the policy of that which had gone before it. The President had avowed his purpose of treading in the footsteps of his predecessor. Here, then, was difficulty. Here was a political knot, to be either untied or cut. The experiment had failed, and failed, as it was thought, so utterly and hopelessly, that it could not be tried again.

What, then, was to be done? Committed against a Bank of the United States in the strongest manner, and the substitute, from which so much was expected, having disappointed all hopes, what was the administration to do? Two distinct classes of duties had been performed in times past by the Bank of the United States; one more immediately to the Government, the other to the community. The first was the safe-keeping and the transfer, when required, of the public moneys; the other the supplying of a sound and convenient paper currency, of equal credit all over the country, and every where equivalent to specie, and the giving the most important facilities to the operations of exchange. These objects were highly important, and their most perfect accomplishment by the experiment had been promised from the first. The State banks, it was declared, could perform all these duties, and should perform them. But the "experiment" came to a dishonored end in the early part of May. The deposite banks, with the

others, stopped payment. They could not render back the deposites; and, so far from being able to furnish a general currency, or to assist exchanges, (purposes, indeed, which they never had fulfilled with any success,) their paper became immediately depreciated, even in its local circulation. What course, then, was the administration now to adopt? Why, sir, it is plain that it had but one alternative. It must either return to the former practice of the Government, take the currency into its own hands, and maintain it, as well as provide for the safe keeping of the public money by some institution of its own; or else, adopting some new mode of merely keeping the public money, it must abandon all further care over currency and exchange. One of these courses became inevitable. The administration had no choice. The State banks could be tried no more, with the opinion which the administration now entertained of them; and how else could any thing be done to maintain the currency? In no way but by the establishment of a national institution.

There was no escape from this dilemma. One course was, to go back to that which the party had so much condemned; the other, to give up the whole duty, and leave the currency to its fate. Between these two, the administration found itself absolutely obliged to decide; and it has decided, and decided boldly. It was decided to surrender the duty, and abandon the constitution. That decision is before us, in the message, and in the measures now under consideration. The choice has been made; and that choice, in my opinion, raises a question of the utmost importance to the people of this country, both for the present and all future time. That question is, *whether Congress has, or ought to have, any duty to perform in relation to the currency of the country, beyond the mere regulation of the gold and silver coin.*

Mr. President, the honorable member from South Carolina remarked, the other day, with great frankness and good humor, that, in the political classification of the times, he desired to be considered as nothing but an honest nullifier. That, he said, was his character. I believe, sir, the country will readily concede that character to the honorable gentleman. For one, certainly, I am willing to say, that I believe him to be a very honest and a very sincere nullifier, using the term in the same sense in which he used it himself, and in which he meant to apply it to himself. And I am very much afraid, sir, that (whatever he may think of it himself) it has been under the influence of those sentiments, which belong to his character as a nullifier, that he has so readily and so zealously embraced the doctrines of the President's message. In my opinion, the message, the bill before us, and the honorable member's amendment, form, together, a system, a code of practical politics, the direct tendency of which is to nullify and expunge, or, perhaps, more correctly speaking, by a united and mixed process of nullification and expunging, to abolish a highly important and useful power of the Government. It strikes down the principle upon which the Government has been administered, in regard to the subject of the currency, through its whole history; and it seeks to obliterate, or to draw black lines around that part of the constitution on which this principle of administration has rested. The system proposed, in my opinion, is not only anti-commercial, but anti-constitutional also, and anti-union, in a high degree.

You will say, sir, that this is a strong way of stating an opinion. It is so. I mean to state the opinion in the strongest manner. I do not wish, indeed, at every turn, to say, of measures which I oppose, that they either violate or surrender the constitution. But when, in all soberness and candor, I do so think, in all soberness and candor I must so speak; and whether the opinion which I have now expressed be true, let the sequel decide.

Now, sir, Congress has been called together in a moment of great difficulty. The characteristic of the crisis is commercial distress. We are not suffering from war, or pestilence, or famine; and it is alleged by the President and Secretary, that there is no want of revenue. Our means, it is averred, are abundant. And yet the Government is in distress, and the country is in distress; and Congress

is assembled, by a call of the President, to provide relief. The immediate and direct cause of all is, derangement of the currency and the exchanges; commercial credit is gone, and property no longer answers the common ends and purposes of property. Government cannot use its own means, and individuals are alike unable to command their own resources. The operations both of Government and people are obstructed; and they are obstructed, because the money of the country, the great instrument of commerce and exchange, has become disordered and useless. The Government has funds; that is to say, it has credits in the banks, but it cannot turn these credits into cash; and individual citizens are as bad off as Government. The Government is a great creditor and a great debtor. It collects and it disburses large sums. In the loss, therefore, of a proper medium of payment and receipt, Government is a sufferer. But the people are sufferers from the same causes; and inasmuch as the whole amount of payments and receipts by the people, in their individual transactions, is many times greater than the amount of payments and receipts by Government, the aggregate of evil suffered by the people is also many times greater than that suffered by Government. Individuals have means as ample, in proportion to their wants, as Government; but they share with Government the common calamity arising from the overthrow of the currency. The honorable member from Mississippi (Mr. Walker) has stated, or has quoted the statement from others, that while the payments and receipts of Government are twenty millions a year, the payments and receipts of individuals are two or three hundred millions. He has, I think, underrated the amount of individual payments and receipts. But even if he has not, the statement shows how little a part of the whole evil falls on Government. The great mass of suffering is on the people.

Now, sir, when we look at the message, the bill, and the proposed amendment, their single, exclusive, and undivided object is found to be, *relief to the Government*. Not one single provision is adopted or recommended, with direct reference to the relief of the people. They all speak of revenue, of finance, of duties and customs, of taxes and collections; and the evils which the people suffer, by the derangement of the currency and the exchanges, and the breaking up of commercial credit, instead of being put forth as prominent and leading objects of regard, are dismissed with a slight intimation, here and there, that, in providing for the superior and paramount interest of Government, some incidental or collateral benefits may, perhaps, accrue to the community. But is Government, I ask, to care for nothing but itself? Is self-preservation the great end of Government? Has it no trust powers? Does it owe no duties, but to itself? If it keeps itself in being, does it fulfil all the objects of its creation? I think not. I think Government exists, not for its own ends, but for the public utility. It is an agency, established to promote the common good, by common counsels; its chief duties are to the people; and it seems to me strange and preposterous, in a moment of great and general distress, that Government should confine all deliberations to the single object of its own revenues, its own convenience, its own undisturbed administration.

I cannot say, sir, that I was surprised to see this general character impressed on the face of the message. I confess it appeared to me, when the banks stopped payment, that the administration had come to a pass in which it was unavoidable that it should take some such course. But that necessity was imposed, not by the nature of the crisis, but by its own commitment to the line of politics which its predecessor had adopted, and which it had pledged itself to pursue.

It withdraws its care from the currency, because it has left itself no means of performing its own duties, connected with that subject. It has voluntarily, and on calculation, discarded and renounced the policy which has been approved for half a century, because it could not return to that policy, without admitting its own inconsistency, and violating its party pledges. This is the truth of the whole matter.

Now, sir, my present purpose chiefly is to maintain two propositions:

1. That is the constitutional duty of this Government to see that a proper currency, suitable to the circumstances of the times, and to the wants of trade and business, as well as to the payment of debts due to Government, be maintained and preserved; a currency of general credit, and capable of aiding the operations of exchange, so far as those operations may be conducted by means of the circulating medium; and that there are duties, therefore, devolving on Congress, in relation to currency, beyond the mere regulation of the gold and silver coins.

2. That the message, the bill, and the proposed amendment, all, in effect, deny any such duty, disclaim all such power, and confine the constitutional obligation of Government to the mere regulation of the coins, and the care of its own revenues.

I have well weighed, Mr. President, and fully considered, the first of these propositions, to wit: that which respects the duty of this Government, in regard to the currency. I mean to stand by it. It expresses, in my judgment, a principle fully sustained by the Constitution, and by the usage of the Government, and which is of the highest practical importance. With this proposition, or this principle, I am willing to stand connected; and to share in the judgment which the community shall ultimately pronounce upon it. If the country shall sustain it, and be ready, in due time, to carry it into effect, by such means and instruments as the general opinion shall think best to adopt, I shall co-operate, cheerfully, in any such undertaking, and shall look again, with confidence, to prosperity in this branch of our national concerns. On the other hand, if the country shall reject this proposition, and act on that rejection; if it shall decide that Congress has no power, nor is under any duty, in relation to the currency, beyond the mere regulation of the coins, then, upon that construction of the powers and duties of Congress, I am willing to acknowledge that I do not feel myself competent to render any substantial service to the public councils on these great interests. I admit at once that if the currency is not to be preserved by the Government of the United States, I know not how it is to be guarded against constantly occurring disorders and derangements.

Before entering into the discussion of the grounds of this proposition, however, allow me, sir, a few words, by way of preliminary explanation. In the first place, I wish it to be observed that I am now contending only for the general principle, and not insisting either on the constitutionality or expediency of any particular means, or any particular agent. I am not saying by what instrument or agent Congress ought to perform this duty; I only say it is a duty, which, in some mode and by some means, Congress is bound to perform. In the next place, let it be remembered that I carry the absolute duty of Government, in regard to exchange, no farther than the operations of exchange may be performed by currency. No doubt, sir, a proper institution, established by Government, might, as heretofore, give other facilities to exchange of great importance, and to a very great extent. But I intend, on this occasion, to keep clearly within the Constitution, and to assign no duty to Congress not plainly enjoined by the provisions of that instrument, as fairly interpreted, and as heretofore understood.

The President says, it is not the province of Government to aid individuals in the transfer of their funds, otherwise than by the use of the post office; and that it might as justly be called on to provide for the transportation of their merchandise.

Now, I beg leave to say, sir, with all respect and deference, that funds are transferred from individual to individual, usually for the direct purpose of the payment and receipt of debts; that payment and receipt are duties of currency; that, in my opinion, currency is a thing which Government is bound to provide for and superintend; that the case, therefore, has not the slightest resemblance to the transportation of merchandise, because the transportation of merchandise is carried on by ships and boats, by carts and wagons, and not by the use

of currency, or of any thing else over which Government has usually exclusive control. These things individuals can provide for themselves. But the transfer of funds is done by credit, and must be so done; and some proper medium for this transfer it is the duty of Government to provide, because it belongs to currency, to money, and is therefore beyond the power of individuals.

The nature of exchange, sir, is well understood by persons engaged in commerce; but as its operations are a little out of the sight of other classes of the community, although they have all a deep and permanent interest in the subject, I may be pardoned for a word or two of general explanation. I speak of domestic exchanges only. We mean, then, by exchange, this same transfer of funds. We mean the making of payment in a distant place, or the receiving of payment from a distant place, by some mode of paper credits. If done by draft, order, or bill of exchange, that is one form; if done by the transmission of bank notes, through the post office, or otherwise, that is another form. In each, credit is used; in the first, the credit of the parties whose names are on the bill or draft; in the last, the credit of the bank. Every man, sir, who looks over this vast country, and contemplates the commercial connection of its various parts, must see the great importance that this exchange should be cheap and easy. To the producer and to the consumer, to the manufacturer and the planter, to the merchant, to all, in all classes, this becomes a matter of moment. We may see an instance in the common articles of manufacture produced in the north, and sent to the south and west for sale and consumption. Hats, shoes, furniture, carriages, domestic hardware, and various other articles, the produce of those manufacturing, and of those employments which are carried on without the aid of large capital, constitute a large part of this trade, as well as the fabrics of cotton and wool. Now a state of exchange, which shall enable the producers to receive payment regularly, and without loss, is indispensable to any useful prosecution of this intercourse. Derangement of currency and exchange is ruinous. The notes of local banks will not answer the purpose of remittance; and if bills of exchange cannot be had, or can be had only at a high rate, how is payment to be received, or to be received without great loss? This evil was severely felt, even before the suspension of specie payment by the banks; and it will always be felt, more or less, till there is a currency of general credit and circulation through the country. But when the banks suspended, it became overwhelming. All gentlemen having northern acquaintance, must know the existence of this evil. I have heard it said that the hitherto prosperous and flourishing town of Newark has already lost a considerable part or its population by the breaking up of its business, in consequence of these commercial embarrassments. And in cases in which business is not wholly broken up, if five or six per cent., or more, is to be paid for exchange, it by so much enhances the cost to the consumer, or takes away his profit from the producer. I have mentioned these articles of common product of northern labor; but the same evil exists in all the sales of imported goods; and it must exist, also, in the south, in the operations connected with its great staples. All the south must have, and has, constant occasion for remittance by exchange; and no part of the country is likely to suffer more severely by its derangement. In short, there can be no satisfactory state of internal trade, when there is neither cheapness, nor promptness, nor regularity, nor security, in the domestic exchanges.

I say again, sir, that I do not hold Government bound to provide bills of exchange for purchase and sale. Nobody thinks of such a thing. If any institution established by Government can do this, as might be the case, and has been the case, so much the better. But the positive obligations of Government I am content to limit to currency, and, so far as exchange is concerned, to the aid which may be afforded to exchange by currency. I have been informed that, a few years ago, before the charter of the late bank expired, at those seasons of the year when southern and western merchants usually visit the northern cities to make purchases,

or make payment for existing liabilities, that bank redeemed its notes to the amount of fifty or even a hundred thousand dollars a day. These notes, having been issued in the West, were brought over the mountains as funds to be used in the eastern cities. This was exchange; and it was exchange through the medium of currency; it was perfectly safe, and it cost nothing. This fact illustrates the importance of a currency of universal credit to the business of exchange.

Having made these remarks for the purpose of explaining exchange, and showing its connexion with currency, I proceed to discuss the general propositions.

Is it the duty, then, of this Government to see that a currency be maintained suited to the circumstances of the times, and to the uses of trade and commerce?

I need not, sir, on this occasion, enter historically into the well-known causes which led to the adoption of the present Constitution. Those causes are familiar to all public men; and among them, certainly, was this very matter of giving credit and uniformity to the money system of the country. The States possessed no system of money and circulation; and that was among the causes of the stagnation of commerce. Indeed, all commercial affairs were in a disjointed, deranged, and miserable state. The restoration of commerce, the object of giving it uniformity, credit, and national character, were among the first incentives to a more perfect union of the States. We all know that the meeting at Annapolis, in 1786, sprang from a desire to attempt something which should give uniformity to the commercial operations of the several States; and that in and with this meeting arose the proposition for a general convention, to consider of a new constitution of Government. Every where State currencies were depreciated, and continental money was depreciated also. Debts could not be paid, and there was no value to property. From the close of the war to the time of the adoption of this Constitution, as I verily believe, the people suffered as much, except in the loss of life, from the disordered state of the currency and the prostration of commerce and business, as they suffered during the war. All our history shows the disasters and afflictions which sprang from these sources; and it would be waste of time to go into a detailed recital of them. For the remedy of these evils, as one of its great objects, and as great as any one, the Constitution was formed and adopted.

Now, sir, by this Constitution, Congress is authorized to "coin money, to regulate the value thereof, and of foreign coins;" and all the States are prohibited from coining money, and from making any thing but gold and silver coins a tender in payment of debts. Suppose the Constitution had stopped here, it would still have established the all-important point of a uniform money system. By this provision Congress is to furnish coin, or regulate coin, for all the States. There is to be but one money standard for the country. And the standard of value to be established by Congress is to be a currency, and not bullion merely; because we find it is to be coin; that is, it is to be one or the other of the precious metals, bearing an authentic stamp of value, and passing therefore by tale. That is to be the standard of value. A standard of value, therefore, and a money for circulation, were thus expressly provided for. And if nothing else had been done, would it not have been a reasonable and necessary inference from this power, that Congress had authority to regulate, and must regulate and control, any and all paper, which either States or individuals might desire to put into circulation, purporting to represent this coin, and to take its place in the uses of trade and commerce? It is very evident that the Constitution intended something more than to provide a medium for the payment of debts to Government. The object was a uniform currency for the use of the whole people, in all the transactions of life; and it was manifestly the intent of the Constitution, that the power to maintain such a currency should be given to Congress. But it would make the system incongruous and incomplete, it would be denying to Congress the means necessary to accomplish ends which were manifestly intended, it would render the



whole provision in a great measure nugatory, if, when Congress had established a coin for currency and circulation, it should have no power to maintain it as an actual circulation, nor to regulate or control paper emissions designed to occupy its place, and perform the same functions that it would on the coinage power alone; and on a fair, and just, and reasonable inference from it, therefore, I should be of opinion that Congress was authorized, and was bound, to protect the community against all evils which might threaten from a deluge of currency of another kind, filling up, in point of fact, all the channels of circulation. And this opinion is not new. It has often been expressed before, and was cogently urged by Mr. Dallas, the Secretary of the Treasury, in his report in 1816. He says, "whenever the emergency occurs that demands a change of system, it seems necessarily to follow that the authority, which was alone competent to establish the national coin, is alone competent to create a national substitute."

But the Constitution does not stop with this grant of the coinage power to Congress. It expressly prohibits the States from issuing *bills of credit*. What a bill of credit is, there can be no difficulty in understanding by any one acquainted with the history of the country. They had been issued at different times, and in various forms, by the State Governments. The object of them was to create a paper circulation; and any paper, issued on the credit of the State, and intended for circulation from hand to hand, is a bill of credit, whether made a tender for debts or not, or whether carrying interest or not. Is it issued with intent that it shall circulate from hand to hand as money, and with intent that it shall so circulate on the credit of the State? If it is, it is a bill of credit. The States, therefore, are prohibited from issuing paper for circulation on their own credit; and this provision furnishes additional and strong proof that all circulation, whether of coin or paper, was intended to be subject to the regulation and control of Congress. Indeed, the very object of establishing one commerce for all the States, and one money for all the States, would otherwise be liable to be completely defeated. It has been supposed, nevertheless, that this prohibition on the States has not restrained them from granting to individuals, or to private corporations, the power of issuing notes for circulation on their own credit. This power has long been exercised, and is admitted to exist. But could it be reasonably maintained, looking only to these two provisions, (that is to say, to the coinage power, which is vested exclusively in Congress, and to the prohibition on the States against issuing their own paper for circulation,) that Congress could not protect its own power, and secure to the people the full benefits intended by and for them against evils and mischiefs, if they should arise, or threaten to arise, not from paper issued by States, but from paper issued by individuals or private corporations? If this be so, then the coinage power evidently fails of a great part of its intended effect; and the evils intended to be prevented by the prohibitions on the States may all arise, and become irresistible and overwhelming in another form.

But the Message intimates a doubt whether this power over the coin was given to Congress to preserve the people from the evils of paper money, or only given to protect the Government itself. I can not but think this very remarkable and very strange. The language of the President is, "there can be no doubt that those who framed and adopted the Constitution, having in immediate view the depreciated paper of the confederacy, of which five hundred dollars in paper were at times equal to only one dollar in coin, intended to prevent the recurrence of similar evils, so far at least as related to the transactions of the new Government." Where is the foundation for the *qualification* here expressed? On what clause, or construction of any clause, is it founded? Will any gentleman tell me what there is in the Constitution which led the President, or which could lead any man, to doubt whether it was the purpose of that instrument to protect the people, as well as the Government, against the overwhelming evils of paper money? Is there a word or particle in the coinage power, or any other

power, which countenances the notion that the Constitution intended that there should be one money for the Government, and another for the people; that Government should have the means of protecting its own revenues against depreciated paper, but should be still at liberty to suffer all the evils of such paper to fall with full weight upon the people? This is altogether a new doubt. It intimates an opinion, which, so far as it shall find those who are ready to adopt and follow it, will sap and undermine one of the most indispensable powers of the Government. The coinage power is given to Congress in general terms; it is altogether denied to the States; and the States are prohibited from issuing bills of credit for any purpose whatever, or of any character whatever. Can any man hesitate one moment to say that these provisions are all intended for the general good of the people? I am, therefore, surprised at the language of the Message in this particular, and utterly at a loss to know what should have led to it, except the apparent and foregone conclusion and purpose, of attempting to justify Congress in the course which was about to be recommended to it, of abstaining altogether from every endeavor to improve or maintain the currency, except so far as the receipts and payments of the Government itself were concerned. I repeat, sir, that I should be obliged to any friend of the administration, who would suggest to me on what ground this doubt, never expressed before, and now so solemnly and gravely intimated, is supposed to stand. Is it, indeed, uncertain, is it matter of grave and solemn doubt, whether the coinage power itself, so fully granted to Congress, and so carefully guarded by restraints upon the States, had any further object than to enable Congress to furnish a medium in which taxes might be collected?

But this power over the coinage is not the strongest nor the broadest ground on which to place the duty of Congress. There is another power granted to Congress, which seems to me to apply to this case, directly and irresistibly, and that is the commercial power. The Constitution declares that Congress shall have power to regulate commerce, not only with foreign nations, but between the States. This is a full and complete grant, and must include authority over every thing which is part of commerce, or essential to commerce. And is not money essential to commerce? No man, in his senses, can deny that; and it is equally clear, that whatever paper is put forth, with intent to circulate as currency, or to be used as money, immediately affects commerce. Bank notes, in a strict and technical sense, are not, indeed, money; but, in a general sense, and often in a legal sense, they are money. They are substantially money, because they perform the functions of money. They are not, like bills of exchange or common promissory notes, mere proofs or evidences of debt, but are treated as money, in the general transactions of society. If receipts be given for them, they are given as for money. They pass under a legacy, or other form of gift, as money. And this character of bank notes was as well known and understood at the time of the adoption of the Constitution as it is now. The law, both of England and America, regarded them as money, in the sense above expressed. If Congress, then, has power to regulate commerce, it must have a control over that money, whatever it may be, by which commerce is actually carried on. Whether that money be coin or paper, or however it has acquired the character of money or currency, if, in fact, it has become an actual agent or instrument in the performance of commercial transactions, it necessarily thereby becomes subject to the regulation and control of Congress. The regulation of money is not so much an inference from the commercial power conferred on Congress, as it is a part of it. Money is one of the things, without which, in modern times, we can form no practical idea of commerce. It is embraced, therefore, necessarily, in the terms of the Constitution.

But, sir, as will be seen by the proposition which I have stated, I go further: I insist that the duty of Congress is commensurate with its power; that it has authority not only to regulate and control that which others may put forth as money and currency, but that it has the power, and is bound to

perform the duty, of seeing that there is established and maintained, at all times, a currency of general credit, equivalent in value to specie, adapted to the wants of commerce and the business of the people, and suited to the existing circumstances of the country. Such a currency is an instrument of the first necessity to commerce, according to the commercial system of the present age; and commerce cannot be conducted, with full advantage, without it. It is in the power of Congress to furnish it, and it is in the power of nobody else. The States can not supply it. That resource has often been tried, and has always failed. I am no enemy to the State banks; they may be very useful in their spheres; but you can no more cause them to perform the duties of a national institution than you can turn a satellite into a primary orb. They can not maintain a currency of equal credit all over the country. It might be tried, sir, in your State of Kentucky, or our State of Massachusetts. We may erect banks on all the securities which the wit of man can devise; we may have capital, we may have funds, we may have bonds and mortgages, we may add the faith of the State, we may pile Pelion upon Ossa, they will be State institutions after all, and will not be able to support a national circulation. This is inherent in the nature of things, and in the sentiments of men. It is in vain to argue that it ought not to be so, or to contend that one bank may be as safe as another. Experience proves that it is so, and we may be assured it will remain so.

Sir, mine is not the ruthless hand that shall strike at the State banks, nor mine the tongue that shall carelessly upbraid them with treachery or perfidy. I admit their lawful existence; I admit their utility in the circle to which they properly belong. I only say they can not perform a national part in the operations of commerce. A general and universal accredited currency, therefore, is an instrument of commerce, which is necessary to the enjoyment of its just advantages, or, in other words, which is essential to its beneficial regulation. Congress has power to establish it, and no other power can establish it; and therefore Congress is bound to exercise its own power. It is an absurdity, on the very face of the proposition, to allege that Congress shall regulate commerce, but shall, nevertheless, abandon to others the duty of maintaining and regulating its essential means and instruments. We have in actual use a mixed currency: the coin circulating under the authority of Congress, the paper under the authority of the States. But this paper, though it fills so great a portion of all the channels of circulation, is not of general and universal credit; it is made up of various local currencies, none of which has the same credit, or the same value, in all parts of the country, and therefore these local currencies answer but very loosely and deficiently the purposes of general currency, and of remittance. Now, is it to be contended that there is no remedy for this? Are we to agree, that the Constitution, with all its care, circumspection, and wisdom, has, nevertheless, left this great interest unprotected? Is our commercial system so lame and impotent? Are our constitutional provisions and our political institutions so radically defective? I think not, sir. They do not deserve this reproach; and think it may now be easily shown that, that under all administrations, from General Washington's time down to the 3d of March last, the Government has felt and acknowledged its obligation, in regard to the currency, to the full extent in which I have stated it, and has constantly endeavored to fulfil that obligation. Allow me to go back to the beginning, and trace this matter down to our times a little in detail.

In his first speech to Congress, in 1789, having just then assumed his new office, General Washington recommended no particular subjects to the consideration of Congress; but in his speech at the opening of the second session, he suggested the importance of a uniform currency, without distinguishing coinage from paper; and this body in its answer, assured him that it was a subject which should receive its attention. Recollect, sir, at that time, that there were State banks having notes in circulation, though they were very few. The first Bank of the United States was established at the third session of the Congress in 1791. The bill

for its creation originated in the Senate; the debates in which were at that time not public. We have, however, the debates in the House, we have the reports of the Secretaries, and we have the law itself. Let us endeavor to learn, from these sources, for what objects this institution was created, and whether a national currency was one of those objects.

Certainly, sir, it must be admitted that currency was not the only object in incorporating the bank of 1791. The Government was new, its fiscal affairs were not well arranged, it was greatly in debt, and the political state of things at the time rendered it highly probable that sudden occasions for making loans would arise. That it might assist the operations of the Treasury, therefore, and that it might make those loans to Government, if pressing occasions should arise, were two of the purposes had in view in establishing the bank. But it is equally clear that there was a third purpose, and that respected commerce and currency. To furnish a currency for general circulation, and to aid exchange, was, demonstrably, a clear, distinct, and avowed object, in the creation of the first bank.

On the 13th of December, 1790, the Secretary of the Treasury made a report to the House of Representatives, recommending a national bank. In this report, he set forth the advantages of such an institution; one of these advantages, he says, consists "in increasing the quantity of circulating medium, and quickening the circulation." And he then proceeds to observe: "This last may require some illustration. When payments are to be made between different places, having an intercourse of business with each other, if there happen to be no private bills at market, and there are no bank notes which have a currency in both, the consequence is, that coin must be remitted. This is attended with trouble, delay, expense, and risk. If, on the contrary, there are bank notes current in both places, the transmission of these, by the post, or any other speedy or convenient conveyance, answers the purpose; and these again, in the alternations of demand, are frequently returned, very soon after to the place whence they were first sent: whence the transportation and retransportation of the metals are obviated, and a more convenient and a more expeditious medium of payment is substituted."

Is not this clear proof, that one object in establishing the bank, in the opinion of the Secretary, was the creation of a currency which should have general credit throughout the country, and, by means of such credit, should become a convenient and expeditious medium of exchange? Currency, sir, currency and exchange were then, beyond all doubt, important objects, in the opinion of the proposer of the measure, to be accomplished by the institution. The debates which took place in the House of Representatives confirm the same idea. Mr. Madison, who objected to the bill on constitutional grounds, admitted, nevertheless, that one of the advantages of a bank consists "in facilitating occasional remittances, from different places where notes happen to circulate," and Mr. Ames, who was one of the most distinguished friends of the measure, and who represented a commercial district, enlarged on the great benefit of the proposed institution to commerce. He insisted that the intercourse between the States could never be on a good footing, without an institution whose paper would circulate more extensively than that of any State bank; and what he saw, in the future, we have seen in the past, and feel in the present. Other gentlemen, also, contended that some such institution was necessary, in order to enable Congress to regulate the commerce of the country, and, for that reason, that it would be constitutional, as being proper means for a lawful end.

When the bill had passed the two Houses, the President, as we all know, asked the opinion of his Cabinet upon its constitutionality. The Secretary of State and the Attorney General were against it; the Secretary of the Treasury was in favor of it; and among the grounds on which he placed the right of Congress to pass the law, was its adaptation to the exercise of the commercial power, conferred by the Constitution on Congress. His language is: "The institution of a bank has, also, a natural relation to the regulation of trade between the States, in so far as it is conducive to the

creation of a convenient medium of exchange between them, and to the keeping up a full circulation, by preventing the frequent displacement of the metals in reciprocal remittances. Money is the very hinge on which commerce turns; and this does not mean merely gold and silver; many other things have served the purpose, with different degrees of utility. Paper has been extensively employed. It can not, therefore, be admitted, with the Attorney General, that the regulation of trade between the States, as it concerns the medium of circulation and exchange, ought to be considered as confined to coin." "And it is," he adds, "in reference to these general relations of commerce, that an establishment which furnishes facilities to circulation, and a convenient medium of exchange and alienation, is to be regarded as a regulation of trade."

Nothing can be plainer, sir, than this language; and therefore, nothing is more certain than that those who recommended and supported the first bank, regarded it as a fit and necessary measure, in order to enable Congress to exercise its important duty of regulating commerce, and to fulfil, especially, that part of the duty which enjoined upon it the provision of a proper and suitable currency for circulation and exchange.

But it is not necessary to rely on these opinions of individual friends of the measure. Let the act speak for itself. Let us look into it, and search its reasons on its face. What are the grounds and objects of the law, as set forth in the law itself? The preamble tells us. It declares:

"That the establishing of a bank will be very conducive to the successful conducting of the national finances, and will tend to give facility to the obtaining of loans for the use of Government in sudden emergencies, and will be productive of considerable advantage to trade, and industry in general."

Trade and industry in general, therefore, constituted one distinct and definite object of the incorporation, if the law truly expounds its own purposes. It was not revenue alone; it was not the facility of making loans merely; it was not mere utility to Government; but, in addition to these, it was commerce, it was the interest of the people, it was trade and business in general, which, among other considerations, formed an important part of the objects of the incorporation; and indeed, sir, events proved that it was vastly the most important part of all. What else did the first bank do, for the Government or the country, at all to be compared, in the amount of benefit, to its influence on the currency and the exchanges?

It is as clear as demonstration, therefore, that the Government, in General Washington's time, did feel itself authorized by the Constitution, and bound in duty, to provide a safe currency of general credit for circulation and for exchange. It did provide such a currency. It is remarkable enough, so comparatively small was the mere object of keeping the public money, that no provision for that purpose was inserted in the charter; nor was there any law on the subject, so far as I remember, till the year 1800.

The bank went into operation, and its success was great and instantaneous; and during the whole period of its existence, there was no complaint of the state of the currency or the exchanges.

And now, sir, let me ask, what was it that gave this success to the new institution? Its capital was small, and Government had no participation in its direction; it was committed entirely to individual management and control.

Its notes, it is true, were made receivable in payments to Government: that was one advantage. It had a solid capital, and its paper was at all times convertible into gold and silver at the will and pleasure of the holder: that was another and a most important ground of its prosperity. But, sir, there was something more than all this. There was something which touched men's sentiments, as well as their understandings. There was a cause which carried the credit of the new-born bank, as on the wings of the wind, to every quarter and every extremity of the country. There was a charm, which created trust, and faith, and reliance, not only in the great marts of commerce, but in

every corner into which money, in any form, could penetrate. That cause was its nationality of character. It had the broad seal of the Union to its charter. It was the institution of the nation, established by that new Government which the people already loved; and it was known to be designed to revive and foster that commerce which had so long been prostrate and lifeless.

Mr. President, let it be borne in mind that I am not now arguing the constitutionality, or present expediency, of a Bank of the United States. My sentiments are already well known on that subject; and, if they were not, the subject is not now before us.

But I have adverted to the history of the first bank, and examined the grounds on which, and the purposes for which, it was established, in order to show the fact, that this Government, from the first, has acknowledged the important duty and obligation of providing for currency and exchange, as part of the necessary regulation of commerce. I do not mean, at present, to say that a bank is the only, or the indispensable, means by which this duty can and must be performed; although I certainly think it the best. Yet I will not set limits to the wisdom and sagacity of gentlemen, in the invention and adaptation of means. If they do not like a bank, let them try whatever they do like. If they know a better instrument or agent, let them use it. But I maintain that the performance of the duty, by some means, or some instrument, or some agent, is indispensable; and that so long as it shall be neglected, so long the commerce and business of the country must suffer.

The history of the late Bank of the United States manifests, as clearly as that of the first, that the Government, in creating it, was acting, avowedly, in execution of its duty, in regard to the currency. Fiscal aid, except so far as the furnishing of a currency was concerned, was hardly thought of. Its bills were made receivable for revenue, indeed; but that provision, as far as it went, was obviously a provision for currency. Currency for the revenue, however, was not the leading object. The leading object was currency for the country.

The condition of things, at that time, was very much like that which now exists. The revenue of the Government was entirely adequate to all its wants; but its operations were all obstructed by the derangement of the currency, and the people were as bad off as the Government. The banks, or most of them, had suspended payments. Their paper was depreciated in various degrees; the exchanges were all disordered, and the commerce of the country thrown into confusion. Government and people were all rich; but, with all their riches, they had no money. Both might apply to themselves what Mr. Addison, being a much readier writer than speaker, said of himself, when he observed, that although he could draw for a thousand pounds, he had not a guinea in his pocket.

Mr. Madison, at that time, was President of the United States. He had been one of the opposers of the first bank, on constitutional grounds, but he had yielded his own opinions to the general sentiment of the country, and to the consideration that the power had been established and exercised. He was not a man who carried his respect for himself, and his own opinions, so far as to overcome his respect for all other men's judgments. Wise men, sir, are sometimes wise enough to surrender their own opinions, or at least to see that there is a time when questions must be considered as settled. Mr. Madison was one of these. In his annual message in December, 1815, he says:

"The arrangements of the finances, with a view to the receipts and expenditures of a permanent peace establishment, will necessarily enter into the deliberations of Congress during the present session. It is true, that the improved condition of the public revenue will not only afford the means of maintaining the faith of the Government with its creditors inviolate, and of prosecuting successfully the measures of the most liberal policy, but will also justify an immediate alleviation of the burdens imposed by the necessities of the war. It is, however, essential to every modification of the finances, that the benefits of a uniform national currency should be restored to the community. The absence

of the precious metals will, it is believed, be a temporary evil; but, until they can again be rendered the general medium of exchange, it devolves on the wisdom of Congress to provide a substitute, which shall equally engage the confidence, and accommodate the wants, of the citizens throughout the Union. If the operation of the State banks can not produce this result, the probable operation of a national bank will merit consideration; and if neither of these expedients be deemed effectual, it may become necessary to ascertain the terms upon which the notes of the Government (no longer required as an instrument of credit) shall be issued, upon motives of general policy, as a common medium of circulation."

Here, sir, is the express recommendation to Congress to provide a "NATIONAL CURRENCY," a paper currency, a uniform currency, for the uses of the community, as a substitute for the precious metals, and as a medium of exchange. It devolves on Congress, says Mr. Madison, to provide such a substitute as shall engage the confidence and accommodate the wants of the citizens throughout the Union; and if the State banks can not produce this result, a national bank will merit consideration. Can language be more explicit? Currency, national currency, currency for exchange, currency which shall accommodate all the people, is the great and leading, and, I may add, the sole and single object of the recommendation.

Contrast now, sir, this language, and these sentiments, with those of the Message before us. Did Mr. Madison confine his recommendation to such measures of relief as might be useful to Government merely? Did he look exclusively to the Treasury? Did he content himself with suggesting a proper medium for the receipt of revenue, or a proper deposite for its safe-keeping? Far otherwise. His view was general, statesmanlike, and fitted to the exigency of the times. The existing evil was one which afflicted the whole country; and the remedy proposed by him was, as it should have been, commensurate with the whole evil. And, sir, what a shock it would have produced at that time, if Mr. Madison, seeing the prostrate state of commerce and business all around him, had recommended to Congress to do nothing in the world but to take care that the taxes were collected, and those in the employment of Government well paid.

Well, sir, what was done with this message? Why, sir, the House of Representatives resolved "that so much of the President's Message as related to a uniform national currency should be referred to a select committee." Such a committee was raised, and the honorable member from South Carolina was placed at its head, as he well deserved to be, from his standing in the House, and his well known opinions on this subject. The honorable member was thus at the head of a committee, appointed, not on the subject of a revenue currency, or a currency for Government, but a **UNIFORM NATIONAL CURRENCY**; and, to effect the great object of this appointment, he brought in a bill for the establishment of a Bank of the United States.

As had been the case formerly, so on this occasion, the Secretary of the Treasury made a report on the subject. And now hear, sir, what he says of the duty of Congress to provide a national currency, and of the objects which he proposes by the establishment of a national bank:

"The constitutional and legal foundation of the monetary system of the United States is thus distinctly seen; and the power of the Federal Government to institute and regulate it, whether the circulating medium consist of coin or of bills of credit, must, in its general policy, as well as in the terms of its investment, be deemed an exclusive power. It is true, that a system depending upon the agency of the precious metals will be affected by the various circumstances which diminish their quantity or deteriorate their quality. The coin of a State sometimes vanishes under the influence of political alarms, sometimes in consequence of the explosion of mercantile speculations, and sometimes by the drain of an unfavorable course of trade. But, whenever the emergency occurs that demands a change of system, it seems necessarily to follow that the authority which was alone competent to

establish the national coin, is alone competent to create a national substitute. It has happened, however, that the coin of the United States has ceased to be the circulating medium of exchange, and that no substitute has hitherto been provided by the national authority. During the last year, the principal banks established south and west of New England, resolved that they would no longer issue coin in payment of their notes, or of the drafts of their customers, for money received upon deposite. In this act the Government of the United States had no participation; and yet the immediate effect of the act was to supersede the only legal currency of the nation. By this act, although no State can constitutionally emit bills of credit, corporations erected by the several States have been enabled to circulate a paper medium, subject to many of the practical inconveniences of the prohibited bills of credit."

"Of the services rendered to the Government by some of the State banks, during the late war, and of the liberality by which some of them are actuated in their intercourse with the Treasury, justice requires an explicit acknowledgment. It is a fact, however, incontestably proved, that those institutions can not, at this time, be successfully employed to furnish a uniform national currency. The failure of one attempt to associate them, with that view, has already been stated. Another attempt, by their agency in circulating Treasury notes, to overcome the inequalities of the exchanges, has only been partially successful. And a plan recently proposed, with the design to curtail the issues of bank notes, to fix the public confidence in the administration of the affairs of the banks, and to give to each bank a legitimate share in the circulation, is not likely to receive the general sanction of the banks. The truth is, that the charter restrictions of some of the banks, the mutual relation and dependence of the banks of the same State, and even of the banks of the different States, and the duty which the directors of each bank conceive they owe to their immediate constituents, upon points of security or emolument, interpose an insuperable obstacle to any voluntary arrangement, upon national considerations alone, for the establishment of a national medium through the agency of the State banks."

"The establishment of a national bank is regarded as the best, and perhaps the only adequate resource to relieve the country and the Government from the present embarrassment. Authorized to issue notes which will be received in all payments to the United States, the circulation of its issues will be co-extensive with the Union; and there will exist a constant demand, bearing a just proportion to the annual amount of the duties and taxes to be collected, independent of the general circulation for commercial and social purposes. A national bank will, therefore, possess the means and the opportunity of supplying a circulating medium of equal use and value in every State, and in every district of every State.

"The power of the Government to supply and maintain a paper medium of exchange will not be questioned; but for the introduction of that medium there must be an adequate motive."

"Upon the whole, the state of the national currency, and other important considerations connected with the operations of the Treasury, render it a duty respectfully to propose—

"That a national bank be established."

This language, it must be admitted, is explicit enough, both in regard to the power and the duty; and the whole report bears very little resemblance, most certainly, to the official paper from the Treasury Department now before us.

When the bill was called up, the honorable member from South Carolina explained its objects in an able speech. He showed the absolute necessity of a national currency; the power of Congress over such currency, whether metallic or paper; and the propriety and expediency of establishing a bank, as the best means of exercising these powers and fulfilling these duties. I agreed then, and I agree now, to the general sentiments expressed in that speech, heartily and entirely. I would refer to it on this occasion, both as an able argument and a high authority; and beg to adopt it, as setting forth,

in a strong light, the sentiments which I am now endeavoring to enforce.

[Mr. CALHOUN here rose to make an explanation. He said that he never saw the reporter's note of his speech on that occasion, and, therefore, what he did say, may not have been what he would have said. There were points of omission in that speech which occupied a column and a half of the National Intelligencer. Mr. C. said, that he took care, then, as now, to fortify himself, and leave a road open to oppose, at any coming time, a national bank. He then said that he was opposed to a bank, but that he submitted to the necessity of the case. There was then a connection between the Government and the banks; and if the Government had a right to regulate the currency, there was no means of doing it but by a national bank. He had, both then, and since then, contended that Government had no right to have any connection with any banks. In his opinion, the United States Bank (which he then advocated, and assisted to establish) was not established according to the Constitution. Congress had no right to establish such a bank. He acted contrary to his own impressions of right. Many people may do things which they do not believe to be lawful, from necessity. He acted from necessity.]

Mr. WEBSTER, resuming his remarks, said, he thought the gentleman had said, formerly, that in consequence of the decision of the question, he felt thereforeforward, precluded from opposing the bank as being unconstitutional.

[Mr. CALHOUN again explained: He (Mr. C.) thought the connection between Government and banks was now broken, and that set him at liberty; so that now he could oppose what he had then, and since, earnestly advocated.]

It is not my desire, sir, to hold the gentleman to a report of his speech, which he may choose, even now, to disclaim. I have never heard of his disclaiming it before; and, even now, sir, I do not understand him as being desirous of retracting or denying any thing contained in the printed report of his speech, respecting the importance of a uniform national currency. That topic makes up the sum and substance of his whole speech. It was the topic of the occasion; it was the express purpose for which his committee had been raised, and for the accomplishment of which the whole proceeding was gone into. It was all currency, currency, currency; and whether the gentleman now thinks the law constitutional or unconstitutional, he can not deny that his own object, and the object of Congress, was to furnish a circulating medium for the country. And here again, so unimportant, relatively, was the mere custody of deposite of the public moneys in the bank, that the bill, as originally introduced, contained no provision for that object. A section was afterwards introduced, in Committee of the Whole, on my motion, providing for the deposite of the public moneys with the bank, unless the Secretary of the Treasury should, at any time, otherwise order and direct; a reservation of power to the Secretary, which, as I think, and always have thought, was greatly abused, by the removal of the deposites, in 1833.

By reference to the debates, sir, it will be found that other friends of the measure followed up the general ideas of the honorable gentleman from South Carolina, and supported the bank as a necessary agent or instrument for establishing a new national currency for the uses of commerce and exchange.

The operation of the joint resolution of April, 1816, aided, no doubt, in a proper degree, by the institution of the bank, and the currency which it furnished, accomplished the great end of the resumption of specie payments; and, for a long period, we had no further trouble with the currency.

And I now proceed to say, sir, that the late President of the United States has acknowledged this duty as often, and as fully and clearly, as any of his predecessors. His various admissions, or recognitions, of this obligation, are too recent and too fresh in every one's recollection, to require, or to justify, particular citation. All the evils we now feel, indeed, we have encountered in the search after a better currency. It has been in the avowed attempt to discharge the duty of Government, con-



nected with the circulation, that the late administration has led us to where we now are. The very first charge that the late President ever brought against the bank, was, that it had not maintained a sound and uniform currency. Most persons, probably, will think the charge quite unfounded; yet this was the charge. Its dereliction of duty, or its want of ability to perform what had been expected from it—its failure, in some way, to maintain a good currency, was the original professed cause of dissatisfaction. And when the bill for rechartering the bank was negatived, it was not on the ground that Government had nothing to do with the national currency, but that a better provision for it might be made than we had in the bank. The duty was not to be disclaimed, or thrown off, or neglected; new agents, only, were to be employed, that it might be better performed. The State banks would do better than the national bank had done; the President was confident of this, and therefore he rejected the national bank as an agent, and adopted the State banks. And what he so constantly promised us would happen, he as resolutely maintained, afterwards, had happened. Down to his last message, down to the last hour of his administration, he insisted upon it that the State banks had fulfilled all his expectations, and all their own duties; and had enabled the Government to accomplish, in the very best manner, the great and important objects of currency and exchange. We have the same head of the Treasury, sir, who has repeated and echoed all these statements, whether of prophecy or fulfilment, in successive reports, some of them not less tersely and intelligibly written than that now before us; and we have heads of other departments who concurred, I presume, from time to time, in the original statements, and in the faithful echoes of them, from the Treasury. All these functionaries have been laboring with the utmost zeal, as they professed, to perform their constitutional obligation of furnishing the country with a good currency, with a better currency; with the best currency; and they have dragged Congress, dragged the country, and dragged themselves, into difficulty, perplexity, and distress, in this long and hot pursuit. And now, behold, they draw up all at once, and declare that the object of all this toil and struggle is one with which they have nothing at all to do!

But, as the last Message of the late President was loud and warm in its praises of the State banks, for the good services which they rendered to currency and exchange, so, no doubt would the first Message of the present President have commended, with equal earnestness, the success with which Government had been able, by means of the State banks, to discharge this important part of its duties, if the events of May last had not left that subject no longer a topic of felicitation. By the suspension of specie payments, all was changed. The duty of Government was changed, and the Constitution was changed also. Government was now to give up, and abandon for ever, that very thing which had been the professed object of its most assiduous care, and most earnest pursuit, for eight long and arduous years!

Mr. President, when I heard of the suspension of the banks, I was by the side of the Ohio, on a journey, in the course of which I had occasion, frequently, to express my opinion on this new state of things; and those who may have heard me, or noticed my remarks, will bear witness that I constantly expressed the opinion that a new era had commenced; that a question of principle, and a question of the highest importance, had arisen, or would immediately arise; that hereafter the dispute would not be so much about means as ends; that the extent of the constitutional obligation of the Government would be controverted; in short, that the question whether it was the duty of Congress to concern itself with the national currency, must, inevitably, become the leading topic of the times. So I thought whenever I had the pleasure of addressing my fellow-citizens, and so I feel and think now. I said often on these occasions, and I say now, that it is a question which the people, by the regular exercise of their elective franchise, must decide. The subject is one of so much permanent importance, and public men have become so committed, on the one side or the other,

that the decision must, as I think, be made by the country. We see an entirely new state of things. We behold new and untried principles of administration advanced and adopted. We witness an avowed and bold rejection of the policy hitherto always prevailing. The Government has come, not to a pause, but to a revulsion. It not only stops, but it starts back; it abandons the course which it has been pursuing for near fifty years, and it reproaches itself with having been acting, all that time, beyond the limits of its constitutional power.

It was my second proposition, sir, that the Message, the bill, and the amendment, taken together, deny, in substance, that this Government has any power or duty connected with the currency, or the exchanges, beyond the mere regulation of the coins.

And, sir, is this not true? We are to judge of the Message by what it omits, as well as by what it proposes. Congress is called together in a great commercial crisis. The whole business of the country is arrested by a sudden disorder of the currency. And what is proposed? Any thing to restore this currency? Any thing, with a direct view of producing the resumption of payment by the banks? Is a single measure offered, or suggested, the main purpose of which is general relief to the country? Not one. No, sir, not one. The administration confines its measures to the Government itself. It proposes a loan, by the means of Treasury notes, to make good the deficiency in the revenue; and it proposes secure vaults and strong boxes, for the safe-keeping of the public moneys; and here its paternal care ends. Does the Message propose to grapple, in any way, with the main evil of the times? Seeing that that evil is one affecting the currency, does the Message, like that of Mr. Madison, in 1815, address itself directly to that point, and recommend measures of adequate relief? No such thing. It abstains from all general relief. It looks out for the interest of the Government, as a Government; and it looks no further. Sir, let me turn to the message itself; to show that all its recommendations, and, indeed, all the objects in calling Congress together, are confined to the narrow and exclusive purpose of relieving the wants of Government.

The President says that the regulations established by Congress for the deposit and safe-keeping of the public moneys having become inoperative by the suspension of payment by the banks; and apprehending that the same cause would so diminish the revenue that the receipts into the Treasury would not be sufficient to defray the expenses of Government; and as questions were also expected to arise respecting the October instalment of the deposit to the States, and doubting whether Government would be able to pay its creditors in specie, or its equivalent, according to law, he felt it be his duty to call Congress together. These are the reasons for calling Congress. They are all the reasons; and they all have exclusive regard to the Government itself.

In the next place, let us see what measures the Message recommends to Congress. In its own language, the objects demanding its attention are—

“To regulate, by law, the safe-keeping, transfer, and disbursement of the public moneys; to designate the funds to be received and paid by the Government; to enable the Treasury to meet promptly every demand upon it; to prescribe the terms of indulgence, and the mode of settlement to be adopted, as well in collecting from individuals the revenue that has accrued, as in withdrawing it from former depositories.”

These are all the objects recommended particularly to the care of Congress; and the enumeration of them is followed by a general suggestion, that Congress will adopt such further measures as may promote the prosperity of the country. This whole enumeration, it is obvious, is confined to the wants and convenience of the Government itself.

And now, sir, let us see on what grounds it is that the Message refrains from recommending measures of general relief. The President says:

“It was not designed by the Constitution that the Government should assume the management of domestic or foreign exchange. It is, indeed, authorized to regulate, by law, the commerce between

the States, and to provide a general standard of value or medium of exchange in gold and silver; but it is not its province to aid individuals in the transfer of their funds, otherwise than through the facilities afforded by the Post Office Department. As justly might it be called on to provide for the transportation of their merchandise.”

And again:

“If, therefore, I refrain from suggesting to Congress any specific plan for regulating the exchanges of the country, relieving mercantile embarrassments, or interfering with the ordinary operations of foreign or domestic commerce, it is from a conviction that such measures are not within the constitutional province of the General Government, and that their adoption would not promote the real and permanent welfare of those they might be designed to aid.”

The President, then, sir, declines to recommend any measure for the relief of commerce, for the restoration of the currency, or for the benefit of exchanges, on the avowed ground, that, in his opinion, such measures are not within the constitutional power of Congress. He is distinct and explicit, and so far entitled to credit. He denies, broadly and flatly, that there is any authority in this Government to regulate the currency and the exchanges, beyond the care of the coin. The question, then, is fairly stated. It can not be misunderstood; and we are now to see how Congress, and, what is much more important, how the country will settle it.

Mr. President, if, in May last, when specie payments were suspended, the president of one of the banks had called his council of directors together, informed them that their affairs were threatened with danger, that they could not collect their debts in specie, and might not be able to pay their creditors in specie, and recommended such measures as he thought their interest required; his policy, in all this, would have been no more exclusively confined to the interests of his corporation than the policy of the Message is confined to the interests of this great corporation of Government. Both in practice, therefore, and on principle, in reality, and avowedly, the administration abandons the currency to its fate. It surrenders all care over it, declines all concern about it, and denies that it has any duty connected with it.

Sir, the question then comes to be this: Shall one of the great powers of the Constitution, a power essential to it, on any just plan or theory of Government, a power which has been exercised from the beginning, a power absolutely necessary and indispensable to the proper regulation of the commerce of the country, be now surrendered and abandoned for ever? To this point we have come, sir, after pursuing the “experiment” of the late administration for five years. And from this point, I am persuaded, the country will move, and move strongly, in one direction or another. We shall either go over to the gentleman from Missouri, and suffer him to embrace us in his gold and silver arms, and hug us to his hard-money breast; or we shall return to the long-tried, well-approved, and constitutional practice of the Government.

As to the employment of the State banks for the purpose of maintaining the currency, and carrying on the operations of exchange, I certainly never had any confidence in that system, and have none now.

I think the State banks can never furnish a medium for circulation, which shall have universal credit, and be of equal value every where.

I think they have no powers, or faculties, which can enable them to restrain excessive issues of paper.

I think their respective spheres of action are so limited, and their currencies so local, that they can never accomplish what is desired in relation to exchanges.

Still, I prefer the employment of State banks to the project before us; because it is less of a project; because it is less dangerous; and, chiefly, because it does not surrender, effectually, and in terms, a great power of the Constitution.

In every respect, this project is objectionable. It is but another “experiment;” and those who recommend it so zealously, were the authors of the

last, and were equally full of confidence and assurance in regard to that.

Who invite us to try this experiment? What voices do we hear raised in its recommendation? Are they not the well-known voices which we heard so often when the late "experiment" was begun? We know of but one accession. The voice of the honorable member from South Carolina is heard, it is true, now mingling with the general strain; and that is all. Where, then, is the ground for confidence in this experiment, more than there was for it in the last?

This scheme, too, is against all our usages and all our habits. It locks up the revenue, under bolts and bars, from the time of collection to the time of disbursement. Our practice has been otherwise, and it has been a useful practice. In 1833, the Secretary of the Treasury admonished the deposit banks, since they had obtained the custody of the public funds, to accommodate the public, to loan freely, especially to importing merchants. And now, a system is proposed to us, according to which, any use of the public funds, by way of loan or accommodation to the public, is made a criminal offence, and to be prosecuted by indictment! Admirable, admirable consistency!

But the great objection to the measure, that which so much diminishes the importance of all other objections, is its abandonment of the duty of Government. The character of this project is, severance of the Government from the people. This, like the mark of Cain, is branded on its forehead. Government separates itself, not from the banks merely, but from the community. It withdraws its care, it denies its protection, it renounces its own high duties. I am against the project, therefore, in principle and in detail; I am for no new experiments; but I am for a sound currency for the country. And I mean by this, a convertible currency, so far as it consists of paper. I differ, altogether, in this respect from the gentleman from South Carolina. Mere Government paper, not payable otherwise than by being received for taxes, has no pretence to be called a currency. After all that can be said about it, such paper is mere paper money. It is nothing but bills of credit. It always has been, and always will be, depreciated. Sir, we want specie, and we want paper of universal credit, and which is convertible into specie at the will of the holder. That system of currency, the experience of the world, and our own experience, have both fully approved.

I maintain, sir, that the People of this country are entitled, at the hand of this Government, to a sound, safe, and uniform currency. If they agree with me, they will themselves say so. They will say, "it is our right; we have enjoyed it forty years; it is practicable, it is necessary to our prosperity, it is the duty of Government to furnish it; we ought to have it, we can have it, and we will have it."

The language of the Administration, on the other hand, is, "Good masters, you are mistaken. You have no such right. You are entitled to no such thing from us. The Constitution has been misunderstood. We have suddenly found out its true meaning. A new light has flashed upon us. It is no business of ours to furnish a national currency. You can not have it, and you will not get it."

Mr. President, I have thus stated what I think to be the real question now before the country. I trust myself, cheerfully, to the result. I am willing to abide the test of time, and the ultimate judgment of the People; for it is a sentiment deeply infused into me, it is a conviction which pervades every faculty I possess, that there can be no settled and permanent prosperity to the commerce and business of the country, until the constitutional duty of Government in regard to the currency be honestly and faithfully fulfilled.

## SPEECH OF MR. PICKENS, OF SOUTH CAROLINA,

In the House of Representatives, October 10, 1837—  
On the bill imposing additional duties on public officers, as depositories of the public money, and

requiring the payment of the revenue in specie, or evidences of public debt.

MR. PICKENS said:

Notwithstanding, Mr. Chairman, I labor under painful indisposition, yet I feel bound to present my views upon the interesting and absorbing questions connected with the bill on your table: but I can assure this committee that I will economize its time as much as possible.

Sir, we have heard much declamation upon the distresses and embarrassments that pervade large classes of our community, and I confess I have heard these complaints with the deepest and most profound emotions of sympathy. I trust I have felt as an American ought to feel on such an occasion. A stranger, unacquainted with our peculiar form of government, might be led to believe, on hearing the cries for relief that have come up to us from all quarters of this land, that we had nothing to do but to speak and to proclaim peace, prosperity, and contentment, to an excited and divided community; but, sir, I am induced to believe that that government is the freest which is the farthest removed from those individual pursuits, and those individual occupations, that belong either to sections or to classes; and that the less we interfere with those concerns, the more contented and the more prosperous will the people be.

I have also been induced to believe that it is one of the peculiar features of our federal constitution, that this government was formed, principally, to conduct our foreign intercourse with the nations of the earth, and to prepare us to defend ourselves from foreign invasion or to resist foreign aggression; and that local interests, and local pursuits, whether connected with commerce, manufactures, or agriculture, were almost entirely left to those territorial divisions over which separate and independent governments hold their sway. I protest against this modern doctrine, which has been introduced so extensively into this country within the last fifteen years, and which teaches classes and sections of this community to look up to the bounties and favors of this Government with more eagerness and anxiety than do the farmers of our land, under a burning noonday sun, look for the coming shower to bless and refresh their parched and withering fields of grain. The consequence of all this, is to introduce that servile dependence upon this Government which is utterly at war with the nature of our institutions, and the integrity of man. Sir, I feel for the distresses of my country, and I trust I shall ever feel as I ought; but, there are constitutional limitations to this Government that forbid the idea of carrying out those sympathies which, though they ever belong, perhaps, to generous natures, yet, if habitually put into practice, produce as much injustice and pressure, and, not unfrequently, more than they ever avoid. Any other doctrine would substitute our poor and frail judgments in place of that interest and instinct which belong to every individual in society, and prompt him to pursue whatever is best and most suitable for his happiness and prosperity. But let the Government attempt, with one hand, to dispense favor and bounty, and the inevitable consequence is, that the other will be stretched out but to be felt in its pressure and the burthen it imposes. Such reckless and miserable policy as this, would convert the Government into one great insurance office for all those who chose to engage in the mad and giddy career of speculation and extravagance, instead of waiting the slow but certain rewards of honest industry. Government has no magic power by which to create wealth or to bestow its bounty upon one class or one section, unless at the expense of others.

Mr. Chairman, I am not disposed to trespass upon the attention of this committee by discussing minutely those abstruse questions connected with currency and trade. I too well understand the sagacity of this committee, and its profound common sense to detain them long upon those subjects. I know well, sir, that for a man to discourse here upon currency, trade, and commerce, at least if he expects to command the attention of this body, he must have a high character for experience, and be blessed also with a good old age. Yes, if he expects to entertain this house upon those abstruse questions he must first put on the "powdered wig" and "fair-top-boots," and place himself on the "tripod," and talk about trade and commerce beyond the waters, and in another hemisphere, thirty or forty years ago. Such a man would be listened to as a sage, particularly if he stepped forth as the

advocate of some peculiar theory, or if he ascribed the prevailing embarrassments to some foreign or remote cause, or declared them to be owing to causes beyond our control; to something that operated deeply upon the community, which they could neither foresee nor avert! If one were to proclaim the doctrine that our suffering and ruin have sprung from over-speculation, over-trading, or extravagance, or a combination of them all; or if he were to say that many a man had been brought to bankruptcy and poverty by dashing forth in a coach and four, with splendid damask curtains, Brussels carpets, and broad mirrors, upon a capital, in reality, of but three hundred dollars, with a credit of *thirty thousand dollars*, he would advance such sentiments but to call down upon his head the denunciations of the wise in this enlightened age, for his folly and his madness!! But, while I am not disposed, minutely, to touch these intricate points, I cannot altogether overlook them without a passing notice.

The immediate causes, sir, of our distress arise from that peculiar system of credit and currency which has, for the last five years, been enlarged so extensively both in England and in this country. In England, during the year 1836 alone, no less than two hundred joint stock banks were created, the influence of which was deeply felt, first in that country and then in this. Vast facilities were extended to our capitalists, while, also, they received an extension of the credit system here, connected with a peculiar juncture in our affairs during the same period. The Bank of the United States was about to wind up, or was supposed to be about to wind up, its concerns. For twenty years had that institution held a control over the currency and exchanges of the country, and hundreds, I might almost say thousands, of other institutions were created in order to supply the demand in the circulating medium which, it was supposed, would ensue upon the decease of that bank. We all know, too, (I refer to these things as matters of history) that a war at that time was carried on against that institution, and that, for the purpose of creating counter interests in society, the deposits of this Government were placed in local institutions, and that these latter, after being made the fiscal agents of this Government, with an immense surplus, were expressly encouraged, nay more, enjoined, to enlarge their circulation. This, connected with the extended credit system in Great Britain, and the long peace which had engendered confidence, producing large investments of foreign capital in our stocks, had the effect of expanding our local currency and credits, and produced a gigantic system of speculation and enterprise never witnessed in any age or country before. I do not allude to the increased amount of mere issues alone; but the bills, checks, and other substitutes for money which these banks brought into circulation. This produced a bloated system of credit, which, with the apparent prosperity of the times, seemed to expand and place unbounded means within the grasp of almost every individual member of society. He seemed to breathe a new atmosphere, and gaze alone upon the splendid fortune that glittered before his excited imagination.

This system has one remarkably peculiar feature. It grows up, is fostered and nourished under free institutions. But there is another remarkable principle in it, that, after it has spread itself into all the ramifications of society, then, sir, those who depend upon it, and are deeply identified with it, (although at first springing up under free institutions,) soon become disposed to lean, for aid and support, upon any government, no matter how despotic, rather than run the risk of a shock by reform or revolution.

The slightest irregular movement of the Government must necessarily produce an electric shock in this delicate and vital credit system, which would be felt and extend from the centre to the circumference of all society. It can only live under a free Government, as far removed from it as possible; and, if it be once brought into contact with a lawless Government, it must either fall altogether, or lean upon that Government for protection and support, and become intimately identified with it. Now, I am about to refer to something which belongs to the history of this question, and which has happened within the last four or five years. To my mind it is an example not to be disregarded, but presents a lesson of profound wisdom, which no one can reflect upon without profit. The war made upon the Bank of the United States, and the seizure of the public deposits, a seizure without

law, caused local institutions to spring up like mushrooms under the fostering care of an all powerful hand here, dispensing distinction and patronage and wealth, until all society became, as it were, dependent upon his will and movements. Let no man be induced to create the same state of things again, when a bold and daring genius may be tempted to run the same career, and bring the property and honest industry of the country under the will and mercy of him who may give life and soul to this Federal Government.

This conflict produced a tremendous shock, and even the banking system itself, the local institutions, created for the express purpose of sustaining the warfare against that overshadowing central institution, have been paralyzed, for a time at least, under its desolating effects. And here I will say, that though I ever believed in the unconstitutionality of that institution, yet those who made war upon it never could have succeeded without raising up powerful local antagonist interests. The effect of that war was felt from one end of the country to the other, and the consequence was that sagacious capitalists in stocks, ready for any result, began to look elsewhere for safe investments; and hence it was that we find such extensive investments in real estate, to the amount of forty millions of dollars in two years alone, in the public lands, besides upwards of one hundred millions in other real estate speculations, such as town and village property, &c. This conflict against credit, deeply affecting currency, was anticipated by capitalists, who preferred risking the loss of something in the high prices of real estate, to a probable loss of all. It was at least investing in something beyond total destruction from an arbitrary government.

Sir, when this change began, and the capitalists began to contract their credit, the banking institutions of the country also felt it incumbent upon them to contract too. And what was the result? Why, the result was exactly what we now experience.

Approaching this juncture, viz: in 1836, the deposit act was passed, to be carried into effect in 1837. I was a supporter of that law, sir, but I understood it at that time, as I now understand it to be, in the nature of a bill for general account and settlement with those institutions which had, up to that time, leaned upon, and been sustained by, the credit and fiscal action of this Government. They were, therefore, compelled by that distribution, or deposit act, and particularly in the peculiar manner in which it was executed, to come to a general account. Their paper was necessarily compelled to be "convertible" paper, or they themselves compelled to suspend specie payments. This circumstance, connected with our immense foreign debt, and the demand thereby produced for specie, or its representative abroad, brought about this result; that is, brought us to the present condition of the country, under a general suspension of specie payments by the banks.

But, Mr. Chairman, I will say here, that the great and radical difficulty, and, in fact, the primary cause, that produced the present state of things, arises from the peculiar currency which, in modern times, has so much extended itself in Great Britain and in this country, and its peculiar capacity for expansion and contraction, in the hands and under the control of banks and bankers, and particularly from the fact that there, as here, the system has depended upon and been so deeply identified with Government and its financial action for support and extensive credit. This is the real and radical cause which has produced this great shock in our modern banking and credit system.

Sir, under this suspension of specie payments, the Government is found in a peculiar situation. Under the law of 1816 it can receive, in payment of its dues, nothing but gold and silver, or convertible paper, or notes of the then Bank of the United States; the latter clause became, however, practically repealed, when these institutions suspended specie payments, thereby making their paper inconvertible. Then, there was, in fact, under the provisions of the law, an immediate separation of the Government from the banking institutions of the country. Under the law, the Government could not take inconvertible paper, and convertible paper did not exist from one end of the country to the other, with the honorable exception, perhaps, of one or two banks in the State of Georgia, and a single small institution in the State of Ohio. And now, sir, the great question presented to this committee is, not

whether you will separate the banks from the Government, because that is already done, but the great question is, whether and how we shall reunite the Government and the banks. Under this view of the case, we have three alternatives presented to us:

The first is, to renounce ourselves, or rather the Government, with the State institutions, in the manner in which they have been connected for the last three or four years.

The second is, the proposition creating a bank of the United States, a national institution to conduct the fiscal operations of this Government, and regulate the exchanges and currency of the country.

The third is, the proposition on your table, sir, to separate the Government and its agents from all banks whatever.

Now, sir, as to the first proposition: if we do not separate the Government from the banks in this peculiar juncture of our affairs, we never can separate them. The system will be fixed upon us for ever, and we compelled to run the same round we have done for the last three or four years in periodical terms, and then be in the same, or a worse condition, distracted and embarrassed from one end of the country to the other.

Now, Mr. Chairman, I have heard a great deal as to the comparison between the State bank system, as it is called, and the peculiar policy of separating the Government and its agents from all banks whatever. I have heard, too, much declamation, and no little denunciation of that system; that it is the most outrageous proposition ever presented to the American people; that it is, in fact, a treasury bank. Yes, sir, I have heard much declamation upon that subject, both here and elsewhere, (better suited to newspaper politics than grave legislation,) but I confess to you that that declamation only reminds me very strongly of the description of a certain grandiloquent class of poets which a profound and polished ancient critic describes as swelling—"Inceptis gravibus plerumque et magna professis, Purpureus, late qui splendeat, unus et alter Assuitur pannus."

It is not pretended that this system is perfect, because you cannot present any system to the people that is so. All questions upon which a practical legislator is called to act, involve more or less a comparison of evils, and we must not adopt any measure as perfect, but as embracing the lesser evil. We must go on to perfect details after the establishment of great and vital principles. It is neither pretended, sir, that this bill involves no patronage: it certainly does to a degree. But the question is, whether this system, or that of employing the local banks as fiscal agents of the Government, contains or involves the most patronage? Now, upon that point, permit me here to say that I feel myself committed, from a deep and an anxious reflection upon the question heretofore. The question is between the power and influence of an individual, and the power and influence of an incorporated bank. To tell me that a bank which chooses to go into the politics of the country, with its power to extend discounts and accommodations to its friends, and refuse them to its enemies, has no more influence than an individual, is to tell me what is contradicted by the daily experience of every man; even if that individual have millions of the public money in his possession for safe-keeping. Sir, the one system winds and spreads itself into all the secret and business recesses of society. Hundreds and thousands of honorable and high-minded men have been brought to degradation and sycophancy by this tremendous and almost invisible power. I have seen them around their domestic fire-sides, with every thing apparently to bless and gladden the heart of man, full of sadness and gloom—while even those who were the confiding and devoted partners of their joys and their sorrows, were in doubt and ignorance as to the causes of their melancholy and dejection.

Sir, this system is as hidden as the air we breathe, and penetrates unseen, but, alas, not unfelt, into the most retired scenes of society. No man can tell upon what power he is depending when he looks for support, aid, and assistance from this system. No man can tell what the situation of his neighbor may be—what his obligations—his alliances and contracts, that swerve him from the path of independence and rectitude. Then how can you say that such a system as this, allied to, and dependant upon Government, has less patronage than that which makes an individual responsible for whatever public funds he may have in his custody, without the power of loaning, without

the power of discounting, without the power of accommodating a friend, or refusing an enemy, unless he chooses openly to incur the odium and penalty of crime and misdemeanor? It does seem to me that the question admits of no argument so far as the question of patronage is concerned.

But I have said, sir, that I felt myself somewhat committed on this subject. In 1835, a friend of mine from Virginia, (Mr. Gordon,) now not a member of this House, (and I will here take occasion to say of him, that he is a gentleman who would have done honor to Virginia in her proudest days of glory and fame,) presented the very identical proposition to this House, which is embraced in the bill on your table. For that proposition, sir, I then voted. I acted from reflection, and from a conscientious conviction of the effects of that measure to bring about honesty in the Government, and secure the independence of the people. True, I was then but a very young man, and had but for a few weeks taken my seat in this House; yet, sir, I had made up my opinion from observation and reflection. And although young, yet, to use the language applied to another, I was old enough—

*"Acta parentum jam legere, et quæ sit poterit cognoscere virtus"*

Sir, I had formed my judgment then, and I have not yielded it since. On the contrary, the experience between then and now has only tended to confirm my conviction.

I desire the clerk to read the proposition, and the vote upon it.

"The question recurred on the motion made by Mr. Gordon, to amend the said bill, to strike out all thereof after the enacting words, and insert:

"That, from and after the — day of — in the year —, the collectors of the public revenue, at places where the sums collected shall not exceed the sum of — dollars per annum, shall be the agents of the Treasurer to keep and disburse the same, and be subject to such rules and regulations, and give such bond and security as he shall prescribe for the faithful execution of their office; and shall receive, in addition to the compensation now allowed by law — per centum on the sums disbursed; so that it does not exceed the sum of — dollars per annum."

"Sec. 2. And be it further enacted, That, at all places where the amount of public revenue collected shall exceed the sum of — dollars per annum, there shall be appointed by the President, by and with the consent of the Senate, receivers of the public revenue to be agents of the Treasurer, who shall give such bond and security to keep and disburse the public revenue, and be subject to such rules and regulations as the Treasurer shall prescribe, and shall receive for their services — per centum per annum on the sums disbursed: provided it does not exceed the sum of — dollars per annum."

"Sec. 3. And be it further enacted, That, from and after the — day of —, the whole revenue of the United States, derived from customs of lands or other sources, shall be paid in the current coins of the United States."

This received 33 votes.

Mr. Chairman, it was not my desire, nor have I caused the vote upon that proposition to be read, to show the consistency or inconsistency of any honorable member of this body. My sole and entire object was to prove that the present bill was no new proposition, and that, as far as I am concerned, it is the very identical proposition upon which I then voted coolly and deliberately. I have no desire, sir, to show that there has been any contradiction on the part of any gentleman on this floor, or that there has been any change in their opinions. It is with neither of those views that I had the proposition read. I will now quote a paragraph from the speech of the mover of the proposition made at the time, as illustrating the views under which we acted, and which too truly portrays what has really happened since, and what I fear we will again see, if the system be continued. Mr. Gordon said:

"There is another consideration which has induced me to offer this amendment. We may all very plainly see that the contest for the Executive office is the rock on which the permanency of this republic is likely to be wrecked. And the vehemence of this contest will ever be in proportion to the Executive patronage. But for this the office would have no allurements but for virtuous ambition; but with this concomitant, it exerts an in-



fluence which may one day prove fatal to the federal part of our system. If we do not separate the influence of the Executive from the interest of banking incorporations, we shall have another controversy on the subject of banks. The political will be united with the money power; the contest must come; it will come. You will witness a struggle in this Capitol between State banks and federal banks; and the combatants for the President's chair will be found contending in different ranks of interest and influence, whilst they mar the peace of the country, and shake the pillars of the constitution. Separate them, I beseech you, representatives of the American people, if you wish to put down this fearful contest for the Presidential chair—I had almost said Presidential throne. Separate, I entreat you, banking and politics. Let the banks facilitate the exchanges of commerce, and further the interest of trade; but let them, I pray you, have nothing to do with the Government."

"The predictions of my friend have been fulfilled to the letter. What have we seen? You brought into existence a system of State banks, connected from one end of this confederacy to the other, receiving, disbursing, and acting upon those depositories, organized and controlled by, and responsible to, one man, and then brought into overwhelming conflict, as I believe, with the freedom of elections. Sir, I speak plainly. I believed then, and I now believe, that this was the true source of power for the last three years. Gentlemen may speak as they please. They may deny, and say they have never seen or felt it; but who is it that knows any thing of the operations of banks, who is it at all acquainted with their peculiar influence, who is not irresistibly impressed with their tremendous power? Sir, I believe they did more than any thing else to elect the present President of the United States; and am I now to be called upon, and urged to re-organize such a system, and abandon the position I then assumed? The experience of the last three years strengthens my position. It may be denied; but I conscientiously believe, that these institutions have controlled, more or less, not only the destinies of this Government, but the destinies of the people of this country during that period. Yes, we all know that at the last session of Congress enough was developed upon this floor to demonstrate that there was an organized system, acting through one man, giving energy to the whole, and for one and the same purpose. Yes, sir, we have seen this cordon of leagued banks, with their various interests, raising their banner, from one end of this Union to the other, upon which was inscribed, the infamous motto, "To the victors belong the spoils;" and calling upon their mercenary bands to gather in to the plunder of sacked cities and subjugated provinces.

Again, Mr. Chairman, am I now, at this time, to change my course because others have come to me? No, sir. I maintain the very grounds I then maintained, and I ever will maintain them, till my judgment and my conviction tell me they are wrong.

I cannot but believe that the signal failure of these institutions as fiscal agents for this Government—I cannot but believe too, sir, that the experience of the last three years, must have convinced every one of their inefficacy, and the inexpediency and folly of their being selected again as the depositories of the Government, except with one view. And this is the reason why some gentlemen now acquiesce in their re-organization; that is, that they well know that this operation, and their re-organization, will bring us again into a state of anarchy and confusion, and force the country into the adoption of a bank of the United States. They know well, sir, that it tends to that, and they know that, if these State banks are again selected as public depositories, they will be but the stepping-stone to the establishment of a bank of the United States. This, sir, is the real, the true issue. It is an issue between making the fiscal agents of the Government separate and independent from all banks, and the establishment of a bank of the United States, which inevitably must be adopted eventually, and that not at a very remote period, if you re-adopt now the State bank system as the fiscal agency of the Government.

As to the constitutional argument, Mr. Chairman, in reference to the establishment of a national bank, I will not trespass upon the attention of the house to discuss it at length at this late period of the session. I too well know, sir, that a reference to the strict letter of the federal constitution, is too apt to excite the laughter and mirth of a majority

on this floor; and the gentleman from Pennsylvania, (Mr. Biddle,) the other day, with truth, alluded to an observation of a late distinguished citizen from Virginia, (John Randolph,) that "the time was not far off when a man would be called to order on the floor of Congress, for speaking of the constitution of the United States." I am not, therefore, disposed to press that argument, but still I take occasion here to say, that the framers of the constitution never intended to confer such a power. What changes might have taken place, could they have foreseen what has since taken place, is a question not for me to decide. I lay down this position, from the history of the federal convention, that the framers of that instrument never intended to confer this power. And why? Because the proposal was distinctly made, first to create corporations generally, and then to incorporate where the general good required. These propositions were referred to a committee, and that committee never reported. Afterwards, a proposition was made to confer the power to make canals, and a motion to amend it by conferring the power to create corporations, was made, and it was expressly rejected. One argument used in debate, was, that if this power were conferred, the Government would incorporate a bank, and that, therefore, the large cities would then be opposed to the adoption of the constitution. As far, then, as history is concerned, it is clear the framers of the constitution never intended to confer that power.

I know, sir, there is an argument upon this point which appears very specious. It is this; that, in looking into that instrument, we cannot look *de-hor* the preamble and the specific provisions, for its sound construction, but are bound to confine ourselves to the instrument itself. Sir, if this were a court of justice, I would yield to the general soundness of that rule; but we are a political tribunal, not sitting in judgment upon the law already made, but to make the law itself according to the instrument under which we hold authority. I know that, in a judicial tribunal; in a case arising between *meum* and *tuum*, where vested rights are concerned, a judge can only look to the preamble and the act; he cannot look beyond the law itself. This is a sound and wise rule as applied to a judicial tribunal, but will not hold in its application to a political tribunal, where we are bound to look at the circumstances under which the constitution was formed, and we are to decide on the powers contained in that instrument by the circumstances under which it was itself adopted. Here we have no *case* arising under the law—no vested interests. That which is a wise rule when applied to a judicial tribunal has no application to a political tribunal. The creation of a corporation is the exercise of a substantive independent power, and to attach it by construction as a vagrant power to this or to that clause in the constitution, is establishing a loose generality of reasoning which must end in the total overthrow of that noble instrument. I am not unaware of the arguments that, in fact, the constitution of the United States intended to confer the power in this Government over the currency of the country, and that the State banks have been created since the formation of that instrument, which have substantially created a new currency, and thereby usurped that power from the General Government. It is a *questio verborum* whether the States have not committed a fraud upon that clause in the constitution which forbids them "to emit bills of credit directly or indirectly." They have created local institutions which, to a great extent, have set afloat a new currency that the framers of the constitution never contemplated, and now it is contended that it is constitutional to counteract and control this currency by the creation of a corporation under the style and title of a bank of the United States. Now this argument proves too much, if it proves any thing; because it is clear that if this evil has arisen since the formation of the constitution, the framers of that instrument never could have intended to counteract it. The evil is admitted to be a new one, and has arisen since the formation of that instrument, and they never could have intended to confer a power to counteract that which they never understood or knew would exist.

Sir, I say the argument proves too much—but I am not disposed to press this matter. I will only say that, as far as experience goes, (and it may seem strange to some gentlemen, but I am disposed to lay down and maintain the proposition strange as it may appear to some,) that the bank of 1816 never did restore the currency of the country, and could

not; that it was not the bank which restored the deranged currency at that time, but it was the power and credit of this Government, under the constitution, by enforcing the collection of its dues in specie. If this power had been simply enforced, it would have compelled an unsound currency to be withdrawn, or to fall to an ascertained value. The United States Bank was the agent to carry on the fiscal operations of the Government, and what gave it its power was the credit given to it by this Government, declaring that its bills should be received as gold and silver. It was the credit of this Government endorsed upon its bills, without reference to their convertibility at all, but simply and absolutely receiving them as gold and silver. The Government being the great and universal money dealer, had practically surrendered up its power to coin money, and to receive nothing else into the hands of a corporation, and made its notes the same as coined money, so far as the Government demands were concerned. But, even then, in 1817, '18, and '19, that bank was brought to the brink of insolvency, and all the other banks were made to feel its power, while many fell prostrate before it. And what alone sustained that bank then? The power of this Government declaring that its bills should be received in payment of its dues as gold and silver. While other banks had to sustain themselves upon their capacity to convert their bills into coined money, this bank sustained itself by the Government converting its credit to the use and benefit of the bank, and that credit serving as a specie basis. The great confusion that has occurred on this subject arises from the fact, that many have confounded the power and credit of the Government with that of the bank.

The power to "coin money and regulate the value thereof," and the prohibition of this power to the States, and also the prohibition that prevents any thing but gold and silver being made a legal tender, is all the power conferred by the constitution over the currency. Whether it be defective or not, it is all the power given. But if it be rigidly adhered to without temporising, it must, of necessity, create a general standard by which the local or paper currency can be compared. It is immaterial what a bank bill purports to be upon its face; if it have an ascertained value, by comparison with specie, it is all that can be required. And the Government, collecting its dues in this standard, and habitually disbursing in its equivalent, would create centres at different points, around which the local currency would revolve and receive a fixed and known value.

Sir, to all intents and purposes, this would be a measure of currency. I am aware that it is not as exact a measure as weights and measures are applied to other things, but it is the best ever invented by man, and comes nearer to it than any other standard yet created by Government, or which, I believe, can be created. As to exchanges, this is not a subject within the legitimate object of this Government, except as it may be incidentally effected. They must be left, as they are in other countries, to be regulated by the interests of the commercial community, and conducted by banks or bankers, who have acquired credit by long economy and prudence, based upon real capital and resting upon the productions of different sections. Sir, the difficulty in 1814 and 1815 was, that the Government became embarrassed and involved. Individuals could not advance to it—the local banks did advance, and, upon the faith of the debts, in the shape of stocks they held against Government, these banks went on discounting as if they had that amount in specie instead of Government stock; and what was the result? Why, when those debts became due, the Government itself was unable to make payments, and the inevitable consequence was, that these local bank notes fell below par, as they could not be converted, and the Government then, in turn, sustained those institutions it had borrowed from. And, although it never was, I believe, sanctioned by law, yet the Government received their notes in public dues on a par with gold and silver. This produced a demand for depreciated paper, and that which was most depreciated was sought after to pay into the custom-houses, as it could be purchased with the least coined money. The result of this was, that the Government would have had, finally, all the depreciated paper of the country forced upon its collectors. It was the policy the Government adopted of receiving advances from the local banks, and then pursuing the temporising expediency of receiving

their depreciated paper, after they had discounted upon what they had no right to discount upon, (because they were, at the same time, receiving interest upon the Government stocks,) that involved us in the depreciated paper of that day. It was the folly of this Government, not its impotency under the specific powers of the constitution. It was this state of things which the Government felt bound to stop the progress of, and they, therefore, adopted the joint resolution of 1816, declaring that they would receive, in payment of the public dues, nothing but gold and silver, or the notes of specie paying banks. This, of course, threw depreciated paper out of circulation, and stopped the issues of spurious banks. The Government was enabled to enforce this resolution, because peace had been restored and the resources of the country became expanded, and if they had adhered to that resolution, and never adopted the policy of receiving other notes, you could have had, for all practical purposes, a sound currency, according to the intent of the constitution.

It is the only control over the currency which the constitution contemplates; whether enough or not, has been questioned. I contend that it is enough for all safe purposes. You receive nothing but gold and silver or its equivalent, and the result is that the local banks are compelled to have that which is as good as gold and silver, or their paper will be run back upon them. I admit that, if you receive by law, as the permanent policy of this country, the paper of local institutions, the result will be that you are compelled to resort to a bank of the United States. I maintain that if you receive paper you cannot control it and make it a sound and equal currency under the constitution, except by and through a national bank. There are but two feasible modes by which you can regulate the currency. The one is the mode provided for under the constitution, in the clauses to which I have referred, and which is the mode intended and pointed out by our ancestors. And if you attempt to throw this Government upon that stupendous system of currency, which has grown up in modern times, by receiving the paper of banks in Government dues, then there is no other possible regulation of it but by a bank of the United States.

But, sir, what a monstrous proposition is contained in the second mode? You declare that you will receive the paper of banks, and you charter a bank of the United States, and give it power to control all other banks; and, by subjugating the State institutions through the creation of this check, you, at the same time, part with the power given to you by the constitution, and confer it upon a set of men wholly irresponsible, except to the stockholders of their bank, and reckless and regardless of every thing save the interests of the institution. Sir, in creating such an institution as this, you create a greater evil than that which you intend to counteract.

What would have been the result in 1813 and '14 if a bank of the United States had been in operation? Why, the Government being in difficulty, instead of borrowing from the local institutions, as it did, it would have borrowed, in all probability from that bank; that bank would have discounted upon the credit of the Government, as the others did, and the Government being unable to meet its debt, the notes of the institution would have fallen below par, as those of the local banks did, and you would have had precisely the same state of things as did take place. And then nothing could have sustained the bank but the power of the Government to receive its notes as gold and silver, although not convertible; and this Government credit would have given it power and control over other banks without the slightest merit. It is absurd to talk about the bank sustaining the Government. The Government can sustain the bank but not the reverse. The credit of restoring the currency is due to the Government, under that noble instrument, the constitution, and not under the bank.

But, sir, will you part with your power—the power to coin money and regulate its value—a power that is one of the greatest and highest attributes of sovereignty? And if you make paper money the currency of the Government, then the power that regulates it, is as high and sovereign as the power that now makes coin and fixes its value. And let gentlemen recollect that, if they once part with it on the policy of creating a bank institution, it is not to last for this year or the next, but FOREVER; for that which is sound policy in regulating the currency now, will be so fifty years hence; and

it must become a branch of Government, permanently engrafted upon the institutions of the country. And are we prepared to say, that those who are to manage it, are for ever to be pure and enlightened men? Recollect that the power that holds the sway over the currency, holds a sway over the fortunes of every man in this republic. Sir, if we once part with this power, my deliberate and firm conviction is, that we shall centralize a moneyed action in this country, which will, in the end, make the labor of the confederacy virtually, and for ever, tributary to those who will have but little interest in it. I believe that nothing tended so much to this as the establishment of the last institution. It is its natural and inevitable course.

Now, sir, what would be the results upon the exporting sections of the country? Where would you locate your institution? Why, you must place it where nine-tenths of the banking capital of this country already exists. And what can be a greater or more tremendous engine of power than this, located in a particular section, organizing with system, and creating dependence in all the banking and stock interests of the country? You do nothing more nor less than give away the power to regulate the money and exchanges of the whole country, to an institution located in the non-exporting section, and thus deprive, for ever, the possibility of the exporting region of the country doing its own importing trade. Identify it with Government, by receiving in public dues its notes as gold and silver, and you, in effect, loan the credit of this Government, which is equal, annually, to its revenue and disbursements, to capitalists in stocks, for their benefit—thus creating an artificial credit, instead of letting all interests, resting upon their natural resources and credit, rely finally upon the productive industry and bona fide capital of each individual or section.

Is it not an extraordinary fact that nearly all the exports and imports of the exporting region of this confederacy, touches, both going and coming, at northern ports? Why is this? It has arisen from the fiscal action of this Government, which has heretofore sustained, and been identified with, the banking capital of this country. We have raised the articles demanded in foreign countries, and they compel us to touch, both going and coming, at their ports. This does not arise from their holding the tonnage, or their bottoms, but they hold the credit or banking system, and by their connection with the Government, create exchanges against us and force us to touch for tribute. Suppose, for a moment, we were separate States, would it not be absurd for us, then, to touch at foreign ports? Let there be no central moneyed power with which the fiscal action of the Government shall become identified, and the export region will do its own imports through its own ports. With our local currency, resting as it does on these articles which go into the markets of the world, fifteen per cent. discount in New York, we can never afford to sustain the state of things that has existed heretofore. Without a bank, identified with Government, the exports of the country must, to a great extent, become a substitute for all foreign and even domestic bills.

Mr. Chairman, in looking over the statistics of the past, I find, that in 1769, Virginia and Maryland imported, in amount, 851,140 pounds sterling; the New England States, 561,034; New York, 188,976; Pennsylvania, 399,820; South Carolina, including part of North Carolina, 535,714 pounds sterling, &c. In 1774, the exports from Virginia and Maryland to England, were 738,356 pounds sterling; South Carolina, 579,549; Pennsylvania, 175,962; New York, 187,018; New England, 116,588, &c. This general proportion is sustained, with no great variation, whenever things were not deranged by war, up to 1788 and 1789. The export region did its imports; and although it was of course generally in foreign or British bottoms, yet it never touched at two ports, but went and came directly through our own ports. But things have now changed, and we have lost our relative proportion. Trade was then suffered to take its natural channel. Since then, however, the political power, together with the moneyed power, has been worked against us, and our trade is now compelled to touch where nature never intended. I contend that, as far as the fiscal action of this Government is now concerned, we are where we were, under the articles of the confederation; and I, for one, desire for the present to keep there. And, sir, it is under these convictions, and believing this to be the ope-

ration of things, that I feel bound to make the true issue now presented by the bill under consideration. I contend that this organization of the banking power of the country connected with the Government, tends directly to the result which I have attempted to show; that is, to make the labor of the exporting region of the country tributary to those who hold nine-tenths of the banking capital in their hands. I call upon gentlemen to consider well before they make this plunge. We have some deeply interesting questions before us intimately connected with the power and ascendancy of sections, and the destiny of this republic. Sir, I have been here for three years, and watched the progress of this abolition feeling which is now spreading itself over half of this confederacy. When it was first brought into this hall, it was viewed with indifference as the excitement of a few bigots and fanatics. But now, in the short progress of a few years, we find that it has pervaded all society with intense anxiety. That speck, which was at first scarcely visible to the naked eye, has now grown blacker and deeper, until over one half of our horizon hangs a dark and gloomy cloud, through which the thunder rolls and the lightning flashes, and this temple, under which we all have heretofore gathered for common protection, is destined to rock and totter amid the desolating whirlwind and rushing tornado. It has assumed of late somewhat a different shape.

But gentlemen need not be deceived by the color given to the Texas question. Do you suppose it is opposition to Texas? No. It is opposition to that vital interest in this confederacy with which we are identified—a deep pervading opposition, grown up from education and infancy, and partaking now even of the religious sympathies of the community—and I call upon gentlemen to pause before they are willing to throw the power and the credit of this Government into the hands of capitalists who are at war with us, not only in interest but in feeling and in sympathy. Organize again the banking interests of this confederacy, and connect them with Government, and you cannot escape from the grasp. I cannot look upon the future without feeling the deepest (unless we are true to ourselves at this juncture) and most solemn apprehensions, that that persecuted and slandered country which now stretches itself from the banks of this noble river to the mouths of the Mississippi, rich in character, rich in intellect, rich in the glory of the past, rich in all those qualities which make a great and a gallant people, will, in progress of time, be laid low in ruin and desolation, with only here and there a solitary inhabitant to trace out upon deserted tomb-stones, those obliterated letters which transmit to posterity the names of our mighty dead, and then to shed over them a burning tear.

Sir, it is the fiscal action of this Government connected with the banking power that has tended to draw from us our substance, for forty years. It is the vampire that has fed upon our life-blood and our vitals, and I, for one, am not prepared to perpetuate it, or sanction its renewal.

But, Mr. Chairman, gentlemen say, in opposition to this bill that it is impracticable, and that the Government will find great difficulty in getting along with it. Sir, that furnishes no objection in my mind. I love a Government the better that moves with difficulty. Despotisms only move in untrammelled power. Free Governments live and move in difficulty. Collect your taxes with difficulty, and the consequence is that you never will find people willing to pay taxes for distribution upon lawless and unconstitutional objects. No, sir. The difficulty presents no obstacle to the passage of this measure to me. When Mr. Fox visited Paris, at the time Napoleon was in the height and pride of his glory, the first consul desired to know something of the operation of the trial by jury, with a view to introduce it into France. But when Fox told him that its fundamental principle was that no man could be deprived of his rights but by the judgment of his peers, and those peers twelve of his fellow-citizens, the first consul immediately replied it would not do for him—"his government would find too much difficulty to get along with it."

Mr. Chairman, many may suppose that I am unnecessarily apprehensive in my fears as to the connection of the banking system with the power and credit of this Government; but, sir, I have seen enough to fear and dread it. In 1832, when the contest, as we supposed, was about to arise for the very existence of our peculiar rights and liberties, we felt its power. And though I shall forbear to

dwelt upon particulars now, yet I will take occasion to say to those gentlemen who were deeply identified with that institution, those gentlemen who were the bitter political opponents of the then President of the United States, what was the spectacle they exhibited? When he asked for the sword of this Government to be buried in the vitals of our people, they came forward and gave it to him freely. And why? Because they dreaded a revulsion which would shake the credit system, and that institution with those who depended upon it, to the deepest foundation. Sir, no part of this country under the influence of a Bank of the United States will ever resist the encroachments of this Government, or the Government itself, however despotic it may be. Such an institution then, connected with this Government, to control the moneyed power of this country, I confess I do dread. I confess I do look with dread and terror upon its influences. Sir, if you want to make the Government of this Union despotic, create a Bank of the United States, and connect it with the destinies of this Government, and my life upon it you can never escape.

You can never resist this Government in the hands of the moneyed power of the country, and the result will be that the fairest portions of this Union will become tributary to other and more powerful sections.

Mr. Chairman, while making these observations, I confess that I will go as far as any gentleman to sustain those peculiar local institutions organized by the States for their benefit, and to carry on their commerce with the different sections of this country. If they be properly organized, and limited within proper bounds, I will go as far as any man to sustain them, and give them vigor, as long as they act upon *bona fide* capital, for the good of the community, as well as for their own individual interest; such institutions are essential to the present state of commerce. But while I say this, I am compelled to say that I believe the banking system of modern times, as organized in different sections of this country, has any thing but a tendency to elevate or give liberty to man. Even this very session we have heard gentlemen upon this floor from the State of New York denounce the manner in which things have been conducted there as disgraceful and outrageous: charters granted, stocks distributed, to political partisans for political power and ascendancy.

The minority there, as in many other sections of the country, have been practically reduced to political vassalage; and it is idle to discuss or question the fact, that stock operations have been organized with a sole view to sustain political power, and make the labor of the country tributary to themselves.

Now, sir, a gentleman from Massachusetts, (Mr. Cushing,) not many days ago, warned southern gentlemen, and declared that the "progress of *radicalism* at the North was nothing more than the progress of *abolitionism*." Sir, I have thought of this matter. I have considered it with painful anxiety, and I feel bound to present what I conceive to be the true interests of this country. We are a peculiar people, I admit. We own nearly one half of our population. We hold them by physical force, and the law of necessity. I make this frank and candid avowal. And I will here take the occasion to say that the connection which exists between the slave-laborers and capitalists of the South, is one of the deepest interest to the northern and middle sections of this Union. We are interested in the *bona fide* profits of daily labor, for we own not only the proceeds of labor, but labor itself, and that Government which interferes as little as is possible, by any artificial arrangements, with the management or proceeds of labor, is the Government for us, because it leaves us in undisputed and undivided control over all profits of labor.

We are, then, in fact, capitalists standing in the place of laborers, and are, to all intents and purposes, laborers. There is little or no separation with us of capitalists and laborers. They are, in fact, one and the same. The laborers of the non-slaveholding States are interested also in the *bona fide* (not spurious or doubtful) profits of daily labor. The struggle of their capitalists (I speak of pecuniary interest, and it is nature) is to divide those pro-

fits with them. Hence they resort to all the artificial modes known to Government, by which they are brought to act with system and energy as one man, through corporations of all sorts, and the most important of which is the banking system. You pretend to give universal equality and equal power to all; and if this were practically carried into effect, after society has gone through an era long enough to be pressed down into its natural classifications, the inevitable result would be in a conflict that labor would make capital tributary, until it would, in the operation, change hands. To prevent this, where you profess to make all equal in political power, you are compelled to resort to those artificial combinations created by the Government, to give you that control which will enable you to sustain yourselves, and make your capital profitable, by the management of labor which your political professions forbid you to own. Now, sir, when gentlemen preach up, as they have done for the last three years, insurrection to the slaves of our community, I warn them that their own institutions are not so pure as they might at first suppose; and that I will preach up insurrection to the laborers of the North, when the tendency of things is such as to swindle them out of their power, by the fraud, duplicity, and cunning of modern times.

As far as mere pecuniary interest is involved, the relation of capital and labor is the same as that which exists there, in Great Britain and every where else; that is, just to allow labor as much as is necessary for subsistence, and to take the balance to divide among themselves, by all the inventions which the fraud of Government can create. This will be finally the interest of our northern capitalists. They have no standing armies to perpetuate this state of things, as in other countries; and the consequence is, that though they can not keep the laborers in physical subjection, they are compelled to resort to banking corporations and chartered institutions. While they preach to us universal equality and universal emancipation, they themselves are destined, if unreformed, to hold in tribute not only the labor of their own section, but also of this Confederacy.

The two systems of subjugation which now divide the world, seem to be a resort either to *fraud* or *force*, by which one-half of mankind may rule the other half.

Mr. Jefferson proclaimed, thirty years ago, that the democracy of the north were our natural allies, and there was profound philosophy in that declaration. When we contend for the undivided profits and proceeds of our labor, do you not see that we stand precisely in the same situation as the laborer of the north? We are, to all intents and purposes, in the place of laborers. We are the only class of capitalists, as far as pecuniary interest is concerned, which, as a class, are identified with the laborers of the country, while, at the same time, we shall ever form a barrier against breaking up the laws and foundations of society. I know this is a proposition which will strike some men with astonishment, and I know, too, that I utter words which burn. But I know, sir, it is the truth; and when these gentlemen expect to preach up insurrection and rebellion to the slaves of our country, I will preach back to them the same doctrine, by proclaiming universal equality, universal privileges, a universal right to northern laborers to be redeemed from the fraud, duplicity, and cunning by which they are destined to be made tributary to those who wield capital, connected with *political power*. The whole banking system there is a political substitute for the standing armies of Europe, without which the capitalists of the north would be compelled to submit to a loss of power.

Sir, these are my sentiments, and I believe that, as far as our people are concerned, we are not compelled to resort to those artificial institutions of society by which non-slaveholding regions seek to delude and deceive their victims. No, sir, we avow to the world that we own our black population, and we will maintain that ownership, if needs be, to the last extremity.

Mr. Chairman, in maintaining these peculiar sentiments, and in proclaiming the peculiar identity of interest existing between the capitalists of the slaveholding region, and the democracy of the North, I am aware that I come under denunciation, and am liable to the charge, from certain

quarters, of being a "loco foco." For maintaining my own rights and interests, and the rights and interests of those I represent, I may be called a "loco foco," but this name shall never terrify or deter me when the question arises, from maintaining the interests of those with whom I expect to live and hope to die. And, sir, when gentlemen tell me these things, I tell them I proclaim the doctrines of Jefferson, that the democracy of the north are the natural allies of the South; and this arises from peculiar interests which I, for one, am not disposed to sacrifice on this floor. "*Loco foco!*" Gentlemen seem to raise up that name as a ghost to create terror and alarm. The progress and tendency of things to be carried away by prejudices and party feelings, are monstrous. Why, sir, it was but the other night that, while holding a portrait of *John Milton* in my hand, a very estimable friend of mine looked at it, sneeringly, and denounced him as a "*loco foco!*" *John Milton* a loco foco!! And pray, sir, who was he, but a man, the grandeur of whose soul, and the splendor of whose genius, breathed not only inspiration into poetry, but threw a halo of glory over those burning pages which he devoted to English liberty? Sir, it is nature for those small birds that hop from branch to branch in the shrubs of the forest, to gaze with envy and hatred upon the noble eagle, as he soars aloft in the sunbeams of heaven; whose brow defies even the concentrated fury of the elements, and whose eye scans in scorn the earth beneath him. If *John Milton* was a "*loco foco*," then I, too, glory in catching, if I can, one live coal from off that altar which he hallowed and consecrated to the everlasting rights of man.

Sir, if I maintain the universal freedom of the white race, and the inalienable rights of man, shall I be deterred from my position by the contemptible name of "*loco foco*?" The scribbling writers of the day may call me what they please; their denunciations have no terrors. I scorn and despise them.

Perhaps, Mr. Chairman, in the sentiments I am about to utter, I may be considered as behind the age, and they will be regarded as very singular, if not unpalatable, by gentlemen raised from their infancy in large cities, or under the controlling influence of newspaper essays. But my excuse for entertaining them is, that the people among whom I was educated and trained up, are also peculiar in their habits and their institutions, and partake more of the impress of antiquity than of modern improvements. And I confess to you, sir, that I feel for them a lingering affection and attachment, because they were the customs and the habits of those ancestors who have given to us, all that we inherit in virtue and freedom. I do not believe much in the great blessings of your modern forms of society, and the great "*improvements of the age*." I do not believe the intellectual and moral endowments of man have been advanced or elevated of recent years. Sir, I admire the people who have gone before us, and bequeathed and transmitted examples worthy of our admiration. It is true we have more wealth, more enterprise, more speculation, and more of the gaudy show, and pomp, and temptations of commerce and luxury; but as far as the heart is concerned, as far as intellectual and moral qualities are concerned, I do not believe man has advanced for the last ten years. No, sir. It may be from my peculiar situation that I entertain these sentiments. You have drawn together the world; you have made your splendid works of improvement, by which contented and remote parts of society have been drawn under the temptations and vicissitudes of speculation; you have your credit and banking system by which all christendom has been concentrated into one consolidated living mass, and we have been brought by that system to bow in subjection before the banks and bankers of London and Wall street; and we look with more interest and admiration upon the movements of *Skylocks* gathered together in the exchanges of commercial cities, than we do to those noble pages of history which transmit to us the glory of arms or oratory.

Our people are consumed with *avarice*, *deep*, *absorbing*, unfeeling, mean avarice. Yes, sir, selfishness, hypocrisy, fraud, and cunning, seem to me to be the great characteristics of modern times, instead



of that lofty heroism, that devoted valor, that burning patriotism which characterised former and better days. True, sir, we develop more physical resources; but is there more sentiment, more virtue, more honesty? What is it that constitutes a great people? Is it power—is it wealth—is it numbers? No, sir! It is virtue—valor—devoted patriotism—arms—eloquence, and letters. These are the qualities that have covered others with immortality, and kindle in the heart of man all that is noble and spirit-stirring.

All society seems now to receive its hue and cast from those who hold the moneyed power of the world. Even our interior villages, painted as they are, and dressed up in all their show, receive, in submission, their fashions from the dandies of Broadway, and kneel in reverence before the molten images that idolaters raise up for worship in Wall street and London. The tendency of all these things is to constitute society into one living mass; and I war against it, because, if it succeed, my peculiar section, and the peculiar institutions existing in it, will be overwhelmed.

In reference, Mr. Chairman, to the details of the bill under consideration, I will only say that, upon that point, I have my own peculiar notions. But the bill asserts a great principle for which I contend—that principle which I believe to be identified with the liberties of this country. I will go for it, and hold the administration responsible for its details. I do not choose to propose any amendments in those details; for, if it be bunglingly or injudiciously arranged, I will not be held responsible. I go for it, sir, because it asserts those principles which belong to the Constitution of my country; but I leave the details to the administration to execute, and I shall hold them responsible for it. I go for that great leading feature which separates this Government from all connection whatever with State banks, or any great mother institution here. I am for it, because I have seen the fatal consequences upon the Government and banks themselves.

Sir, we have had these institutions, as I said before, entering directly and indirectly into the political canvasses of the day, dispensing power, and controlling, as I believe, to a great extent, the elective franchise; and we have seen the results, and heard the shouts of triumph raised around the funeral pile here upon which the Constitution was placed, and a fiendish joy seemed to light the countenances of hundreds, even while the smoke thereof rose as a sweet incense to that popular idol which we were all called upon to kneel down and worship before, as the only true and living image of democracy. And am I now to put this Government in the same position again? Let gentlemen beware how they unite the political with the banking power again. Have we not seen enough to give us lessons of wisdom in the dreadful consequences that have resulted from warring upon the institutions of the country? And, sir, in this conflict who have been the greatest sufferers? The industry of the country—men who have vested their all in the enterprise of the day, and who have been left to the mercy of contending foes. It is to separate these, and to avoid this result in future, that I am for this bill; for who can look at the future and not see how some bold and designing demagogue may desire to rise into power, and contend for political influence, by calling up the basest passions and prejudices against any institution which you may deem to be stable and fixed? He may wage a war of extermination, and may ride over the laws of his country. I desire no such conflict, in which the honesty, the industry, and the enterprise of all will be left to the mercy of factions contending for power over an institution in which the destinies of this country, through its currency, are to be placed. And if such a contest should come, I could not with any heart sustain an institution which I believe to be against the Constitution and the liberties of the country.

Mr. Chairman, my friend (and I use the term in no idle manner) from Virginia, (Mr. Wise) the other day, warned me that, on this measure, I should be "left in the lurch." Sir, on a question of this kind, affecting the liberties of my country, I never stop to inquire whether I shall be "left in the lurch" or not. I never stop to inquire who

may be with me, or who may be against me, on a question of that character. All I ask myself is, is it a constitutional proposition, and if it be right and correct to maintain it; I never stop to inquire who is with me or who is against me. The mere triumphs of party I disregard. I throw aside party considerations where a great question is concerned, in which the liberties and destinies of the people and the Government are involved. On such a question, sir, I subscribe to no party creed. Let me also say to those gentlemen who suppose that the tide of popularity upon which they are now floating, is for ever to set in one direction, that they will find the future full of bitterness and disappointment.

Let them not labor under the fatal delusion that the letter writers and newspapers of the day are to create that popularity which is to endure through time. Let them rather look to that deep, settled, abiding opinion which is to come back to us from the enlightened and reflecting free men of this country—come back to us upon the settled conviction of what is true, of what is constitutional, of what is for the good of the Government and the people.

Let us all look to that deep and fixed public opinion, formed upon enlightened conviction and sound discretion. Allow me now to say, in the noble language of Lord Mansfield, that those who have foregone that pleasing adviser, and given up their minds to be the slave of every popular impulse, I sincerely pity. I pity them still more if their vanity leads them to mistake the shouts of a mob for the trumpet of fame. Experience might inform them that many who have received the huzzas of a crowd one day, have been visited with its execrations the next. And many who, by the popularity of the times, have been held up as spotless patriots, have nevertheless appeared upon the historian's page, where truth has triumphed over delusion, the assassins of Liberty.

### SPEECH OF MR. CLAY, OF KENTUCKY.

*In Senate, September 25, 1837.*—The bill "imposing additional duties, as depositories in certain cases, on public officers," being under consideration.

Mr. CLAY rose and addressed the Senate upwards of three hours. We cannot undertake to report all that he said. We must content ourselves with exhibiting a view of his argument, employing generally the language in which it was expressed.

He commenced by observing that, feeling an anxious desire to see some effectual plan presented to correct the disorders in the currency, and to restore the prosperity of the country he had avoided precipitating himself into the debate now in progress, that he might attentively examine every remedy that should be proposed, and impartially weigh every consideration urged in its support. No period had ever existed in this country, in which the future was covered by a darker, denser, or more impenetrable gloom. None, in which the duty was so imperative to discard all passion and prejudice, all party ties, and previous bias, and look exclusively to the good of our afflicted country. In one respect—and he thought it a fortunate one—our present difficulties are distinguishable from former domestic troubles, and that is their universality. They are felt, it is true, in different degrees, but they reach every section, every State, every interest, almost every man in the Union. All feel, see, hear, know their existence. As they do not array, like our former divisions, one portion of the confederacy against another, it is to be hoped that common sufferings may lead to common sympathies and common counsels, and that we shall, at no distant day, be able to see a clear way of deliverance. If the present state of the country were produced by the fault of the People; if it proceeded from their wasteful extravagance and their indulgence of a reckless spirit of ruinous speculation; if public measures had no agency whatever in bringing it about, it would nevertheless be the duty of Government to exert all its energies and to employ all its legitimate powers to devise an efficacious remedy. But if our present deplorable condition has sprung from our rulers; if it is to be clearly traced to their acts and operations, that duty becomes infinitely more obligatory; and Government would be faith-

less to the highest and most solemn of human trusts should it neglect to perform. And it is not too true that the evils which surround us are to be ascribed to those who have had the conduct of our public affairs?

In glancing at the past, (continued Mr. C.) nothing can be further from my intention than to excite angry feelings, or to find grounds of reproach. It would be far more congenial to my wishes that, on this occasion, we should forget all former unhappy divisions and animosities. But, in order to discover how to get out of our difficulties, we must ascertain, if we can, how we got into them.

Prior to that series of unfortunate measures which had for its object the overthrow of the Bank of the United States and the discontinuance of its fiscal agency for the Government, no People upon earth ever enjoyed a better currency, or had exchanges better regulated, than the People of the United States. Our monetary system appeared to have attained as great perfection as any thing human can possibly reach. The combination of United States and local banks presented a true image of our system of General and State Governments, and worked quite as well. Not only within the country had we a local and a general currency perfectly sound, but in whatever quarter of the globe American commerce had penetrated, there also did the bills of the Bank of the United States command unbounded credit and confidence. Now we are in danger of having fixed upon us, indefinitely as to time, that medium—an irredeemable paper currency, which by the universal consent of the commercial world is regarded as the worst. How has this reverse come upon us? Can it be doubted that it is the result of those measures to which I have adverted? When at the very moment of adopting them, the very consequences which have happened were foretold as inevitable, is it necessary to look elsewhere for their cause? Never was prediction more distinctly made; never was fulfilment more literal and exact.

Let us suppose that those measures had not been adopted; that the Bank of the United States had been rechartered; that the public deposits had remained undisturbed; and that the Treasury order had never issued: is there not every reason to believe that we should be now in the enjoyment of a sound currency; that the public deposits would be now safe and forthcoming; and that the suspension of specie payments in May last would not have happened?

The President's message asserts that the suspension has proceeded from over-action—over-trading—the indulgence of a spirit of speculation produced by bank and other facilities. I think this is a view of the case entirely too superficial. It would be quite as correct and just, in the instance of a homicide perpetrated by the discharge of a gun, to allege that the leaden ball, and not the man who levelled the piece, was responsible for the murder. The true inquiry is, how came that excessive over-trading, and those extensive bank facilities which the message describes? Were they not the necessary and immediate consequences of the overthrow of the bank, and the removal from its custody of the public deposits? And is not this proven by the vast multiplication of banks, the increase of the line of their discounts and accommodations prompted and stimulated by Secretary Taney, and the great augmentation of their circulation which ensued?

What occurred in the State of Kentucky, in consequence of the veto of the recharter of the Bank of the United States, illustrates its effects throughout the Union. That State had suffered greatly by banks. It was generally opposed to the re-establishment of them. It had found the notes of the Bank of the United States answering all the purposes of a sound currency at home and abroad, and it was perfectly contented with them. At the period of the veto, it had but a single bank, of limited capital and circulation. After it, the State, reluctant to engage in the banking system, and still cherishing hopes of the creation of a new Bank of the United States, encouraged by the supporters of the late President, hesitated about the incorporation of new banks. But, at length, despairing of the establishment of a Bank of the United States and finding itself exposed to a currency in bank notes from adjacent States, it proceeded to establish banks of its

own, and since the veto, since 1833, has incorporated for that single State bank capital to the amount of ten millions of dollars—a sum equal to the capital of the first Bank of the United States created for the whole Union!

That the local banks, to which the deposits were transferred from the Bank of the United States, were urged and stimulated freely to discount upon them, we have record evidence from the Treasury Department.

The message, to reconcile us to our misfortunes, and to exonerate the measures of our own Government from all blame in producing the present state of things, refers to the condition of Europe, and especially to that of Great Britain. It alleges, that "in both countries we have witnessed the same redundancy of paper money, and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses; and, at length, nearly the same overwhelming catastrophe."

The very clear and able argument of the Senator from Georgia (Mr. KING) relieves me from the necessity of saying much upon this part of the subject. It appears that during the period referred to by the message, of 1833-4-5, there was, in fact, no augmentation, or a very trifling augmentation, of the circulation of the country, and that the message has totally misconceived the actual state of things in Great Britain. According to the publications to which I have had access, the Bank of England in fact diminished its circulation, comparing the first with the last of that period, about 2½ millions sterling; and although the joint-stock and private banks increased theirs, the amount of increase was neutralized by the amount of diminution.

If the state of things were really identical, or similar, in the two countries, it would be fair to trace it to similarity of causes. But is that the case? In Great Britain a sound currency was preserved by a recharter of the Bank of England about the same time that the recharter of the Bank of the United States was agitated here. In the United States we have not preserved a sound currency, in consequence of the veto. If Great Britain were near the same catastrophe (the suspension of specie payments) which occurred here, she nevertheless ESCAPED it; and the difference in the condition of the two countries makes all the difference in the world. Great Britain has recovered from whatever mercantile distresses she experienced: we have not; and when shall we? All is bright and cheerful and encouraging in the prospects which lie before her; and the reverse is our unfortunate situation.

Great Britain has, in truth, experienced only those temporary embarrassments which are incident to commercial transactions, conducted upon the scale of vast magnitude on which hers are carried on. Prosperous and adverse times, action and reaction, are the lot of all commercial countries. But our distresses sink deeper; they reach the heart, which has ceased to perform its office of circulation in the great concerns of our body politic.

Whatever of embarrassment Europe has recently experienced may be satisfactorily explained by its trade and connexions with the United States. The degree of embarrassment has been marked, in the commercial countries there, by the degree of their connexion with the United States. All, or almost all, the great failures in Europe have been of houses engaged in the American trade. Great Britain, which, as the Message justly observes, maintains the closest relations with us, has suffered most; France next, and so on, in the order of their greater or less commercial intercourse with us. Most truly was it said by the Senator from Georgia that the recent embarrassments of Europe were the embarrassments of a creditor, from whom payment was withheld by the debtor, and from whom the precious metals have been unnecessarily withdrawn by the policy of the same debtor.

Since the intensity of suffering, and the disastrous state of things in this country, have far transcended any thing that has occurred in Europe, we must look here for some peculiar and more potent causes than any which have been in operation there. They are to be found in that series of measures to which I have already adverted.

1st. The veto of the bank.

2d. The removal of the deposits, with the urgent injunction of Secretary Taney upon the banks to enlarge their accommodations.

3d. The gold bill, and the demand of gold for the foreign indemnities.

4th. The clumsy execution of the deposite law; and

5th. The Treasury order of July, 1836.

[Here Mr. CLAY went into an examination of these measures to show that the inflated condition of the country, the wild speculations, which had risen to their height when they began to be checked by the preparations of the local banks necessary to meet the deposite law of June, 1836, the final suspension of specie payments, and the consequent disorders in the currency, commerce, and general business of the country, were all to be traced to the influence of the measures enumerated. All these causes operated immediately, directly, and powerfully upon us, and their effects were indirectly felt in Europe.]

The message imputes to the deposite law an agency in producing the existing embarrassments. This is a charge frequently made by the friends of the Administration against that law. It is true that the banks having increased their accommodations, in conformity with the orders of Secretary Taney, it might not have been convenient to recall and pay them over for public use. It is true, also, that the manner in which the law was executed by the Treasury Department, transferring large sums from creditor to debtor portions of the country, without regard to the commerce or business of the country, might have aggravated the inconvenience. But what do those who object to the law think ought to have been done with the surpluses which had accumulated, and were daily augmenting to such an enormous amount in the hands of the deposite banks? Were they to be incorporated with their capitals, and remain there for the benefit of the stockholders? Was it not proper and just that they should be applied to the uses of the People from whom they were collected? And whenever and however taken from the deposite banks, would not inconvenience necessarily happen?

The message asserts that the Bank of the United States, chartered by Pennsylvania, has not been able to save itself or to check other insinuations, notwithstanding "the still greater strength it has been said to possess under its present charter." That bank is now a mere State or local institution. Why is it referred to, more than the Bank of Virginia, or any other local institution? The exalted station which the President fills forbids the indulgence of the supposition that the allusion has been made to enable the Administration to profit by the prejudices which have been excited against it. Was it the duty of that bank, more than any other State bank, to check the local institutions? Was it not even under less obligation to do so than the deposite banks, selected and fostered by the General Government?

But how could the message venture to assert that it has greater strength than the late Bank of the United States possessed? Whatever may be the liberality of the conditions of its charter, it is impossible that any single State could confer upon it facilities equal to those granted to the late Bank of the United States—first, in making it the sole depository of the revenue of the United States; and, secondly, in making its notes receivable in the payment of all public dues. If a Bank of the United States had existed, it would have had ample notice of the accumulation of public moneys in the local banks, and, by timely measures of precaution, it could have prevented the speculative uses to which they were applied. Such an institution would have been bound, by its relations to the Government, to observe its appropriations, and financial arrangements and wants, and to hold itself always ready promptly to meet them. It would have drawn together gradually, but certainly, the public moneys, however dispersed. Responsibility would have been concentrated upon it alone, instead of being weakened or lost by diffusion among some eighty or ninety local banks, dispersed throughout the country, and acting without any effective concert.

A subordinate but not unimportant cause of the

evils which at present encompass us has been the course of the late Administration towards the compromise act. The great principle of that act, in respect to our domestic industry, was its stability. It was intended and hoped that, by withdrawing the tariff from those annual discussions in Congress, of which it had been the fruitful topic, our manufactures would have a certainty, for a long period, as to the measure of protection, extended to them by its provisions, which would compensate any reduction in the amount contained in prior acts. For a year or two after it was adopted, the late Administration manifested a disposition to respect it, as an arrangement which was to be inviolable. But, for some time past, it has been constantly threatened from that quarter, and a settled purpose has been displayed to disregard its conditions. Those who had an agency in bringing it forward, and carrying it through Congress, have been held up to animadversion; it has been declared by members, high in the confidence of the Administration in both houses, to possess no obligatory force beyond any ordinary act of legislation, and new adjustments of the tariff have been proposed in both houses, in direct contravention of the principles of the compromise; and, at the last session, one of them actually passed the Senate, against the most earnest entreaty and remonstrance. A portion of the south has not united in these attacks upon the compromise; and I take pleasure in saying that the two Senators from South Carolina, especially, have uniformly exhibited a resolution to adhere to it with perfect honor and fidelity.

The effect of these constant threats and attacks, coming from those high in power, has been most injurious. They have shown to the manufacturing interest that no certain reliance was to be placed upon the steadiness of the policy of the Government, no matter under what solemn circumstances it was adopted. That interest has taken alarm; new enterprises have been arrested; old ones curtailed; and at this moment it is the most prostrate of all the interests in the country. One-half in amount, as I have been informed, of the manufacturers throughout the country have actually suspended operations, and those who have not chiefly confined themselves to working up their stocks on hand.

The consequence has been, that we have made too little at home, and purchased too much abroad. This has augmented that foreign debt, the existence of which so powerfully contributed to the suspension, and yet forms an obstacle to the resumption of specie payments.

The Senator from South Carolina (Mr. CALHOUN) attributed the creation of the surplus revenue to the tariff policy, and especially to the acts of 1824 and 1828. I do not perceive any advantage, on the present occasion, in reviving or alluding to the former dissensions which prevailed on the subject of that policy. They were all settled and quieted by the great healing measure (the compromise) to which I have referred. By that act I have been willing and ready to abide. And I have desired only that it should be observed and executed in a spirit of good faith and fidelity similar to that by which I have been ever actuated towards it.

The act of 1828 was no measure of the friends of the manufacturers. Its passage was forced by a coalition between their secret and open opponents. But the system of production of American industry did not cause the surplus. It proceeded from the extraordinary sales of the public lands. The receipts, from all sources other than that of the public lands, and expenditures of the years 1833-4-5-6, (during which the surplus was accumulating,) both amount to about eighty-seven millions of dollars, thus clearly showing that the customs only supplied the necessary means of public disbursement, and that it was the public domain that produced the surplus.

If the land bill had been allowed to go into operation, it would have distributed gradually and regularly among the several States the proceeds of the public lands, as they would have been received from time to time. They would have returned back in small streams similar to those by which they had been collected, animating, and improving, and fructifying the whole country. There would have been no vast surplus to embarrass the Government; no

removal of deposits from the Bank of the United States to the deposit banks, to disturb the business of the country; no accumulations in the deposit banks of immense sums of public money, augmented by the circuit it was performing between the land offices and the banks, and the banks and the land offices; no occasion for the Secretary of the Treasury to lash the deposit banks into the grant of inordinate accommodations; and possibly there would have been no suspension of specie payments. But that bill was suppressed by a most extraordinary and dangerous exercise of Executive power.

The cause of our present difficulties may be stated in another way. During the late Administration we have been deprived of the practical benefit of a free Government; the forms, it is true, remained and were observed, but the essence did not exist. In a free, or self-government, the collected wisdom, the aggregate will of the whole, or at least of a majority, moulds and directs the course of public affairs. In a despotism, the will of a single individual governs. In a practically free Government, the nation controls the Chief Magistrate; in an arbitrary Government the Chief Magistrate controls the nation. And has not this been our situation in the period mentioned? Has not one man forced his own will on the nation? Have not all those disastrous measures—the veto of the bank; the removal of the deposits; and rejection of the land bill; and the Treasury order, which have led to our present unfortunate condition, been adopted, in spite of the wishes of the country, and in opposition, probably, to those of the dominant party itself?

Our misfortune has not been the want of wisdom, but of firmness. The party in power would not have governed the country very ill, if it had been allowed its own way. Its fatal error has been to lend its sanction, and to bestow its subsequent applause and support upon Executive acts which, in their origin, it previously deprecated or condemned. We have been shocked and grieved to see whole legislative bodies and communities approving and lauding the rejection of the very measures which previously they had unanimously recommended! To see whole States abandoning their long-cherished policy and best interests in subservience to Executive pleasure! And the numberless examples of individuals who have surrendered their independence, must inflict pain in every patriot bosom. A single case forces itself upon my recollection as an illustration, to which I do not avert from any unkind feelings towards the gentleman to whom I refer, between whom and myself civil and courteous relations have ever existed. The memorial of the late Bank of the United States praying for a recharter was placed in his hands, and he presented it to the Senate. He carried the recharter through the Senate. The veto came; and, in two or three weeks afterwards, we behold the same Senator at the head of an assembly of the People in the State House Yard, in Philadelphia, applauding the veto, and condemning the bank—condemning his own act! Motives lie beyond the reach of the human eye, and it does not belong to me to say what they were which prompted this self-castigation, and this praise of the destruction of his own work; but it is impossible to overlook the fact that this same Senator, in due time, received from the author of the veto the gift of a splendid foreign mission!

The moral deducible from the past is, that our free institutions are superior to all others, and can be preserved in their purity and excellence only upon the stern condition that we shall forever hold the obligations of patriotism paramount to all the ties of party, or to individual dictation; and that we shall never openly approve what we secretly condemn.

In this rapid, and, I hope, not fatiguing review of the causes which I think have brought upon us existing embarrassments, I repeat that it has been for no purpose of reproaching or criminating those who have had the conduct of our public affairs; but to discover the means by which the present crisis has been produced, with a view to ascertain, if possible, what (which is by far much more important) should be done by Congress to avert its injurious effects. And this brings me to consider the remedy proposed by the Administration.

The great evil under which the country labors is the suspension of the banks to pay specie, the total derangement in all domestic exchanges, and the paralysis which has come over the whole business of the country. In regard to the currency, it is not that a given amount of bank notes will not now command as much as the same amount of specie would have done prior to the suspension; but it is the future, the danger of an inconvertible paper money being indefinitely or permanently fixed upon the People, that fills them with apprehensions. Our great object should be to re-establish a sound currency, and thereby to restore the exchanges, and revive the business of the country.

The first impression which the measures brought forward by the Administration make is, that they consist of temporary expedients, looking to the supply of the necessities of the Treasury; or, so far as any of them possess a permanent character, its tendency is rather to aggravate than alleviate the sufferings of the People. None of them proposes to rectify the disorders in the actual currency of the country; but the People, the States, and their banks, are left to shift for themselves as they may or can. The Administration, after having intervened between the States and their banks, and taken them into the Federal service, without the consent of the States; after having puffed and praised them; after having brought them, or contributed to bring them, into their present situation, now suddenly turns its back upon them, leaving them to their fate! It is not content with that; it must absolutely discredit their issues. And the very People who were told by the Administration that these banks would supply them with a better currency, are now left to struggle as they can with the very currency which the Government recommended to them, but which it now refuses itself to receive!

The professed object of the Administration is to establish what it terms the currency of the Constitution, which it proposes to accomplish by restricting the Federal Government, in all receipts and payments, to the exclusive use of specie, and by refusing all bank paper, whether convertible or not. It disclaims all purposes of crippling or putting down the banks of the States; but we shall better determine the design or the effect of the measures recommended by considering them together, as one system.

1. The first is the sub-Treasuries, which are to be made the depositories of all the specie collected and paid out for the service of the General Government, discrediting and refusing all the notes of the States, although payable and paid in specie.

2. A bankrupt law for the United States, levelled at all the State banks, and authorizing the seizure of the effects of any of them that stop payment, and the administration of their effects under the Federal authority exclusively.

3. A particular law for the District of Columbia, by which all the Corporations and People of the District, under severe pains and penalties, are prohibited from circulating, sixty days after the passage of the law, any paper whatever not convertible into specie on demand, and are made liable to prosecution by indictment.

4. And lastly, the bill to suspend the payment of the fourth instalment to the States, by the provisions of which the deposit banks indebted to the Government are placed at the discretion of the Secretary of the Treasury.

It is impossible to consider this system without perceiving that it is aimed at, and, if carried out, must terminate in, the total subversion of the State banks; and that they will be all placed at the mercy of the Federal Government. It is in vain to protest that there exists no design against them. The effect of these measures cannot be misunderstood.

And why this new experiment or untried expedient? The People of this country are tired of experiments. Ought not the Administration itself to cease with them? Ought it not to take warning from the events of recent elections? Above all, should not the Senate, constituted as it now is, be the last body to lend itself to further experiments upon the business and happiness of this great People? According to the latest expression of public opinion in the several States, the Senate is no longer a true exponent of the will of the States or of the

People. If it were, there would be thirty-two or thirty-four Whigs to eighteen or twenty friends of the Administration.

Is it desirable to banish a convertible paper medium, and to substitute the precious metals as the sole currency to be used in all the vast extent of varied business of this entire country? I think not. The quantity of precious metals in the world, looking to our fair distributive share of them, is wholly insufficient. A convertible paper is a great time-saving and labor-saving instrument, independent of its superior advantages in transfers and remittances. A friend, no longer ago than yesterday, informed me of a single bank whose payments and receipts in one day amounted to two millions of dollars. What time would not have been necessary to count such a vast sum? The payments, in the circle of a year, in the city of New York, were estimated several years ago at fifteen hundred millions. How many men and how many days would be necessary to count such a sum? A young, growing, and enterprising People, like those of the United States, more than any other, need the use of those credits which are incident to a sound paper system. Credit is the friend of indigent merit. Of all nations, Great Britain has most freely used the credit system; and of all she is the most prosperous. We must cease to be a commercial People; we must separate, divorce ourselves from the commercial world, and throw ourselves back for centuries, if we restrict our business to the exclusive use of specie.

It is objected against a convertible paper system, that it is liable to expansions and contractions; and that the consequence is the rise and fall of prices, and sudden fortunes or sudden ruin. But it is the importation or exportation of specie, which forms the basis of paper, that occasions these fluctuations. If specie alone were the medium of circulation, the same importation or exportation of it would make it plenty or scarce, and affect prices in the same manner. The nominal or apparent prices might vary in figures, but the sensation upon the community would be as great in the one case as in the other. These alternations do not result, therefore, from the nature of the medium, whether that be specie exclusively, or paper convertible into specie, but from the operations of commerce. It is commerce, at last, that is chargeable with expansions and contractions; and against commerce, and not its instrument, should opposition be directed.

I have heard it urged by the Senator from South Carolina (Mr. CALHOUN) with no little surprise, in the course of this debate, that a convertible paper would not answer for a currency, but that the true standard of value was to be found in a paper medium not convertible into the precious metals. If there be, in regard to currency, one truth which the united experience of the whole commercial world had established, I had supposed it to be that emissions of pure paper money constituted the very worst of all conceivable species of currency. The objections to it are: First, that it is impracticable to ascertain, *a priori*, what amount can be issued without depreciation; and, secondly, that there is no adequate security, and, in the nature of things, none can exist, against excessive issues. The paper money of North Carolina, to which the Senator referred, according to the information which I have received, did depreciate. It was called Proc., an abbreviation of the authority under which it was put forth, and it took one and a half and sometimes two dollars of proc. to purchase one in specie. But if any one desires to understand perfectly the operation of a purely paper currency, let him study the history of the Bank of the Commonwealth of Kentucky. It was established about 15 or 16 years ago, with the consent of the majority of the people of that State. It is winding up and closing its career, with the almost unanimous approbation of the whole people. It had an authority to issue, and did issue, notes to the amount of about two millions of dollars. These notes, upon their face, purported an obligation of the bank to pay the holder, on demand, the amount in specie; but it was well known that they would not be so paid. As a security for their ultimate payment, there were, 1st, the notes of individuals supposed to be well secured, every note put out by the bank being represented by an individual note discounted. 2d. The funds



of the State in a prior State bank, amounting to about half a million of dollars. 3d. The proceeds of a large body of waste lands belonging to the State. And 4th. The annual revenue of the State and public dues, all of which were payable in the notes of the Commonwealth Bank.

Notwithstanding this apparently solid provision for the redemption of the notes of the bank, they began to depreciate shortly after it commenced operation, and in the course of a few months they sunk as low as fifty per cent.—two dollars for one specie dollar. They continued depreciated for a long time, until after large amounts of them were called in and burnt. They then rose in value, and now, when there is only some fifty or one hundred thousand dollars out, they have risen to about par. This is owing to the demand for them, created by the wants of the remaining debtors to the bank, and their receivability in payment of taxes. The result of the experiment is, that, although it is possible to sustain at about par a purely paper medium to some amount, if the legislative authority which creates it will also create a demand for it, it is impracticable to adjust the proportions of supply and demand so as to keep it at par; and that the tendency is always to an excess of issue. The result, with the people of Kentucky has been a general conviction of the mischiefs of all issues of an irredeemable paper medium.

Is it practicable for the Federal Government to put down the State banks, and to introduce an exclusive metallic currency? In the operations of this Government, we should ever bear in mind that political power is distributed between it and the States, and that, whilst our duties are few and clearly defined, the great mass of legislative authority abides with the States. Their banks exist without us, independent of us, and in spite of us. We have no constitutional power or right to put them down. Why, then, seek their destruction, openly or secretly, directly or indirectly, by discrediting their issues, and by bankrupt laws, and bills of pains and penalties? What are these banks now so decried and denounced? Intruders, aliens, enemies that have found their way into the bosom of our country against our will? Reduced to their elements, and the analysis shows that they consist: 1st, of stockholders; 2d, debtors; and 3d, bill-holders and other creditors. In some one of these three relations, a large majority of the People of the United States stand. In making war upon the banks, therefore, you wage war upon the People of the United States. It is not a mere abstraction that you would kick, and cuff, and bankrupt and destroy, but a sensitive, generous, confiding people, who are anxiously turning their eyes towards you, and imploring relief. Every blow that you inflict upon the banks reaches them. Press the banks and you press them.

True wisdom, it seems to me, requires that we should not seek after, if we could discover, unattainable abstract perfection; but should look to what is practicable in human affairs, and accommodate our legislation to the irreversible condition of things. Since the States and the People have their banks and will have them, and since we have no constitutional authority to put them down, our duty is to come to their relief when in embarrassment, and to exert all our legitimate powers to sustain and enable them to perform, in the most beneficial manner, the purposes of their institution. We should embank, not destroy, the fertilizing stream which sometimes threatens an inundation.

We are told that it is necessary to separate, divorce the Government from the banks. Let us not be deluded by sounds. Senators might as well talk of separating the Government from the States, or from the People, or from the country. We are all—People—States—Union—banks bound up and interwoven together, united in fortune and destiny, and all, all entitled to the protecting care of a parental Government. You may as well attempt to make the Government breathe a different air, drink a different water, be lit and warmed by a different sun from the People! A hard-money Government and a paper-money People! A Government, an official corps—the servants of the People—glittering in gold, and the People themselves, their masters, buried in ruin, and surrounded with rags.

No prudent or practical Government will in its measures run counter to the long settled habits and

usages of the People. Religion, language, laws, the established currency and business of a whole country, cannot be easily or suddenly uprooted. After the denomination of our coin was changed to dollars and cents, many years elapsed before the old method of keeping accounts, in pounds, shillings and pence, was abandoned. And, to this day, there are probably some men of the last century who adhere to it. If a fundamental change becomes necessary, it should not be sudden, but conducted by slow and cautious degrees. The People of the United States have been always a paper money People. It was paper money that carried us through the Revolution, established our liberties, and made us a free and independent People. And, if the experience of the revolutionary war convinced our ancestors, as we are convinced, of the evils of an irredeemable paper medium, it was put aside only to give place to that convertible paper which has so powerfully contributed to our rapid advancement, prosperity, and greatness.

The proposed substitution of an exclusive metallic currency to the mixed medium with which we have been so long familiar, is forbidden by the principles of eternal justice. Assuming the currency of the country to consist of two-thirds of paper and one of specie; and assuming also that the money of a country, whatever may be its component parts, regulates all values, and expresses the true amount which the debtor has to pay to his creditor, the effect of the change upon that relation, and upon the property of the country, would be most ruinous. All property would be reduced in value to one-third of its present nominal amount; and every debtor would, in effect, have to pay three times as much as he had contracted for. The pressure of our foreign debt would be three times as great as it is, whilst the six hundred millions, which is about the sum now probably due to the banks from the People, would be multiplied into eighteen hundred millions.

But there are some more specific objections to this project of sub-Treasuries, which deserve to be noticed. The first is its insecurity. The sub-Treasurer and his bondsmen constitute the only guaranty for the safety of the immense sums of public money which pass through his hands. Is this to be compared with that which is possessed through the agency of banks? The collector, who is to be the sub-Treasurer, pays the money to the bank, and the bank to the disbursing officer. Here are three checks; you propose to destroy two of them, and that most important of all, the bank, with its machinery of president, directors, cashier, teller and clerks, all of whom are so many sentinels. At the very moment when the Secretary of the Treasury tells us how well his sub-Treasury system works, he has communicated to Congress a circular, signed by himself, exhibiting his distrust in it; for he directs in that circular that the public moneys, when they amount to a large sum, shall be specially deposited with those very banks which he would repudiate. In the State of Kentucky, (other gentlemen can speak of their respective States,) although it has existed but about forty-five years, three Treasurers, selected by the Legislature for their established characters of honor and probity, proved faithless. And the history of the delinquency of one is the history of all. It commenced in human weakness, yielding to earnest solicitations for temporary loans, with the most positive assurances of a punctual return. In no instance was there originally any intention to defraud the public. We should not expose poor weak human nature to such temptations. How easy will it be, as has been done, to indemnify the sureties out of the public money, and squander the residue?

2. Then there is the liability to favoritism. In the receipts, a political partisan or friend may be accommodated in the payment of duties, in the disbursement, in the purchase of bills, in drafts upon convenient and favorable offices, and in a thousand ways.

3. The fearful increase of Executive patronage. Hundreds and thousands of new officers are to be created; for this bill is a mere commencement of the system, and all are to be placed under the direct control of the President.

The Senator from South Carolina (Mr. CALHOUN) thinks that the Executive is now weak, and that no

danger is to be apprehended from its patronage. I wish to God I could see the subject in the same light that he does. I wish that I could feel free from that alarm at Executive encroachments by which he and I were so recently animated. When and how, let me ask, has that power, lately so fearful and formidable, suddenly become so weak and harmless? Where is that corps of one hundred thousand office-holders and dependents, whose organized strength, directed by the will of a single man, was lately held up in such vivid colors and powerful language by a report made by the Senator myself? When were they disbanded? What has become of proscription? Its victims may be exhausted, but the spirit and the power which sacrificed them remain unsubdued. What of the dismissing power? What of the veto? Of that practice of withholding bills, contrary to the Constitution, still more reprehensible than the abuses of the veto? Of Treasury orders, put in force and maintained in defiance and contempt of the legislative authority? And, although last, not least, of that expunging power which degraded the Senate, and placed it at the feet of the Executive?

Which of all these enormous powers and pretensions has the present Chief Magistrate disavowed? So far from disclaiming any one of them, has he not announced his intention to follow in the very footsteps of his predecessor? And has he not done it? Was it against the person of Andrew Jackson that the Senator from South Carolina so ably co-operated with us? No, sir, no, sir, no. It was against his usurpations, as we believed them, against his arbitrary administration, above all, against that tremendous and frightful augmentation of the power of the executive branch of the Government, that we patriotically but vainly contended. The person of the Chief Magistrate is changed, but there stands the Executive power, perpetuated in all its vast magnitude, undiminished, re-asserted, and overshadowing all the other departments of the Government. Every trophy which the late President won from them now decorates the Executive mansion. Every power, which he tore from a bleeding Constitution, is now in the Executive armory, ready, as time and occasion may prompt the existing incumbent, whoever he may be, to be thundered against the liberties of the People.

Whatever may have been the motives or the course of others, I owe it to myself and to truth to say, that, in deprecating the election of General Andrew Jackson to the office of Chief Magistrate, it was not from any private considerations, but because I considered it would be a great calamity to my country; and that, in whatever opposition I made to measures of his administration, which more than realized my very worst apprehensions, I was guided solely by a sense of public duty. And I do now declare my solemn and unshaken conviction that, until the Executive power, as enlarged, extended, and consolidated by him, is reduced within its true constitutional limits, there is no permanent security for the liberties and happiness of this People.

4. Lastly, pass this bill, and whatever divorce its friends may profess to be its aim, that perilous union of the purse and the sword, so justly dreaded by our British and revolutionary ancestors, becomes absolute and complete. And who can doubt it who knows that over the Secretary of the Treasury at Washington, and every sub-Treasurer, the President claims the power to exercise uncontrolled sway? To exact implicit obedience to his will?

The message states that, in the process both of collection and disbursement of the public revenue, the officers who perform it act under the Executive commands; and it argues that, therefore, the custody also of the Treasury might as well be confided to the Executive care. I think the safer conclusion is directly opposite. The possession of so much power over the national treasury is just cause of regret, and furnishes a strong reason for diminishing it, if possible, but none for its increase, none for giving the whole power over the purse to the Chief Magistrate.

Hitherto I have considered this scheme of sub-Treasuries as if it was only what its friends represent it—a system solely for the purpose of collecting, keeping, and disbursing the public money, in specie exclusively, without any bank agency whatever. But it is manifest that it is destined to become, if it be not designed to be, a vast and rampi-

fied connexion of Government banks, of which the principal will be at Washington, and every sub-Treasurer will be a branch. The Secretary is authorized to draw on the several sub-Treasurers in payment for all the disbursements of Government. No law restricts him as to the amount or form of his drafts or checks. He may throw them into amounts suited to the purposes of circulation, and give them all the appearance and facilities of bank notes. Of all the branches of this system, that at New York will be the most important, since about one-half of the duties is collected there. Drafts on New York are at par, or command a premium from every point of the Union. It is the great money centre of the country. Issued in convenient sums, they will circulate throughout the whole Union as bank notes, and, as long as confidence is reposed in them, will be preferred to the specie which their holders have a right to demand. They will supply a general currency, fill many of the channels of circulation, be a substitute for notes of the Bank of the United States, and supplant, to a great extent, the use of bank notes. The necessities of the People will constrain them to use them. In this way, they will remain a long time in circulation; and in a few years we shall see an immense portion of the whole specie of the country concentrated in the hands of the branch bank—that is, the sub-Treasurer, at New York, and represented by an equal amount of Government paper dispersed throughout the country. The responsibility of the sub-Treasurer will be consequently greatly increased, and the Government will remain bound to guaranty the redemption of all the drafts, checks, or notes, (whatever may be their denomination) emitted upon the faith of the money in his custody, and, of course, will be subject to the hazard of the loss of the amount of specie in the hands of the sub-Treasurer. If, in the commencement of this system, the holders of this Government paper shall be required to present it for payment in coin, within a specified time, it will be found inconvenient or impracticable to enforce the restriction, and it will be ultimately abandoned.

Is the Senate prepared to consent to place not only all the specie that may be collected for the revenue of the country, at the will of the President, or; which is the same thing, in the custody of persons acting in obedience to his will, but to put him at the head of the most powerful and influential system of Government banks that ever existed?

It is said, in the message, that Government is not bound to supply the country with the exchanges which are necessary to the transaction of its business. But was that the language held during the progress of the contest with the late Bank of the United States? Was not the expectation held out to the People that they would be supplied with a better currency, and with better regulated exchange? And did not both the late President and the Secretary of the Treasury dwell, with particular satisfaction, in several messages and reports, upon the improvement of the currency, the greater amount in exchange, and the reduction of the rates, under the operation of the State bank system, than existed under the Bank of the United States? Instead of fulfilling the promises then held out, the Government now wraps itself in its dignity—tells the People that they expect too much of it; that it is not its business to furnish exchanges; and that they may look to Europe for the manner in which, through the agency of private bankers, the commerce and business of its countries are supplied with exchange. We are advised to give up our American mode of transacting business, through the instrumentality of banking corporations, in which the interests of the rich and the poor are happily blended, and to establish bankers similar to the Hopes, the Barings, the Rothschilds, the Hotinguers, of Europe; houses which require years or ages to form and to put in successful operation, and whose vast overgrown capitals, possessed by the rich exclusively of the poor, control the destiny of nations and determine the fate of empires!

Having, I think, Mr. President, shown that the project of the Administration is neither desirable nor practicable, nor within the constitutional power of the General Government, nor just; and that it is contrary to the habits of the People of the United States, and is dangerous to their liberties, I might here close my remarks; but I conceive it to be the duty of a patriotic opposition not to confine itself merely to urging objections against measures to promote the general prosperity, brought forward by those in power. It has further and higher duties to

perform. There may be circumstances in which the opposition is bound formally to prevent such measures as, in its judgment, are demanded by the exigency of the times; but if it has just reason to believe that they would be unacceptable to those who alone can adopt them, and give them effect, the opposition will discharge its duty by suggesting what it believes ought to be done for the public good.

I know, sir, that I have friends whose partiality has induced them to hope that I would be able to bring forward some healing measure for the disorders which unhappily prevail, that might prove acceptable. I wish to God that I could realize this hope; but I cannot. The disease is of such an alarming character, as to require more skill than I possess; and I regret to be compelled to fear that there is no effectual remedy but that which is in the hands of the suffering patient himself.

Still, under a deep sense of the obligation to which I have referred, I declare that, after the most deliberate and anxious consideration of which I am capable, I can conceive of no adequate remedy which does not comprehend a National Bank as an essential part. It appears to me that a National Bank, with such modifications as experience has pointed out, and particularly such as would limit its profits, exclude foreign influence in the government of it, and give publicity to its transactions, is the only safe and certain remedy that can be adopted. The great want of the country is, a general and uniform currency, and a point of union, a sentinel, a regulator of the issues of the local banks; and that would be supplied by such an institution.

I am not going now to discuss, as an original question, the constitutional power of Congress to establish a national bank. In human affairs there are some questions, and I think this is one, that ought to be held as terminated. From several decisions of Congress affirming the power, the concurrence of every other department of the Government, the approbation of the People, the concurrence of both the great parties into which the country has been divided, and forty years of prosperous experience with such a bank, appear to me to settle the controversy, if any controversy is ever to be settled. Twenty-two years ago, Mr. Madison, whose opposition to the first Bank of the United States is well known, in a message to Congress, said:

"Waiving the question of the constitutional authority of the Legislature, to establish an incorporated bank, as being precluded, in my judgment, by repeated recognitions, under varied circumstances, of the validity of such an institution, in acts of the legislative, executive, and judicial branches of the Government, accompanied by indications, in different modes, of a correspondence of the general will of the nation; the proposed bank does not appear to be calculated to answer the purposes of reviving the public credit, of providing a national medium of circulation, and of aiding the Treasury by facilitating the indispensable anticipations of revenue, and by affording to the public more durable loans."

To all the considerations upon which he then relied, in treating it as a settled question, are now to be added two distinct and distant subsequent expressions of the deliberate opinion of a republican Congress, two solemn decisions of the Supreme Court of the United States, twenty years of successful experience, and disastrous consequences quickly following the discontinuance of the bank.

I have been present, as a member of Congress, on the occasion of the termination of the charters of both the Banks of the United States; took part in the discussion to which they gave rise, and had an opportunity of extensively knowing the opinions of members; and I declare my deliberate conviction that, upon neither was there one-third of the members in either House who entertained the opinion that Congress did not possess the constitutional power to charter a bank.

But it is contended, that, however indispensable a Bank of the United States may be to the restoration of the prosperity of the country, the President's opinion against it opposes an insuperable obstacle to the establishment of such an institution. It will indeed be unfortunate if the only measure which can bring relief to the People, should be prevented by the Magistrate, whose elevated station should render him the most anxious man in the nation to redress existing grievances.

The opinion of the President which is relied

upon, is, that contained in his celebrated letter to the Hon. S. Williams, and that which is expressed in the message before us. I must say, with all proper deference, that no man, prior to or after his election to the Chief Magistracy, has a right to say, in advance, that he would not approve of a particular bill, if it were passed by Congress. An announcement of such a purpose is premature, and contrary to the spirit, if not the express provision of the constitution. According to that instrument, the participation of the President in the legislative power—his right to pass upon a bill—is subsequent, and not previous, to the deliberations of Congress. The constitutional provision is, that, when a bill shall have passed both Houses, it shall be presented to the President for his approval or rejection. His right to pass upon it, results from the presentation of the bill, and is not acquired until it is presented. What would be thought of the judge who, before a cause is brought before the court, should announce his intention to decide in favor of a named party? Or of the Senate, which shares the appointing power, if it should, before a nomination of a particular individual is made for an office, pass a resolution that it would not approve the nomination of that individual?

It is clear that the President places his repugnance to a Bank of the United States, mainly upon the ground that the popular will has been twice "solemnly and unequivocally expressed" against it. In this, I think the President is mistaken. The two occasions to which he is understood to refer, are the election of Gen. Andrew Jackson in 1832, and in his own election in 1836. Now, as to the first, there was not, before it took place, any unequivocal expression of the opinion of the late President against a national bank. There was, in fact, a contrary expression. In the veto message, President Jackson admitted the public convenience of a bank; stated that he did not find in the renewed charter such modifications as could secure his approbation, and added that, if he had been applied to, he could have furnished the model of a bank that would answer the purposes of such an institution. In supporting his re-election, therefore, the People did not intend, by the exercise of their suffrage, to deprive themselves of a national bank. On the contrary, it is within my own knowledge, that many voted for him who believed in the necessity of a bank quite as much as I do. And I am perfectly persuaded that thousands and tens of thousands sustained his re-election under the full expectation that a national bank would be established during his second term.

Nor, sir, can I think that the election of the present Chief Magistrate ought to be taken as evidence that the People are against a bank. The most that fairly can be asserted is, that he was elected, the expression of his opinion in the letter to Mr. Williams notwithstanding. The question of the election of a Chief Magistrate is a complex question, and one of compensations and comparison. All his opinions, all his qualifications are taken into consideration, and compared with those of his competitors. And nothing more is decided by the People than that the person elected is preferred amongst the several candidates. They take him as a man takes his wife, for better or worse, with all the good and bad opinions and qualities which he possesses. You might as well argue that the election of a particular person to the office of Chief Magistrate implies that his figure, form, and appearance exhibit the standard of human perfection, as to contend that it sanctions and approves every opinion which he may have publicly expressed on public affairs. It is somewhat ungrateful to the People to suppose that the particular opinion of Mr. Van Buren, in regard to a Bank of the United States, constituted any, much less the chief recommendation of him to their suffrages. It would be more honorable to him and to them to suppose that it proceeded from his eminent abilities, and his distinguished services at home and abroad. If we are to look beyond them and beyond him, many believe that the most influential cause of his election was the endorsement of that illustrious predecessor, in whose footsteps he stands pledged to follow.

No, sir, no: the simple and naked question of a bank or no Bank of the United States, was not submitted to the People and "twice solemnly and unequivocally" decided against by them. I firmly believe that if such a question were now submitted to them, the response of a vast majority would be in the affirmative. I hope, however, that no bank will be established or proposed, unless there shall be a clear and undisputed majority of the Peo-

ple and of the States in favor of such an institution. If there be one wanted, and an unequivocal manifestation be made of the popular will that it is desired, a bank will be established. The President's opposition to it is founded principally upon the presumed opposition of the People. Let them demonstrate that he is mistaken, and he will not separate himself from them. He is too good a democrat, and the tenor of his whole life shows that, whatever other divorces he may recommend, the last that he would desire would be one between him and the People. Should this not prove to be the case, and if a majority should not exist sufficiently large to pass a bank charter in spite of the veto, the ultimate remedy will remain to the People to change their rulers, if their rulers will not change their opinions.

But, during this debate, it has been contended that the establishment of a new Bank of the United States would aggravate existing distresses; and that the specie necessary to put it in operation could not be obtained without prejudice to the local banks.

What is the relief for which all hearts are now so anxiously throbbing? It is to put the banks again in motion; to restore exchanges, and revive the drooping business of the country. And what are the obstacles? They are, first, the foreign debt, and, secondly, a want of confidence. If the banks were to reopen their vaults, it is apprehended that the specie would immediately be exported to Europe to discharge the foreign debt. Now, if a Bank of the United States were established, with a suitable capital, the stock of that bank itself would form one of the best subjects of remittance; and an amount of it equal to what remains of the foreign debt would probably be remitted, retaining at home or drawing from abroad the equivalent in specie.

A great, if not the greatest existing evil is the want of confidence, not merely in the Government, but in the distant banks, and between the banks themselves. There is no tie or connexion binding them together, and they are often suspicious of each other. To this want of confidence among the banks themselves, is to be ascribed that extraordinary derangement in the exchanges of the country. How otherwise can we account for the fact that the paper of the banks of Mississippi cannot now be exchanged against the paper of the banks of Louisiana, without a discount in the former of ten or fifteen per cent.; nor that of the banks of Nashville, without a discount of eight or ten per cent. against the paper of the banks of the adjoining State of Kentucky? It is manifest that, whatever may be the medium of circulation, whether it be inconvertible paper and specie, supposing confidence to exist, the rates of exchange in both cases ought to be nearly the same. But, in times like these, no bank will allow its funds to accumulate, by the operations of exchange, at points where no present use can be made of them.

Now, if a Bank of the United States were established, with a proper capital, and it were made the sole depository of the public moneys, and its notes were receivable in all Government dues, it might commence operations forthwith, with a small amount of specie, perhaps not more than two millions. That sum would probably be drawn from the community, where it is now hoarded and dormant; or if it were taken even from the local banks, they would be more than compensated in the security which they would enjoy, by the remittance of the stock of the new bank to Europe, as a substitute for their specie.

Such a new bank, once commencing business, would form a rallying point; confidence would revive, exchanges be again regulated, and the business and prosperity of the country be speedily restored. And it is by no means certain that there would be any actual augmentation of the banking capital of the country, for it is highly probable that the aggregate amount of unsound banks, which can never resume specie payments, would be quite equal to that of the new bank.

An auxiliary resolution might be adopted with salutary effect, similar to that which was adopted in 1816, offering to the State banks, as a motive to resume specie payments, that their paper should be received for the public dues; or, as their number has since that period greatly increased, to make the motive more operative, the offer might be confined to one or two banks in each State known to be trustworthy. Let them and a Bank of the United States commence specie payments, and all the other sound banks would be constrained, by the united force of public opinion and the law, to follow the example.

If, in contrasting the two periods of 1817 and 1837, some advantages for the resumption of specie payments existed at the former epoch, others, which distinguish the present, greatly preponderate. At the first, there were none, except the existence of a public debt, and a smaller number of banks. But then an exhausting war had wasted our means. Now we have infinitely greater wealth; our resources are vastly more developed and increased; our population nearly doubled; our knowledge of the disease much better; and, what is of the utmost importance, a remedy, if applied now, would be administered in a much earlier stage of the disorder.

A general currency, of sound and uniform value, is necessary to the well-being of all parts of the confederacy; but it is indispensable to the interior States. The seaboard States have each of them banks, whose paper freely circulates within their respective limits, and serves all the purposes of their business and commerce at their capitals, and throughout their whole extent. The variations, in the value of this paper, in passing through those States, from one commercial metropolis to another, are not ordinarily very great. But how are we, of the interior, to come to the Atlantic cities to purchase our supplies of foreign and domestic commodities, without a general medium? The paper of our own banks will not be received but at a ruinous discount. We want a general currency, which will serve at home, and enable us to carry on our accustomed trade with our brethren of the Atlantic States. And such a currency we have a right to expect.

I do not arrogate to myself a right to speak for and in behalf of all the western States; but as a Senator from one of them, I am entitled to be heard. This Union was formed to secure certain general, but highly important, objects, of which the common defence, commerce, and a uniform currency, were leading ones. To the interior States, none is of more importance than that of currency. Nowhere is the attachment to the Union more ardent than in those States; but if this Government should neglect to perform its duty, the value of the Union will become impaired, and its very existence, in process of time, may become endangered. I do believe, that, between a sound general currency, and the preservation of the Union itself, in full vigor and perfect safety, there is the most intimate connexion.

If, Mr. President, the remedies which I have suggested were successful, at a former period of our history, there is every reason to hope that they would again prove efficacious; but let me suppose that they should not, and that some unknown cause, which could not then, should now, thwart their operation, we should have, in any event, the consolation of knowing that we had endeavored to profit by the lessons of experience, and if they failed, we should stand acquitted in the judgment of the People. They are heartily tired of visionary schemes and wild experiments. They wish to get out of the woods, into which they have been conducted, back to the plain, beaten, wide road, which they had before trodden.

How, and when, without such measures as I have suggested, are the State banks to resume specie payments? They never can resume without concert; and concert springs from confidence; and confidence from knowledge. But what knowledge can eight hundred banks, scattered over our vast territory, have of the actual condition of each other? It is in vain that statements of it be periodically published. It depends, at last, mainly upon the solvency of the debtors to the bank; and how, whenever their names are not known, can that be ascertained?

Instead of coming to the aid of these prostrate institutions, and assisting them by a mild and parental exercise of your power, in a mode sanctioned and approved by experience, you propose to abandon them and the country to their fate. You propose worse: to discredit their paper; to distrust them even as special depositories; and to denounce against them all the pains and penalties of bankruptcy.

How, and when, will they resume specie payments? Never, as far as my information extends, have exertions been greater than those which the banks have generally made to open again their vaults. It is wonderful that the community should have been able to bear, with so much composure and resignation, the prodigious curtailments which have been made. Confidence re-established, the foreign debt extinguished, and a national institution

created, most of them could quickly resume specie payments. Some of them, urged by a high sense of probity, and smarting under severe reproaches, will no doubt make the experiment of resuming and continuing payment in specie. They may even go on a while; but without the co-operation of the State banks generally, and without the co-operation of a national bank, it is to be apprehended that they will be again seized with a paralysis. It is my deliberate conviction, that the preservation of the existence of the State banks themselves, depends upon the institution of a national bank. It is as necessary to them as the Union is to the welfare of the States in our political system. Without it, no human being can foresee when we shall emerge from the difficulties which surround us. It has been my fortune several times to see the country involved in great danger; but never before have I beheld it encompassed with any more menacing and portentous.

Entertaining the views which I have presented, it may be asked why I do not at once propose the establishment of a national bank. I have already adverted to the cause. Constituted as Congress now is, I know that such a proposition would be defeated; and that it would be therefore useless to make it. I do not desire to force upon the Senate, or upon the country, against its will, if I could, my opinion, however sincerely and strongly entertained. If a national bank be established, its stability and its utility will depend upon the general conviction which is felt of its necessity. And until such a conviction is deeply impressed upon the People, and clearly manifested by them, it would, in my judgment, be unwise even to propose a bank.

Of the scheme of the Senator from Virginia, (Mr. RIVES,) I think now as I thought in 1834. I do not believe that any practicable connexion of State banks can supply a general currency, be a safe depository of the public moneys, or act efficiently as a fiscal agent of the General Government. I was not then opposed to the State banks in their proper sphere. I thought that they could not be relied upon to form exclusively a banking system for the country, although they were essential parts of a general system.

The amendment of the Senator, considered as a measure to bring about the resumption of specie payments so much desired, I think must fail. The motive which it holds out of the receivability, in all payments to the Government, of the paper of such banks as may resume by a given day, coupled with the conditions proposed, is wholly inadequate. It is an offer to eight hundred banks; and the revenue, payment of which, in their notes, is held out as the inducement, amounts to some twenty or twenty-five millions. To entitle them to the considerable extension of their circulation, which would result from the credit given by Government to the paper of all of them, they are required to submit to a suppression of all notes below five dollars, and, at no very distant period, to all below twenty. The enlargement of their circulation, produced by making it receivable by Government, would be much less than the contraction which would arise from the suppression of the prohibited notes. Besides, if the quality proposed again to be attached to the notes of these local banks was insufficient to prevent the suspension, how can it be efficacious enough to stimulate a resumption of specie payments?

I shall, nevertheless, if called upon to give a vote between the project of the Administration and the amendment of the Senator from Virginia, vote for the latter, because it is harmless, if it effects no good, and looks to the preservation of the State banks; whilst the other is fraught with mischiefs, as I believe, and tends, if it be not designed, to the utter destruction of those institutions. But, preferring to either the postponement moved by the Senator from Georgia, I shall, in the first instance, vote for that.

Such, Mr. President, are the views which I entertain on the present state of our public affairs. It is with the deepest regret that I can perceive no remedy, but such as is in the hands of the People themselves. Whenever they shall impress upon Congress a conviction of that which they wish applied, they will obtain it, and not before. In the mean time, let us go home, and mix with and consult our constituents. And do not, I entreat you, let us carry with us the burning reproach, that our measures here display a selfish solicitude for the Government itself, but a cold and heartless insensibility to the sufferings of a bleeding people.



## SPEECH OF MR. KING, OF GEORGIA.

[As reported in the National Intelligencer.]

In Senate, September 23, 1837.—On the bill imposing additional duties, as depositories, in certain cases, on public officers.

Mr. KING said that he had not intended to address the Senate on the subject before it until yesterday evening. He had great difficulty in making up his mind between the projects urged by different gentlemen, and, as he was not satisfied with either of them, he had thought it best to postpone the subject till the regular session, and offer some remarks in explanation of his reasons for doing so.

Two plans where (he said) urged upon the Senate; one reported by the Committee on Finance, as proposed to be amended by the Senator from South Carolina; the other the State bank system, which had already been tried, and failed.

As to the last, various apologies had been made here and elsewhere, for its failure; and it had been insisted that it had not had a fair trial, and, therefore, could not be said properly to have failed. The most able and ingenious advocates and apologists of this system that he had heard were his friends from Virginia and New York. If they had not succeeded in convincing the Senate that the system should be re-adopted, (with the modifications proposed,) conviction might be considered as hopeless. He certainly agreed with them, that the system had not had a fair trial. The pets had certainly had a hard time of it under their Executive patron; but he had never had confidence in them from the beginning, and, in truth, the system had never succeeded for one moment. The history of the world furnished no instance in which an administrative measure, so vitally interesting to the whole community, had been so long sustained by a system of mere assumption, deception, and puffing. Business men were rarely deceived by these means; but a large portion of the people were less informed, and believed the statements which were from time to time imposed upon them. Why, (said Mr. K.) I lately saw in one of the numerous apologetic essays on this subject, (even when the exchanges had got into such confusion as to render it impossible to deceive any body,) that the system had been one of the most beautiful in its operation ever devised by the wisdom of man. The author regretted very much that he was not entitled to any share of the honor of having first conceived it; which honor was all due to the great financial wisdom of the ex-President. The fruits of this mighty conception had, however, been blasted by the stupidity of Congress, who had passed, contrary to the known will of the Executive, the obnoxious measure for the distributive deposit with the States in June, 1836. A beautiful system, truly, for the administration of the public finances, that should wither at a hint that we should want a portion of the public treasure in quarterly instalments; the first becoming due more than six months ahead. But, (said Mr. K.) unfortunately, this bill was passed rather too late to afford even a pretext to the advocates of the late President's experiment. I state to the Senate as a fact coming within my own knowledge, that before the distribution bill was passed or talked of, the president of a southern institution passed through this city, with a large amount of specie in his possession, on his way to New York, there to purchase southern and southwestern exchanges. The same operation had been made by others. Was such an operation ever made or dreamed of during the existence of the Bank of the United States before the withdrawal of its branches? A beautiful system of exchanges, this, which would lead men a thousand miles from home to shave the commercial paper of their neighbors.

Here are the evidences of the fulfilment of the promises, that the experiment would give us a better currency, safer depositories, and a "cheaper" system of exchanges. The local banks, whilst the deposits in their vaults were large; the currency expanding; and speculation furnishing demands for money every where and credits every where, afforded exchanges tolerably well between the most commercial points; but the moment these causes ceased to operate, and the branches of the United States Bank were withdrawn, the exchanges fell

into the utmost confusion, and every pretension after this that they were furnishing exchanges as cheaply "as the United States Bank ever did," has been mere assumption, and not calculated to deceive any business man in the community. Sir, (said he,) I have gone to the very counters of these banks and asked for exchange at the published rates. The answer generally was, that, "if they were drawing," they would sell at the published prices, but they rarely had any to sell.

Now, sir, what kind of a profit do you suppose could have induced the strange operation I have described? I have been informed it frequently amounts to 15 and 17 per cent. sometimes less, but always enormous. The operation, if I understand it, was this: A bill was purchased in New York on the debtor of the drawer in the South or West, or Southwest, at a discount of from 4 to 6 per cent. and perhaps sometimes higher. If the bill were paid, the purchaser (being established between the drawer and drawee) again sold a bill drawn on the fund, and charged a premium; for these great regulators were in the habit of shaving in every direction. They would buy southern funds at a heavy discount, and sell a bill on it at a heavy premium. This was the operation if the bill were paid; but if the bill were dishonored, as frequently happened before, and nearly always after the adoption of the specie circular, the bill went back upon the New York drawer with an accumulation of charges, and 5 per cent. damages for the dishonor. The drawer had it to pay, though he had suffered a heavy loss on the discount. This payment of bill and damages furnished the drawer with a northern fund, on which he could again draw at a premium of 5 per cent. Thus the Senate will see the enormous profit that was often made by the discount of a single bill.

It was from exchanges, added to other profits, Mr. KING said, that accounted for the enormous profits and heavy dividends that had been made by some of the banks, some of which he mentioned to have been prodigious within fourteen months preceeding the 1st of March, 1837. Where did these enormous profits come from, and who ultimately paid them? Why, they were shaved from the hard earnings of the industrious classes, being clearly a tax on the circulation of the products of labor.

Mr. K. said he would not detain the Senate by going fully into the capabilities of the State bank system to perform the services promised by it. He stood upon firm ground on this subject. His friends could not charge him with change or inconsistency in this matter; and, as was well known, he had generally predicted, step by step, the consequences that would follow from the financial experiments that had afflicted the country, beginning with that unfortunate and unnecessary measure, the removal of the deposits in 1834. It would be seen that he had no strong predilection for the State bank deposit system, though he admitted that it might have done, and still could do, much better than heretofore, if the Executive would consent to let it alone, and cease the continual interferences by which the banks have been tormented, and the commerce of the country deranged, ever since the Executive had taken the control of the finances.

Mr. K. then proceeded to notice the plan of the committee as proposed to be amended. This he looked upon as a new experiment, though it had been alleged to be otherwise by the Senator from Missouri. The Senator insisted that we were ahead of our destiny, and ought to go back to the glorious days of the Roman empire to learn lessons on finance and political economy. This plan was strongly recommended as having been that under which the Roman quæstors made their mild exactions from the people. It was also recommended most warmly by the Senator, because it was that under which the war levies of Napoleon were made, and the finances of Spain and Turkey collected and disbursed. Upon the first recommendation, the Senator had given us a most eloquent discourse upon Roman heroism, bloody battles, and the levies of the quæstors. He had spoken of the great pleasure with which he read Roman history on these subjects, and the delight with which he contemplated the renown of this great people.

Well, Mr. K. said he had read some Roman history too, though certainly not as good a historian as his friend from Missouri. But if any thing in Roman history had made a strong impression upon his republican mind, it was the heartless cruelty, the unfeeling rigor, and pitiless tyranny with which exactions were made upon the people by the Roman quæstors; and, unfortunately for the Senator's Roman precedent, when these exactions had been made by plundering the Roman people and provinces to support heroism in the trade of conquering and plundering the rest of mankind, these exactions were deposited with Roman bankers appointed for the purpose.

As the Roman precedent was not found exactly satisfactory to Mr. K. he proceeded to notice the system so warmly recommended as the plan of that great democrat and ardent lover of liberty and free institutions, the Emperor Napoleon. His friend from Missouri had stated that when the Emperor mounted the throne of power, he found the State coffers empty, or nearly so; but in a short time they were filled to overflowing. Thereupon the Senator produced a book, or a document, to prove the important fact. The fact was not doubted; but how were these wonders of finance accomplished? Let his impoverished country, and the blood and tears of unhappy Germany, answer the question. However, perhaps the financiering of this great economist was strongly recommended from the fact that the largest and most timely accession to his finances was made by the robbery of a bank; and that, too, a bank belonging to one of the freest and most commercial cities of Europe.\*

Mr. K. said he saw nothing in these imperial precedents, ancient or modern, very applicable or very captivating; and as he saw nothing in the happy and prosperous condition of the people of those free and commercial nations, Turkey and Spain, to excite his envy, he would rather consider this as a new and untried experiment, and digest it a little better before it was adopted. Mr. K. added, that the system was already in operation, as the changes proposed did not alter essentially the specie system adopted by the Executive since the suspension of specie payments. The postponement would give us a little more time to observe the workings of the system, and ascertain the wishes of the people. He was glad to see the finances restored to Congress, their lawful guardian, on almost any terms; but really they were in such a worthless and ragged condition, from Executive manipulation, that it was difficult to say what disposition had better be made of them.

Mr. K. said he doubted whether he ought to detain the Senate to say any thing upon the causes of the present distress, which had called Congress together. As this subject had been dwelt upon, however, by every speaker who had preceded him, and was certainly of great importance to the country, it was perhaps the duty of every member to give his views upon the subject. The subject, said he, is too important to be trifled with. It comes to the doors and dwellings, and reaches the bread and business, of every citizen, of every condition; and I shall give my views, however unwillingly, uninfluenced by all personal friendships and party associations. Unless we ascertain the causes which have so strangely brought the country into its present distressed condition, in a time of profound peace, we shall neither know how to apply present remedies nor avoid similar evils in future.

Mr. K. then said he had not the slightest doubt that our difficulties were owing entirely to the unfortunate policy and violent measures of the Executive in relation to the finances for several years past. This was the only cause, and this was abundantly sufficient. Mr. K. said he could prove this to any one who would not shut his eyes to facts, and close his understanding against correct information on the subject. He had felt and expressed his astonishment when he first read the President's Message, at the statements of the President in relation to these causes; and he had been equally astonished at hearing his friends from Connecticut and North Carolina adopt these statements, and take them as admitted truths. The President was

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entirely mistaken in these statements, and to allow them to remain uncorrected would only continue to obscure and mystify the subject.

For the better understanding of the subject, he would read the passages alluded to. Mr. K. then read the passages which follow:

"However unwilling any of our citizens may heretofore have been to assign to these causes the chief instrumentality in producing the present state of things, the developments subsequently made, and the actual condition of other commercial countries, must, as it seems to me, dispel all remaining doubts upon the subject. It has since appeared that evils, similar to those suffered by ourselves, have been experienced in Great Britain, on the Continent, and, indeed, throughout the commercial world; and that in other countries, as well as in our own, they have been uniformly produced by an undue enlargement of the boundaries of trade, prompted, as with us, by unprecedented expansions of the systems of credit. A reference to the amount of banking capital, and the issues of paper credits put in circulation in Great Britain, by banks, and in other ways, during the years 1834, 1835, and 1836, will show an augmentation of the paper currency there, as much disproportioned to the real wants of trade, as in the United States. With this redundancy of the paper currency, there arose in that country also a spirit of adventurous speculation, embracing the whole range of human enterprise. Aid was profusely given to projected improvements; large investments were made in foreign stocks and loans; credits for goods were granted, with unbounded liberality, to merchants in foreign countries; and all the means of acquiring and employing credit were put in active operation, and extended, in their effects, to every department of business, and to every quarter of the globe. The reaction was proportioned in its violence to the extraordinary character of the events which preceded it. The commercial community of Great Britain were subjected to the greatest difficulties, and their debtors in this country were not only suddenly deprived of accustomed and expected credits, but called upon for payments, which, in the actual posture of things here, could only be made through a general pressure, and at the most ruinous sacrifices.

"In view of these facts, it would seem impossible for sincere inquirers after truth to resist the conviction, that the causes of the revulsion in both countries have been substantially the same. Two nations, the most commercial in the world, enjoying but recently the highest degree of apparent prosperity, and maintaining with each other the closest relations, are suddenly, in a time of profound peace, and without any great national disaster, arrested in their career, and plunged into a state of embarrassment and distress. In both countries we have witnessed the same redundancy of paper money, and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses; and, at length, nearly the same overwhelming catastrophe. The most material difference between the results in the two countries has only been, that, with us, there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments, occasioned by the suspension of specie payments by the banks."

Now, that over-banking, over-issuing, &c. as mentioned by the President, have been operating causes, is only a common belief. But where did they originate, and who produced them? That is the first question. And here Mr. K. stated that the President was mistaken in every fact assumed by him to exculpate our own Government from the charge of being the original cause of the mischief. Other countries have been suffering "no evils similar to those suffered by ourselves," except those which they have suffered by their connections with, and losses by, us. And "a reference to the amount of banking capital, and the issues of paper credits, put in circulation in Great Britain, &c. during the years 1834, 1835, and 1836," will not "show an augmentation of the paper currency there, as much disproportioned to the real wants of trade as in the United States." Nor has there been in England any general rise of prices; nor do we witness "in both

countries, the same redundancy of paper money, and other facilities of credit," or the "the same spirit of speculation." These positions of the President are entirely erroneous, and the facts he supposes have not a shadow of existence.

He said he did not, of course, make these contradictions in an offensive sense, or in a way disrespectful to the President. He had been in favor of his election, and did not regret it. He moreover believed him to be a man of patriotism and integrity, as well as intelligence, and he hoped to be able to support his administration. But if he was (as he was doubtless) a "sincere inquirer after truth," he would be glad to be corrected in views calculated to deceive the people, and divert their minds from the true agency by which they have been overwhelmed. The President's "difference," in fact, ought to have shown him where the fault lay. He states that one nation has become bankrupt. The other sustained itself, and is now nearly recovered. Why this "difference?" Why, simply because ours is the distress of the debtor unable to pay the debt; theirs is the distress of the creditor for want of the money due him. The creditor of a bankrupt is frequently much injured for want of his money, but it does not necessarily follow that he also fails. And in no case is he also chargeable with the follies and extravagances that brought about the disaster. He may have been too confiding, but there his fault ends. The injudicious prodigal, with bad advisers, may contract debts, multiply obligations, make experiments, and become embarrassed and bankrupt. The confiding neighbor who trusted him too far, may feel sensibly the want of his debt, be obliged to curtail his expenses, or otherwise economize for a while; but, being the creditor, and therefore most likely the richer of the two, he is not so likely to be ruined. [Here Mr. K. read an extract of a letter from a gentleman of Liverpool, stating that "there is no distress in England except that which grows out of American connections; and that is passing off, though much of the debt remains unpaid." England, we are told from all quarters, is now easy, and, with an abundance of capital, prepared to make investments, and engage in new enterprises. Yet a mere check to the lavish accommodations of the capitalist, by the embarrassment of his debtor, is analogized with the utmost complacency to the prostrate and helpless condition of his bankrupt debtor himself!]

Those, he said, who insisted that the national distress could not have been occasioned by the acts of our own Executive, because there had been some distress in those commercial nations with whom we trade, put him in mind of that great philosopher who stumped his toe in the darkness of midnight, and railed out against the sun for not shining in the night instead of the day; alleging, as the result of his most profound observation, that there was light enough in the day without him. They confounded cause and consequence, and lost all connection between them. It never occurred to the philosopher that the sun might itself be the cause of light, and these gentlemen cannot see our own agency in producing this embarrassment abroad, though the one agency is just about as plain as the other.

Mr. K. said he would try and remove the difficulty of those who felt so much embarrassment on this subject by proving—

1. That there had been no redundancy of the currency in England between 1834 and 1837; but, on the contrary, the value of money during this period had greatly increased, by the increase of national wealth, whilst currency remained about stationary.

2. That there had been in England no national over-trading, and that her exchanges had been depreciated by receiving our credit in exchange for her cash and commodities.

3. That our extraordinary, but speculative, demand for the products of English labor had created some activity, especially to the manufacturing interests. Our increased demand for the products of their labor, counteracting our unnatural credit demand for their money also; and, thereby, only maintaining prices which otherwise (so far from a speculative rise) would have been depreciated by an appreciation of money.

These propositions, Mr. K. said, would rather

astonish those who had taken it for granted, without inquiry, that, by some magical fatality the whole world had been guilty of folly similar to our own, and visited with similar punishment. But if they would take leave of mere assumptions, stump speeches, party presses, and vagrant conjectures, and be content with the plain evidence of their senses, he thought he would maintain every proposition to the satisfaction of all who would listen to him.

On the first proposition, let us see whether "a reference to the amount of banking capital, &c. in Great Britain, during the years 1834, 1835, and 1836, will show an augmentation of paper currency there as much disproportioned to the wants of trade as in the United States."

Mr. K. then read the following table, (prepared from official statements:)

*Circulation of the Bank of England, joint stock, and private banks.*

	Bank of Eng.	Joint stock.	Private.	Total.
January, 1833,	18,318,000	1,315,000	8,836,000	28,469,000
1834,	18,377,000	1,258,000	8,733,000	28,568,000
1835,	18,100,000	2,188,000	8,281,000	28,519,000
1836,	17,427,000	3,093,000	8,357,000	28,875,000
1837,	17,863,000	3,755,000	7,268,000	28,881,000

The foregoing table is made from the February monthly returns of the Bank of England, and the December to March quarterly returns of the joint stock and private banks, as being the most likely way to approximate to the aggregate for the month of January. The original official returns were before him, Mr. King said, and were at the service of any gentleman; and the monthly and tri-monthly variation in the entire circulation was so trifling that it was scarcely worth naming. It would be seen, from the above table, that the entire "augmentation of paper currency" in England during the years 1834, 1835, and 1836, the period mentioned by the President, was only £323,000, or about one-third of one per cent. on the currency, estimating the whole currency of England at £200,000,000; and the entire "augmentation" during 1833 to 1836 inclusive, (commencing one year earlier,) was only £412,000, or not quite one-half of one per cent. on the whole currency, and about one and a half per cent. on the paper circulation. Now let us see whether this increase is "similar to our own," during the same period.

Mr. King then presented a statement, which he believed to be as accurate as it could be made by a collection and continuation of the returns of local banks up to 1st January, 1837. It was more likely to be an under than an over estimate, from the great difficulty of finding new banks and getting statements of their issues. The following is the statement:

On the 1st of January in the following years, the state of the banks was this:

Number of banks.	Capital.	Loans.	Bills in circulation.	Deposites.	Liabilities on bills & deposits.
	Millions of dollars.				
1830, 320	145	200	61	56	117
1834, 506	200	324	95	76	171
1835, 558	231	365	104	83	187
1836, 567	252	458	140	115	255
1837, 677	324	591	186	155	341

By the above table, it will be seen that, when we add the estimated amount of specie in 1834 and 1836, respectively, we find an augmentation of the entire currency of nearly ninety-four per cent. and an augmentation of paper circulation of nearly ninety-six per cent. Our own entire currency, then, "during the years 1834, 1835, and 1836," has increased nearly ninety-four per cent. and our paper circulation, during the same period, nearly ninety-six per cent.; whilst the entire currency of England has increased about one-third of one per cent. and her paper circulation, during that period, having fluctuated a mere trifle at any time, and sometimes even contracted, is found, at the end of the period mentioned, to have increased only about one and a half per cent. He had not given himself the trouble to be very minute in the calculation.

tions above, and had used round numbers; but no use of authentic materials could vary the result more than a mere fraction, and strict accuracy would most likely make the comparison more unfavorable to the statement of an equal expansion in the two countries during the period referred to.

Instead of equality, then, we had, for England, an increase in the entire estimated currency of the nation of about one-third of one per cent.;

In the United States, an increase of about ninety-four per cent.;

In England, an increase of paper currency of about one and a half per cent.;

In the United States, an increase of about ninety-six per cent.

So much (said Mr. King) for an equal expansion of the currency in both countries. As to the "other credits," they were not tangible, but every man of any observation must know that on this item we should suffer in the comparison more than in the other. Credits were certainly multiplied in England, in some districts, by the increase of the number of joint-stock banks, by which new connections were formed, and the number of checks, drafts, &c. increased. But the increase of joint-stock banks (deducting the private banks melted into them) bears no comparison to the increase of banks in this country, as we find from official statements. The consequent increase of credits, though they can not be ascertained with precision in either country, may be compared by the result. The increase of credit in England has been based on the same national cash capital, as appears by the unchanged quantity of the currency, as exhibited by the tables. And that it has not been redundant, is unanswerably proven by its having produced no general speculative rise of prices. To speak of a redundancy of currency or credit, when no speculative rise in commodities has taken place, is perfect nonsense. Where facts have been stated and not proved, I have taken issue, and disproved them by facts fully established. Where facts are conjectured, I will presently introduce evidence to prove the conjectures groundless, by proving the absence of consequences invariably connected with them. The only way in which a redundancy of currency or credit depreciates foreign exchange, is by producing a speculative rise in prices, and a consequent over-trading. England has not over-traded; on the contrary, she has exported more than she imported, and left us enormously in her debt. But, whilst she had a large balance against us, exchange was against her, and making a continual drain upon her bullion! This strange financial and commercial anomaly, so embarrassing to the English, I will hereafter explain, after having completed the proof on the first proposition.

He then read the evidence of Mr. Gurney, a man of so much intelligence and authority on these subjects as to be called before the joint stock bank committee lately appointed by parliament. This witness shows remarkable intelligence on the subject of finance, but is here strangely embarrassed for want of facts, of which he seems entirely ignorant. [Here Mr. K. read the evidence of Mr. Gurney as follows:]

*Evidence of Mr. Gurney before the Committee of Joint Stock Banks.*

Q. 2592. Has there been any change of late in the State of the London money market?

There has been a gradual increase in the value of money.

Q. 2594. To what do you attribute that altered state of the money market in London?

One cause has been the exportation of bullion to foreign countries; but I apprehend the main cause is, the circulating medium existing in Europe and the mercantile parts of America (!) is not increased in proportion to the transactions, and that the same quantity of circulating medium, or, perhaps, even a reduced quantity, has to perform a much larger amount of transactions.

Q. 2595. Would not the effect of it, if owing to that to which you have alluded, be rather indicated in a fall in the money prices of commodities?

That is the tendency of it; but there are conflict-

ing causes that have marvellously maintained (not increased) the value of commodities generally.

Mr. Gurney is a bill broker, who procures the discount or rediscount of country bills in the London market. He was, therefore, well acquainted with the facts, and the subject on which he speaks, so far as England was concerned; and he tells us that "the value of money had gradually increased." And in another part of his evidence he tells us that the increase is about 20 per cent. He knew this as a fact, and in England he was enabled, in some measure, to account for it, for he knew that currency had not increased, whilst, from the progressive increase of national wealth, commodities and transactions had. He could, therefore, account for the depreciation of exchange, and export of gold to America, on no other supposition than that the currency of the "commercial parts of America" was even more contracted and disproportioned to commodities than in England. But why was not the appreciation of money "indicated by a fall in the money prices of commodities?" Though this was the natural "tendency," "conflicting causes marvellously maintained prices." What were the conflicting causes referred to by Mr. Gurney? Evidently the "increased activity in the manufacturing districts" by the increased demand for the products of English labor for American consumption. The depreciation of commodities by the appreciation of money was counteracted by an appreciation of commodities by an increased demand for them. Though the ideas of Mr. Gurney seem clear, he seems, for want of facts, to be involved in embarrassment and apparent contradiction. That the value of money was raised in England by an insufficiency in quantity, was inconsistent with the exportation of gold, unless in America, also, the currency was contracted. And yet a contraction of the currency in America was inconsistent with our increased demand for English manufactures. Had the witness, however, known that, so far from a contraction, our currency had expanded near 100 per cent. and that exchanges were in our favor whilst there was a large balance against us; that we were draining them of their gold in defiance of this heavy debt and redundant currency; his embarrassment would have increased, until he ascertained that we were performing all these commercial miracles under a new system of finance, by which we exchanged our credit for their capital, and, after going in debt for a large commercial balance, borrowed a still greater amount, and thereby turned the exchanges against them by borrowing their own money.

Mr. K. further sustained his proposition, and strengthened his evidence upon this point by introducing official tables from England of some of the principal articles of raw produce for English manufactures, &c. entered for home consumption, and the official and declared valuation of exports; both embracing the period in question, except the official valuation for 1837, which he had not been able to obtain.

The following are the tables produced and read by Mr. KING:

*Quantities of several principal articles of raw produce of manufactures, &c. entered for home consumption in the years ending January 5, respectively, with the absolute, and proportional increase from 1834 to 1837.*

ARTICLES.	1834	1835	1836	1837
Cotton, lbs.	396,497,167	303,602,601	333,043,464	376,950,569
Silk, raw "	3,838,795	3,346,751	4,151,006	4,372,493
thrown "	268,367	165,763	254,578	294,931
Wool "	39,153,463	41,113,448	43,119,993	60,724,794
Absolute increase.				
Cotton, lbs.	72,384,168			20.20 nearly
Silk, raw "	1,025,747			30. do
thrown "	129,166			50. do
Wool "	19,611,316			50. do

*Table of the produce and manufactures of Great Britain exported to foreign ports, calculated at the official and declared rate of valuation.*

Official Valuation.				
1834	1835	1836		
69,633,853	73,495,535	77,932,616		
Increase official value, 5.9.				
Declared Valuation.				
1834	1835	1836		1837
39,305,512	41,286,594	41,437,123	46,796,937	
Increase declared value, 12.9.				

By the above official tables, Mr. K. said it would clearly appear that the national wealth and industry had greatly increased, whilst the currency had remained about stationary, as previously established. Mr. K. thought he had now fully established that the currency of England had not been equally expanded with our own, but on the contrary there had been actually "a gradual increase in the value of money."

The second proposition (Mr. K. said) scarcely needed proof, from its close connection with the first. He would put the matter at rest, however, by the production of evidence that ought to be satisfactory to all. This evidence was the perfect agreement, on this point, of Mr. Horsley Palmer and Mr. Knowles, in their controversy concerning the action of the joint stock banks and the conduct of the Bank of England. Mr. Palmer, in apologizing for the contraction of the bank, and alluding to the causes, etc. says: "it is necessary to state these, as they seem, in no degree, to have arisen from over-trading or any undue speculative advance in commercial prices." Mr. Knowles, however, is not satisfied with this admission; but wishing the fact established beyond doubt, he asserts the same thing, and refers to the proofs. Mr. Knowles, after proving that the legitimate demand for currency had been increased by the increase of national wealth, says: "A table of prices, had I time to prepare one, would prove beyond question that so far from a rise in prices generally, in many cases there has been a fall, even with decreasing stock; a fact quite incompatible with an over-issue and depreciation of the currency. While, again, where a rise in prices has taken place, it is distinctly referrible to causes prospectively affecting the market as to supply." Some fluctuations were doubtless exhibited in the manufacturing districts in particular articles, and especially in articles for American consumption, which, from the heavy increased demand for them, could not be readily supplied by existing establishments. This, however, "is distinctly referrible to causes affecting the market as to supply," and was no evidence of a redundancy of the circulation. The distinction might always be settled by an observation of the following rules: that whenever there is a great fluctuation in the value of a particular article or commodity, whilst the value of the property of the country generally remains unaffected, we may take it for granted that the fluctuation is owing to a change in the relation between the demand and supply. For instance, if there be a short crop of corn, the supply will fall short of the demand, and the price of corn will rise, whilst all other commodities may stand firm. This rise is occasioned by the change in the relation between the supply and demand. But if we find the price of every commodity raised to an unusual elevation, (as lately in the United States,) we may take it for granted that the price is owing to the change in the relation between currency and commodities; in other words, that currency or credit, or both, has been greatly increased, and, consequently depreciated. This partial and local fluctuation, then, where it existed, amounted to nothing, as it was trifling and partial, and attributed to a fluctuation between supply and demand—a fluctuation to be found to some extent in all countries, and at all times. Doubtless some additional activity was occasioned by our artificial and credit demand for manufactures, attended also with an increase of manufacturing stock. It was very likely, also, some local over-action in the joint stock banks was occasioned by the large profits they derived from the discount of American securities and credits to supply our credit demand for money; for under our preposterous system adopted in 1834, of importing borrowed money to multiply credits upon, we have been willing to take all their cash as well as all their commodities, and give more than any body else for them, if they would only let us have them on credit. These partial fluctuations were uncertain and unimportant, and, so far as they did exist, if at all, are easily accounted for, and principally, if not entirely, to be attributed to a connection with us. In no view of the subject could they be used as evidence of a national redundancy of currency or credit, or of a national over-trading, neither of which, as we have seen, had taken place.



Mr. K. said the latter part of the second proposition, and the whole of the third, seemed to be established by inference from the positions already established, and the proofs already adduced. The only further proof that could be deemed necessary on these points, was to establish the fact, that, at the very time we were importing large sums of specie under the encouragement of the wise policy of the Executive, as it was called, we were enormously indebted, not only on a commercial balance, but also for money borrowed in the very face of this commercial balance against us.

Mr. K. said, it here again became his unpleasant duty to prove that the President was mistaken in his estimate of the amount of our foreign debt. It was important to notice this mistake with another view. We would not act in reference to our true situation as debtors, if we believed we owed nothing. The President gives the estimate of our foreign debt in March last, at thirty millions of dollars. The President could have had no unworthy object in this under estimate; but still it is a mistake, and one that should be noticed and corrected. If the estimate of the President were correct, the debt had evidently been paid, and over paid. He had seen an estimate more than two months ago, which seemed reasonable, and probable in all its details, which estimated the liquidation of our foreign debt since the suspension of specie payments at \$32,000,000. We had been remitting specie, and exchange, and shipping cotton ever since; and he had not the slightest idea that we had paid and liquidated in different ways, since March last, less than forty-five, and perhaps fifty millions of dollars: and yet we find the exchanges heavily against us. He hoped, then, our banks would not begin to expand, and our people to over-trade, on the presumption that Europe was indebted to us.

Mr. K. said no one could pretend to accuracy as to the amount of our foreign debt in March last, but he thought he could satisfy the Senate, that if every species of obligation were taken into account, it was much nearer one hundred and thirty than thirty millions of dollars.

Mr. K. then proceeded to furnish the Senate with such evidence as he had to offer on this subject. In the first place, he took the commercial balance alone for the year 1836, as reported by the Secretary of the Treasury, at upwards of sixty millions. It seemed, by the report furnished at this session by the Secretary, that he estimated the commercial balance which remained as a foreign debt, at over thirty millions; and perhaps this statement misled the President, who took the Secretary's commercial balance of one year for the entire balance at the period referred to. He thought, however, that the Secretary was mistaken even as to this commercial balance for 1836. He seemed to have deducted thirty millions from the sixty (as Mr. K. supposed,) for our share of the profits of trade. Mr. K. thought not a cent should be deducted. We had it from English accounts, and had too much reason to believe the fact, that the principal articles of American exports declined from 30 to 40 per cent. between July, 1836, and April, 1837. He believed, then, we had lost on our exports the full amount of profit, and perhaps more; and that the gross amount of balance might safely be estimated as a foreign debt against us for the year 1836 alone.

Mr. K. then proceeded to show the amount of money we had borrowed in Europe in the space of one year ending in the fall of 1836. As Europe owed us nothing on an exchange of commodities, of course the amount of specie (beyond that included in the statement of imports) which we obtained from them, must have been obtained on credit, in some form or other. It was impossible to get at any thing like correct official information on this subject. As there was no duty or prohibition either on exports or imports of specie, there was but little attention paid to it at custom-houses either in Europe or America. Large bankers, whose business gives them an interest, as well as knowledge of loans and specie shipments, were the only class from which much information could be obtained, and they rarely knew of any except large and notorious transactions. A statement made by Mr. Fayot, of Paris, a man of great research and many opportunities, he believed as much to be

relied on as any other. This statement was made in the latter part (if he mistook not) of 1836, and purported to be an estimate of the specie shipped from Europe to America during the year preceding the statement. This statement Mr. K. read, as follows:

Statement from Frederick Fayot's essay, published in Paris, in 1836, of the amount of specie shipped from Europe to America in one year previous to the date of the essay.

England, from documentary evidence, say	-	-	-	\$6,041,666
Holland, two loans, forming together	-	-	-	
£2,500,000, one-half shipped in specie				1,250,000
In France, the indemnity 18,000,000 fr.				
and Hottinguer loan 14,000,000, together	-	-	-	1,333,333
				\$8,624,999

If the above statement be correct, (and it was certainly more likely to be under, than over, the true amount,) we had imported near forty millions of dollars in one year, besides the indemnity, which, if the laws of trade had been allowed a free operation, would have been more profitably drawn for than imported. Adding the above sum to the commercial balance of 60,000,000, and we had evidence of about 100,000,000, less only the specie included in imports. In addition to this, it was well known, he said, that we had been issuing credits to a greater or less extent, ever since the commencement of 1834, and the entire foreign debt might safely be put down at much more than 100,000,000 in March last. The debt being established, it follows that the state of our foreign exchanges have been false and delusive, and, having been effected by the use of credit, have been no indication of the true balance of trade on a fair exchange of commodities; credit having the same effect on the exchanges as the exportation of an equal value in commodities. Mr. K. however, concluded this branch of the subject by adding that it would not be necessary to pay the whole debt before exchanges would be equalized, a very large portion of it having assumed the form of investments, on which we should only have to pay the interest; and, moreover, the nature of the commerce between the two countries will bear a very considerable foreign debt against us, without affecting the exchanges.

Mr. K. said that he hoped he had proven to the satisfaction of the Senate, that the causes of the present distress were not common to other commercial countries, which, in fact, had suffered only by their connection with us. They had not over-traded, over-issued, nor had any speculative rise in prices similar to our own. The causes, then, must be located in our own country; and Mr. K. said he would endeavor to explain when, how, and by what agency, they originated here.

He then went back to the removal of the depositories in 1833—a measure that he had frequently spoken of before, as having been productive of much mischief, and no counterbalancing good. He had briefly noticed its agency in bringing the country into its then present condition at the last session; and every prediction then made had become true, and each cause had operated in the manner there stated, so far as they had been since developed. He would only now say of it what all admitted—that it produced a panic which greatly depreciated every article of home consumption in the latter part of 1833 and part of 1834, whilst the price of our exports was not affected by the measure in the foreign market. The immediate effect was a rise in our foreign exchanges, and twelve or fourteen millions of specie poured in upon us. This effect was not anticipated by the President, as we could see by an exposition of his views when the measure was adopted. He had no more idea of bringing specie, than he had of bringing London to America by the removal of the depositories. Yet the friends of the measure immediately boasted of it, as one of the happy results of that wise measure, from which many and countless blessings were to flow in upon the country. Well, sir, the currency was already full, if not redundant; and that this specie, thus suddenly forced in upon us by violently striking down the value of home con-

sumption, would displace an equal amount of paper circulating in good credit, was one of those strange experimental notions by which people unacquainted with the subject have been deluded, and our finances ruined. Paper must first be expelled, and then specie will fill the vacuum, by a law of currency. Expulsion must precede, and can not, under such circumstances, be expected to follow, the introduction of specie, which, instead of expelling paper, will become the basis of further issues by banks, if they be left uncontrolled by any restricting or regulating power. Accordingly, much of this specie went into banks, or was collected together in the formation of new banks, the whole continuing to expand, and produce a speculative rise in prices, which, by a reciprocating operation, produced still farther expansions, by a well-known law of finance. This, of course, produced speculation at home and heavy importations from abroad, which at last even extended to the necessities of life. Our people being intoxicated by this delusive prosperity, every species of property was embraced in the wide range of speculation, which speedily reached the public lands. Every one seemed to think it much easier to get rich by speculating in land than by cultivating it; and, by large land sales, added to heavy importations, soon produced an enormous surplus in the Treasury, which was distributed in a great number of banks. There was a great anxiety to recommend State depositories to the people, and reconcile them to the loss of the United States Bank, by proving that institution to be unnecessary, and accordingly they were stimulated to accommodate the community by the use of the public funds. In this way banks were multiplied, paper issues were multiplied, speculations were stimulated, and produced that bloated and diseased condition which began to manifest itself in the summer of 1836.

It may be necessary in this connection more particularly to notice the means by which we were enabled so long to keep up this forcing process, and prevent an earlier reaction by the operation of our foreign debt. This was plain enough, when the facts were known, though it had continued long to puzzle the best financiers of Europe. The natural effect of the general speculative rise of prices here, from a redundancy of our currency and credit, was to depreciate our foreign exchanges, and produce a call for the balance of our foreign debt. Yet we prevented this, by sending them bonds, bank shares, State stocks, and credits of various descriptions, to a greater amount than we owed them. By these means we raised our own exchanges and depreciated theirs, which drained them of their bullion, (as before intimated,) by means of the credits they extended to us. These speculations at home had produced almost an unlimited demand for money, and we would take all their cash, as well as all their commodities, and overbid their own capitalists to get them, provided we could make the operation on credit. Thus we continued inverting the laws of trade, and utterly confounding the bank directors and capitalists of England, until the summer of 1836. We find that the bank directors then made the discovery that the United States had been draining them of their gold "on credit," and they took steps to prevent it, by increasing the rate of interest in June to four and a half, and in August to five per cent.

Let us now return to the United States. In June, 1836, the ruin threatened by so large an accumulation of the public money, and the uses that were made of it, and the unsound state of the currency generally, was so manifest, that all parties united in the opinion that something must be done with it. After full discussion and great deliberation, Congress, with uncommon unanimity, adopted the law to distribute the deposits among the States. Though no measure could be free from objection, this was certainly the wisest that could have been adopted in reference to the end proposed. It depleted the Treasury, and checked over-issues, by a public law, with full notice, easy terms, and ample time for its execution. The President was, unfortunately, opposed to it, and seemed determined not only to use every means to prevent its efficiency, but to prevent its operation on the western and southwestern deposite banks; which, in fact, most needed its opera-

tion. With this view, he adopted the famous Specie circular—a sort of order in council—though the identical measure had been a few days before proposed as a legislative measure, and, with almost perfect unanimity, rejected by the Senate.

The principal, perhaps only, object of this measure was to save from explosion some of the tottering deposit banks in the west and southwest, when they should be called on to comply with the deposit law, and surrender the public money. His object could not have been to prevent over-issues, such an object being inconsistent with his opposition to the deposit bill, which was certainly, of all others, the best conceived for that purpose. Whatever might have been the motive, the measure was an unwise and unfortunate one, deranging the whole internal commerce of the country, producing panic, breaking up exchanges, and destroying credit, at the very time, of all others, when the country should have been permitted to make the best of its resources, without violence or surprise.

Mr. K. said he was sorry to see his friends who had voted against this Executive measure throughout, now coming forward sanctifying an Executive triumph over the legislative authority, by acknowledging their error. His worthy friend from Connecticut had said, that though he had voted uniformly against it, yet that it "might have done some good in saving the banks." This confession of his friend was, perhaps, a harmless offering to Executive power; but as he did not approve of such gratuitous benevolence at the cost of consistency, in a matter of so much importance to the country, he must say to his friend that he entirely disagreed with him, and must call upon him for some of the beneficial effects of this wise and salutary measure. The Senator himself told us in the next breath that the deposit banks, and all other banks, are broken, and that the public money, both specie and paper, have become unavailable in their vaults. The patient is dead, and yet the treatment is lauded. If a quack, in defiance of all remonstrances, continues his treatment, and the patient dies, we may conjecture that he would have done *no better* with a different treatment, or without treatment; but *how he could have done worse*, it is somewhat difficult to conceive. This measure, then, condemned by the Senate, condemned by the Cabinet, condemned by the people, after full trial, condemned by the whole legislative authority, and condemned by the strong evidences of the mischief it has produced, is still persevered in by the Executive, lauded for its "salutary effects," and was referred to by one Senator (looking at Mr. Benton) as "the glorious specie circular." [Mr. BENTON: "Yes, the ever-glorious specie circular."] Mr. K. (with great animation) Ah, yes, it is all glory, and no good. Where are the evidences of your glory? Is there any thing glorious in the present unhappy condition of the country? Your Government insolvent and disgraced. Our people branded by foreigners as a nation of fraudulent bankrupts and swindlers; your merchants bankrupt; your manufacturers languishing in idleness and distress; your planters ruined, and two-thirds of the laboring population of the United States threatened with actual starvation. These are the evidences of the "salutary" effects of the measures we are called on to glorify. Why, sir, the Senator must have forgotten that glory has depreciated in the market. Like paper currency, it has been redundant, and is now almost as much below par, as rag money; very much for the same reason, too. One examination, we find that neither has had a very solid basis to rest upon.

So much (said Mr. KING) for the *glory* of this order. I now propose to take a more dispassionate, and better reasoned view of it as a financial measure.

The plain objection to the circular as a financial measure is, that it did violence to all the laws of trade and commerce *by the forcible interference of the Government*. The easing operations of exchanges, so useful and necessary in adjusting ascertained balances between different sections of the country, were suddenly and violently interrupted. The useful admonition of an unfavorable balance, as indicated by the exchanges, was not only disregarded, but that balance forcibly increased. The destructive tendency of such interference by Govern-

ment in the commerce of the country has been acknowledged by the Senator from North Carolina (Mr. Strange) though I thought the principle might have been better applied by him. Such measures produce the same effects in the same way, whenever and wherever applied in a free commercial country; always taking the people by surprise, and breaking up the established order of thing. The business of the country is as effectually deranged and disorganized by such violence as is the human system by the destruction of the heart.

Commerce has its laws. The People study them, and by study, observation, and experience, become acquainted with them, to a very great extent, and make their calculations and regulate their business accordingly. They always must greatly suffer when forcibly deprived of these advantages; and particularly if the force be applied to a paper or mixed currency. Doubtless the evils of a paper currency (though it has some advantages,) are very great. I do not know, in many respects, that they are over-estimated by the Senator from Missouri. I hope he, however, after the most fatal experience to the country, will come to the conclusion that the evils of the system can only be reached by a legislative authority that can reach the system itself. It is acknowledged we have no power over the system, and yet, by this Executive lashing and fretting, and chastising, and torturing, we keep the country and the currency in a perpetual fever and fluctuation, giving us all the evils of the system, without its advantages. Sir, you might as well undertake to make a full-grown intellectual man, with trowel and mortar, and regulate the circulation of his blood with a tinker's tools, as to undertake to make a uniform standard of value of a paper or mixed currency, and regulate its functions, as money, by the continual tinkering, and the successive and sudden application of force by the iron hand of Government. Sir, you can't do it; you have neither the materials nor the laws for such a consummation. You may do infinite mischief, but you will never do any good. You may break up business, and ruin the industrious classes, but you will do no good to any class, except such as know how to profit by confusion, and speculate on the misfortunes of their fellow-men.

He said, that at the very time this strange order was issued, exchange was already sufficiently high against the southwest, and west, to have made the transmission of specie a profitable operation. This was seen by the Senate when they with such unanimity refused to take the responsibility of the measure. The effect, as foreseen, was first to raise the exchanges, and then break them up. Why, sir, said he, if the whole currency of the country had been specie, any measure opposing the force of Government to the laws of trade, the practical effect of which should be to require the actual transmission of specie against the rate of exchange, would so far double the exchanges upon a mathematical principle, by requiring two transits of specie instead of one. So true is the operation of this principle, that even an arbitrary requisition that the paper money alone of the Atlantic seaboard should be received for public lands, would have produced a heavy effect upon the exchanges, because in the exchanges it would have aided to the wrong side of the account.

But, sir, when we come to the actual operation in question; when we come not only to take money from a point where it is due, and send it to a point from which it is owing—to take it from the creditor and send it to the debtor, but perform this rough and anti-commercial operation by taking away the very basis upon which five-sixths of the currency rests, you produce effects that can never be arithmetically calculated, and of which no adequate conception can be formed, except by witnessing the actual effects almost immediately produced by the measure on the commercial seaboard, and those sections upon which the measure was intended to operate. An exact ratio would contract the whole currency in the money market, from which the specie is thus drawn, in the proportion in which paper is based on specie, thereby contracting six millions for every one thus abstracted, if the proportion be five paper dollars based on one of specie. But we all know that such measures do

not operate in an exact, but in a loose ratio, from the apprehension, the confusion, panic, and alarm which they create, and the commercial resources they cut off. This measure cut off, to a great extent, the resources of the Atlantic merchants in the enormous amount of debt due them from the West and Southwest, for it not only unnaturally sent their money from them, but prevented any coming to them. But determining to have some friends to the measure, it has been insisted that although it may have ruined the Atlantic merchants, and done injury to creditors, yet it was a great blessing to the people of the West. These people, however, it seems, are not so easily gulled by these forced blessings, for, after a full trial of it, their representatives, with great unanimity, voted last session to repeal it. The able speech of one of their representatives, (Mr. WALKER,) at the last session, explained to us the nature and operation of this blessing, and the Legislature of his State had, by a resolution, unanimously sustained him. He did not know how grateful his friend felt for these blessings forced upon him by the Executive, and which had contributed so largely to bankrupt his constituents; but for himself, Mr. K. said (to use a rustic phrase) he would not like to be *funnelled* even with champagne.

But what was its "happy effect" upon the West and Southwest, whilst it ruined the seaboard? Was the debtor aided whilst the creditor was oppressed? Not at all, sir. Whilst this specie was on the voyage of its exile, and after it reached the deposit banks, so far as the commercial and planting interests were concerned, it might as well have been buried in the middle of the earth, or carried back to the mines of Mexico. Did it aid the merchant in paying his northern and eastern debts? No: it immediately increased the cost to him of such payment, by increasing the rate of exchange, whilst, at the same time, it closed upon him all the usual resources of obtaining money. This increase in the rate of exchange increased the danger of a demand upon the banks by the merchants, whilst they had also to answer the demands of their bill-holders, who might want to purchase the public lands. What northern exchange they had was soon exhausted in reducing their circulation, whilst they could not prudently do any business that would place their own issues in the hands of the business part of the community. Against the business part of the community, *not* merchants and planters, they were suddenly and effectually closed. They could not pay out paper for fear specie would be demanded for it, for the reasons before named. They could not pay out specie or discount for merchants, because the high rate of exchange and difficulty of procuring it at any price would have started it back in twenty-four hours to the section from which it had been unnaturally exiled. They could not pay out specie to the planters, for they owed the merchants, and its destination would have been the same. If, then, they did any business at all, they must do it with the purchasers of public lands, in which they were secure of the return of the specie deposits. Accordingly, they favored this class of customers, in order to do any business at all, and the President himself, in his Message, refers to the circular operation by which they contracted many millions of debt upon a few millions of specie; and yet one popular catch to recommend this measure has been, that it was aimed at land speculators!

The measure, Mr. K. said, seemed to have been attended with unmitigated mischief. Even the sales of public lands had most probably been increased by it, before the suspension of specie payments. There was no other way of accounting for the heavy amount of those sales, after the mania for speculation had already begun to decline. Money became dear and difficult to procure, and all the public lands in market very much culled and selected. The deposit banks in the new States had been devoted almost exclusively to the use of speculators, as before stated, and, moreover, a great number were induced to go into the business after the adoption of the order, who otherwise would not have thought of it. Ours, he said, is an enterprising, speculative people; and whenever Government commits an error, or adopts an unusual measure, they

warmly applauded by his friend near him, (Mr. Strange.) We were told *that though expedient, we should not make this State bank a depository, "because it would be a triumph over the Government!"* What Government? The "Government" at the Hermitage, or the Government at the White House? These Governments were both, to be sure, inimical to the present State bank, because they did not like Mr. Biddle, its president, who was formerly president of the national institution. But what had the Government had to do with the present State institution? He had supposed, until lately, that the Government meant the legislative power, as established by the Constitution; and if the people, through their representatives, according to the forms of the Constitution, should deem it expedient to make any State institution a depository, it would be no objection with him that either the ex-President, or present Executive, *was supposed to be inimical to one of its officers.* I do not propose (said he) to make this institution a depository, and nobody has proposed or thought of proposing it, so far as I know. Why, then, this war-whoop against it? To show our devotion to the supposed Executive will? "A change, what a change," has been produced in the tone of American feeling by these violent encroachments and recent triumphs of the Executive over the Legislative authority, in relation to the finances! All eyes are turned to the Executive. The spirit of our fathers has fled. The blood of '76 has run out. Sir, there have been more gray hairs brought upon the head of our youthful and vigorous Republic in the last four years, than ought to have grown upon it in one entire century of quiet and peaceful administration, with the constitutional co-operation of the legislative departments.

My friends need not be astonished at the freedom with which I express these sentiments. They believe with me; they have acted with me. We have vainly stood up together against the will of the Executive. Our efforts have been impotent. We have been trampled under foot. The Executive has had his way, and we see the result. I only wish my friends to join me in taking a firm stand to teach the Executive that his friends are to be consulted in measures of such immense importance to the people as those by which our finances have been ruined. I have no idea of deserting them, sir; they need not apprehend that. I am only expressing freely sentiments I and they have entertained, and not very carefully concealed. I am a party man, sir. All I am as a politician I was made so by party. I have no sympathies with any other party except that with which I have always acted, and by which I have been honored. I respect my political opponents as my fellow-citizens, living under the same laws, subject to the same Government, and equally honest and patriotic with myself. But I differ with them in some of the essential and fundamental principles upon which our Government should be administered, and have nothing to ask, and nothing to expect from them.

I am a democrat, a real democrat. I do not make the profession *ad captandum*; I fear it is becoming rather unpopular; but my early habits and youthful associations made me so. In fact, the sentiment was planted in my heart by nature, cultivated by education, and approved by reason. I believe a democratic Republic to be the most philosophical government, and best calculated to develop the energies and sustain the dignity of man, so long as the people have sufficient intelligence to qualify them for self-government. I, therefore, abhor tyranny and irresponsible power in every possible form in which it can be presented; whether it be presented in the hypocritical garb of republican homespun, or unsifted over in the glittering trappings of royalty. I go for a strict construction of the Constitution, limited Executive patronage, and an economical administration of the Government; and you will never find me here, sir, with democracy and economy upon the lips, and tyranny and plunder in the heart. "I borrow no false liveries from heaven to serve the devil in."

Mr. K. after some further remarks, concluded this branch of the subject, by saying that he had full confidence that the President, when some present difficulties were removed, would administer

his department with wisdom and patriotism, and he hoped and expected to be able to give him his feeble support. But he just wished to tell him now, that if he intended "to tread in the footsteps of his predecessor" in trampling on the legislative authority, in the management of a subject of all others of the most importance to the people, he should feel it his duty to jostle him out of them. He never would consent, he said, to surrender the finances to the exclusive control of the Executive. If we did this, we should share the fate of every other nation who had submitted to Executive financiering: we should first become a nation of beggars, and then a nation of slaves.

Mr. K. said he had been led on to a length altogether unexpected to himself, and he feared tiresome to the Senate. Several other topics had been suggested by the remarks of other gentlemen, that he would like to touch, but he would dispense with them, and come to a conclusion, after a few words more upon the bill and amendment under consideration. As to the separation from the State banks as depositories, he conceived that a matter of no great consequence, if in the details we could provide safety to the money, and guard against too much patronage and expense. But the bill he thought imperfect and obscure on both these points. And when we had passed the bill, we should have but little idea of what we had done.

As to the amendment proposed, which restricted the receipts of the Government to gold and silver, he could never consent to think of it, without hearing from his constituents, so long as specie is not the common currency, used by the people in the business transactions of the country. They are never prepared with a currency not in common circulation, and would often and truly be reminded of the Roman quæstors, who were in the habit, among other acts of tyranny, of demanding *particular kinds of money* for the purposes of extortion. Here, 11,000 specie gatherers, demanding a currency not furnished the people by their own States, or by the ordinary circulation, will give them more trouble than all their other pecuniary transactions, and, being different to the demands made upon them for State taxes, will give to the Federal Government an alien character of tyranny and oppression. He could not conceive, he said, of a measure better calculated to give to the Government of the Union the appearance of a foreign Government, and alienate the affections of the people from it, than the measure proposed.

But, we are told that the Government only demands the constitutional currency, and therefore only asserts a right. This is true, sir; but is it the part of practical wisdom to exert all the power we have, and assert all the rights we claim? Every man has a right to demand specie at all times for every sale he makes, and for every debt due him. But suppose every body were to do it, whilst paper is the common currency, what would become of the country?

Suppose all the merchants of a single city were to suddenly demand specie for all dues from their customers for sales made, and to be made, they would only assert a right: and yet what would be the result? The effect would be such upon their debtors and dealers, that they would probably mob the merchants out of the city. You propose that the Government shall do that with the people which people dare not do with each other. Look at the conduct of the people towards the banks ever since they have stopped payment, and specie is at a large premium: do they assert their rights, though they have every inducement to do so? I will refer to my own State as a strong argument to dissipate theoretical beauties by practical consequences. There the banks are by law compelled to pay 18 per cent. on a refusal to pay specie. They are good and every bill-holder could get his principal and his 18 per cent. *in specie*, if he were to demand and insist on it. No man of capital could make so good an investment as to get a large sum in Augusta bank bills, make a demand, and hold them till the bank resumes specie payments. Yet nobody does this; and why? Because they are all friendly to banks? Not at all, sir. *It is because they are frightened at a view of the consequences, and yield their own to the interests of the community.*

They know that if specie is forced from the banks, the banks will have to force it from the merchants and the merchants from the planters and the great mass of consumers; and, before the matter wound up, its effects would be equal to the confiscation of one-third of the property of the country. The laborious and industrious classes constitute the debtor class, which are much the most numerous, and much the most needy. On this class the sacrifice would ultimately fall. The benefits would be confined to a few creditors, capitalists, and money-lenders. And the measure you propose (said Mr. K.) will operate precisely in the manner I have described, though perhaps not to the same extent. It will do to talk about and speak about here, and some people may think well of it, whilst they think it is only going to put the merchants to a little trouble; but when they find, from experience, that the merchants are *only their factors*, and the operation falls on them, they will be prepared for a more practical view of the subject.

Mr. K. said he was, to be sure, opposed to the banking system, particularly its abuses. But the people had established it, become accustomed to it, and it now seemed necessary to their business and prosperity. He saw no reason or expediency in taking away the discretion of the Secretary of the Treasury to receive the notes of specie paying banks when they resume, disburse them for Government purposes at the points where collected, and call on the banks for balances, when necessary for transfers of the Government funds from the points where collected, to the points where needed.

Mr. K. here commented upon the estimates which the Senators from Missouri and North Carolina had put upon current bank bills, and the losses which the bill-holders had sustained by the suspension of specie payments. They seemed to estimate the actual value of a bank bill by the proportion which the specie in the vaults of the banks bore to the aggregate of circulation and deposits; as though the banks had no other means to pay their liabilities but specie. In this way the Senators make out the loss of the people by the banks to be immense. Could there be any advantage in propagating errors so palpable? As a practical question, so far from the bill-holders having lost, they had generally gained by the suspension. Mr. K. here discussed the nature and purposes of money. Money, said he, represents commodities. Its uses are to command them at pleasure, and circulate them with convenience. Whatever answers this purpose, answers the purposes of money. Its value depends on the quantity of commodities it will command, and this again depends on the relation which the quantity of money bears to the quantity of commodities.

The active circulating medium has been greatly reduced in quantity since the suspension, not only by withdrawing specie from circulation, which has become a commodity; but by a reduction of bank paper, and hence it is that *current bank paper is now much more valuable than gold and silver was before the suspension, whilst the whole currency, both paper and specie, was depreciated by its redundant quantity.* Are the passions and prejudices of men to be wrought upon when their senses may direct them? Do we not know as an admitted fact, that current bank bills are more valuable now than before the suspension? Let me ask one of these suffering bill-holders what he wishes to do with his money which he held at the time of the suspension? Does he owe a debt? If so, his creditor will be glad to receive it, and expects nothing else. Does he wish to buy provisions for his family? If so, he gets them cheaper than he could before the suspension of specie payments. Does he wish to buy real estate or stocks? If so, he can get them from 30 to 50 per cent. cheaper than he could before the suspension of specie payments. In short, there is no purpose for which money is used, for which bills are not now more valuable to the holder than before the suspension, whilst the whole currency was depreciated by its quantity, except for the payment of a foreign debt. Those, then, who clamor most about their losses have lost nothing, but generally gained. The merchants sustain the whole loss that is sustained, for they receive it from their debtors at par,



and bankers to engage in. John Bull will probably lose twenty-five or thirty millions by it!

But, (continued Mr. K.) we are told of frequent convulsions before. Unfortunate references, Mr. K. thought, for those who made them. What were they when compared to the present? That of 1819 arose from too hasty an effort to restore the confusion into which the finances had fallen under the State banks; that of 1825 was known to have been brought upon us by England; and was short in duration and comparatively trifling in consequence; and what was that of 1832, that is so much harped upon now? Why, but for the diligence of gentlemen in looking up evidences of these *great revulsions*, they would not have been known or recollected out of the seaports, and hardly there. He recollected some short paragraphs in 1832, alluding rather timidly to the "rattling of specie in Wall street;" this continued a few days; about five millions were shipped; the Bank of the United States drew bills for about an equal amount; the foreign creditor was satisfied, and the panic ended. We had then no Executive financing, no specie circulars; *trade was left in the hands of its lawful guardians; specie went off when the rate of exchange required it; and by the prompt payment of five millions, the Bank of the United States got the nation a credit for the balance, which was paid by the crop and a diminished import.*

Yet such had been the nature of the warfare against the bank whilst in life, and now against its ghost, that his friend from Connecticut, in the next breath after having praised the circular, made a furious attack upon the bank, for *interfering with the laws of trade in 1832, and preventing the export of specie to the whole amount of the foreign debt.* How this argument was to be reconciled with the specie circular and the whole "policy" and arguments by which it has been lauded and justified, Mr. K. would leave to the Senator and the friends of that measure to settle among themselves. This charge against the bank, he thought, carried the true doctrine to the opposite extreme. A demand for a cash balance always admonishes the nation that it has over-traded; and unless it has the whole amount to spare, it is frequently an advantage to pay a part, and have time to adjust the balance. He thought then the bank had done well in 1832 to pay what was required in specie, and get the nation credit for the balance until the crop of exports could be sold. It was frequently of advantage to an individual, he said, when he had become unexpectedly indebted, to pay what ready money he had, and get credit for the balance until the sale of his crop; and one advantage of a national institution was, that its credit always enabled it in such circumstance to *get indulgence for the nation*, as a friend was sometimes useful in getting credit for an individual. Sir, said he, the fate of this institution was most extraordinary. If Mr. Biddle expanded, he was bribing the country: if he contracted, he was ruining the country: if he imported specie, he was speculating upon the country: if he exported specie, he was conspiring against the country: if he stood up, he was impudent: if he sat down he was suspicious: if he lay down, he was useless: and whenever he made a move, whether he crossed above or below the Executive, he equally muddled the waters.

He thought the Senator from Connecticut had made another mistake in stating that the expansion of the bank occasioned the speculative rise in prices, and our importations of 1831. The over-importation *preceded* the expansion, and the expansion was avowedly intended to circulate the increase of commodities occasioned by the over-importation. The speculative rise, and over-importation of 1831, were owing to a cause as natural as the ebb and flow of the tides, and almost as periodical. They arose from the preceding low prices, which had stimulated consumption, and exhausted the stocks in 1830. These fluctuations are always going on in every nation to some extent, and arise from the impossibility of keeping up, in the extended business of a nation, an exact relation between supply and demand.

Mr. K. said the United States Bank, though no longer in existence, had been the theme of every gentleman who had addressed the Senate. He

should say no more of it than was necessary to justify and defend himself, and the numerous friends of the Administration who had believed in the utility of that institution. His defence was fully justified, for, *although that institution was established by the democratic party*, every friend of it is placed, in sweeping denunciations, among aristocrats, rogues, and conspirators; ranked with the "Biddles and the Barings, and the banks," and set upon in full cry by dunces and demagogues, anxious only to turn attention from their own mischievous blunders and errors.

When he came to maturity, he said he found the Bank of the United States in successful and happy operation. He learned its history, and found that it was established by the party to which he had always been attached, with the immortal Madison at their head; who, after fatal experience, had changed his opinion on the subject. This paternity recommended it, but reflection as well as experience convinced him of its great utility as a financial agent to the Government, as an aid to internal and external commerce, and a wholesome regulator of an otherwise unregulated paper system. As an *original question*, he was and ever had been opposed to the whole paper system, but the system certainly had many advantages in a free country, and, moreover, was fixed upon us, and no one generation either could or would bear the sacrifices it would cost to get rid of it. And (added he) the progress we should make in getting rid of the system and its abuses, by putting down the Bank of the United States, was predicted by me in the Senate in 1834. Sir, the great Temperance President, or temperance reformer, Mr. Delavan, who sends us so many temperance papers, might just as well have undertaken to encourage the cause of temperance in which he is engaged, by breaking up one respectable grocery in Chesnut street, that he might raise up 500 grog shops in the Liberties, the villages, and the western wilderness. He thought it the part of wisdom not to waste itself on impracticable extremes, but to secure the blessings of the system, and avoid as many of its evils as possible. This he thought was best effected by a national bank, with the aid of the Treasury. The vast extent of our country gave full time to such an institution to lop off redundancies and fill up deficiencies on notice of an irregularity in the currency in any particular sections before the effect became general. It was clearly the interest of such an institution to perform these duties faithfully. Its own successful operation in a great measure depended on it; which was the best guaranty to the public that they would be so performed. He also believed that the money of the nation could be entrusted to no agency so little dangerous to liberty, or so unlikely to use it for political purposes. Experience proved the truth of this opinion. We had again the best of all security—that is, the *security of interest. To engage in politics, or unite itself with a political party, is death to the institution.* What evidence had been shown, or could be shown, that the bank ever hinted an interference with politics, until it supposed the Executive to make an overture for that purpose? In 1829 the Executive commenced a correspondence with the bank to procure a change in the President of the New Hampshire branch. He did not say that any thing improper was intended by the Executive, but it was the first interference of the kind, and the bank supposed it to be an attempt to enlist it in politics, and unite the power of the bank with the power of the Government. It declined on the ground that the bank never had, and could not now, think of interfering in the politics of the country. The rest is known. The Message followed with a charge of what nobody had ever heard of before, and recommending a Treasury bank, uniting the power and patronage of a bank to that of the Government. From that time forth the Executive continued to struggle for the money power until it took possession of it in 1833, by the removal of the depositories. I only mention these facts, sir, to prove the great reluctance with which such an institution will always engage in politics. Its interest requires the custom and friendship of both political parties, and it can not prosper against a war by either. The money power of the Treasury is great, let it be

lodged where it will; but, for the reasons stated, believe it is less in a national bank, *connected to and dependent on the business of the country, than any other.* There was no danger of the political influence of a bank, if the Executive would be alone. Some admitted that the bank had been properly attacked, but that, being attacked, it had over-issued and otherwise mismanaged in its struggles for a recharter. This might be true to some extent, but, if so, it is more an objection to the recharter than the institution, and might be prevented by a simple provision in the charter, which the charter ought to have contained.

Sir, these are the opinions I have always entertained, and were the opinions of my then colleagues when I came into the Senate. They were known to our constituents. But as this was a matter of expediency, on which they had a right to judge, they expected to be, and shall be, represented; and their wishes, when I last heard from them, were against a national bank. In fact, although I believe it unfortunate that the old bank was destroyed, the question of establishing a new one, at this time is a very different question. Under our anti-bank administration, the bank capital has been much more than doubled in a few years. Is it expedient to add to it? If so, the practicability of controlling it by a national bank of permissible size, and the manner of doing it, are important questions. The present rate of exchange, too, would render it difficult to procure specie for the institution, and to create a demand for it, that would, for the present, add to the distress. There were some other reasons that had been referred to, but which he would not, at this time, notice.

But, we are gravely told, sir, that the "Bank of the United States, with its still greater strength has not been able to prevent the present state of affairs; that it 'has not been able to check other institutions, or save itself.'" This reference to the bank would have done very well for a pauper newspaper; but I must confess I was somewhat astonished to find it in a Message of the President of the United States. Can it be supposed that the most ignorant can be deceived by this catch at mere name? Whoever thought of holding the Bank of the United States responsible for the currency, or as a financial regulator, after the withdrawal of its branches, or even after the removal of the depositories? What obligation was it under to the public, after the public had taken away its depositories and dispensed with its services? Was it under any very strong obligation, if it had the power, to aid the Executive in an experiment made at its expense, and intended for its destruction? I should think not; and to hold a *State bank* responsible, because it is called "the Bank of the United States," is absolutely ridiculous. It has fallen in line with the multitude of State banks created under the late administration. It has supported the "policy" by importing specie on credit, that might hatch more paper upon it. It has gloried in the confusion of the exchanges, by which it has made millions. In short, like the rest of the State banks, it has gone for making money; it has joined its fortunes with the State banks; it has borrowed specie like the State banks; has expanded with the State banks; has shaved with the State banks; has failed with the State banks, and is a State bank and yet it is held responsible to the country as a national bank. Sir, it is no more a United States Bank, and not so much, as the little Burlington bank, which produced such a happy effect with modicum of the spoils sent to it, and pressingly set forth for more to operate on the elections, "in anticipation of the wool clip." *There is a United States Bank for ye, established by the Executive to prevent public money from being employed to operate on the politics of the country!*

Why, then, these valiant charges upon a ghost this war upon a sign; these tilts upon a tombstone? They are about as useful, and about as rational, as the charges of the redoubtable Don Quixotte upon the windmills.

In connection with these perpetual efforts to frighten us with ghosts and "things that are not," Mr. K. said he had never had his democratic feelings so shocked as they had been by a sentiment of the Senator from South Carolina, (Mr. Calhoun

warmly applauded by his friend near him, (Mr. Strange.) We were told that *though expedient*, we should not make this State bank a depository; "because it would be a triumph over the Government!" What Government? The "Government" at the Hermitage, or the Government at the White House? These Governments were both, to be sure, inimical to the present State bank, because they did not like Mr. Biddle, its president, who was formerly president of the national institution. But what had the Government had to do with the present State institution? He had supposed, until lately, that the Government meant the legislative power, as established by the Constitution; and if the people, through their representatives, according to the forms of the Constitution, should deem it expedient to make any State institution a depository, it would be no objection with him that either the ex-President, or present Executive, *was supposed to be inimical to one of its officers*. I do not propose (said he) to make this institution a depository, and nobody has proposed or thought of proposing it, so far as I know. Why, then, this war-whoop against it? To show our devotion to the supposed Executive will? "A change, what a change," has been produced in the tone of American feeling by these violent encroachments and recent triumphs of the Executive over the Legislative authority, in relation to the finances! All eyes are turned to the Executive. The spirit of our fathers has fled. The blood of '76 has run out. Sir, there have been more gray hairs brought upon the head of our youthful and vigorous Republic in the last four years, than ought to have grown upon it in one entire century of quiet and peaceful administration, with the constitutional co-operation of the legislative departments.

My friends need not be astonished at the freedom with which I express these sentiments. They believe with me; they have acted with me. We have vainly stood up together against the will of the Executive. Our efforts have been impotent. We have been trampled under foot. The Executive has had his way, and we see the result. I only wish my friends to join me in taking a firm stand to teach the Executive that his friends are to be consulted in measures of such immense importance to the people as those by which our finances have been ruined. I have no idea of deserting them, sir; they need not apprehend that. I am only expressing freely sentiments I and they have entertained, and not very carefully concealed. I am a party man, sir. All I am as a politician I was made so by party. I have no sympathies with any other party except that with which I have always acted, and by which I have been honored. I respect my political opponents as my fellow-citizens, living under the same laws, subject to the same Government; and equally honest and patriotic with myself. But I differ with them in some of the essential and fundamental principles upon which our Government should be administered, and have nothing to ask, and nothing to expect from them.

I am a democrat, a real democrat. I do not make the profession *ad captandum*; I fear it is becoming rather unpopular; but my early habits and youthful associations made me so. In fact, the sentiment was planted in my heart by nature, cultivated by education, and approved by reason. I believe a democratic Republic to be the most philosophical government, and best calculated to develop the energies and sustain the dignity of man, so long as the people have sufficient intelligence to qualify them for self-government. I, therefore, abhor tyranny and irresponsible power in every possible form in which it can be presented; whether it be presented in the hypocritical garb of republican homespun, or tinselled over in the glittering trappings of royalty. I go for a strict construction of the Constitution, limited Executive patronage, and an economical administration of the Government; and you will never find me here, sir, with democracy and economy upon the lips, and tyranny and plunder in the heart. "I borrow no false liveries from heaven to serve the devil in."

Mr. K. after some further remarks, concluded this branch of the subject, by saying that he had full confidence that the President, when some present difficulties were removed, would administer

his department with wisdom and patriotism, and he hoped and expected to be able to give him his feeble support. But he just wished to tell him now, that if he intended "to tread in the footsteps of his predecessor" in trampling on the legislative authority, in the management of a subject of all others of the most importance to the people, he should feel it his duty to jostle him out of them. He never would consent, he said, to surrender the finances to the exclusive control of the Executive. If we did this, we should share the fate of every other nation who had submitted to Executive financiering: we should first become a nation of beggars, and then a nation of slaves.

Mr. K. said he had been led on to a length altogether unexpected to himself, and he feared tiresome to the Senate. Several other topics had been suggested by the remarks of other gentlemen, that he would like to touch, but he would dispense with them, and come to a conclusion, after a few words more upon the bill and amendment under consideration. As to the separation from the State banks as depositories, he conceived that a matter of no great consequence, if in the details we could provide safety to the money, and guard against too much patronage and expense. But the bill he thought imperfect and obscure on both these points. And when we had passed the bill, we should have but little idea of what we had done.

As to the amendment proposed, which restricted the receipts of the Government to gold and silver, he could never consent to think of it, without hearing from his constituents, so long as specie is not the common currency, used by the people in the business transactions of the country. They are never prepared with a currency not in common circulation, and would often and truly be reminded of the Roman quæstors, who were in the habit, among other acts of tyranny, of demanding particular kinds of money for the purposes of extortion. Here, 11,000 specie gatherers, demanding a currency not furnished the people by their own States, or by the ordinary circulation, will give them more trouble than all their other pecuniary transactions, and, being different to the demands made upon them for State taxes, will give to the Federal Government an alien character of tyranny and oppression. He could not conceive, he said, of a measure better calculated to give to the Government of the Union the appearance of a foreign Government, and alienate the affections of the people from it, than the measure proposed.

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Suppose all the merchants of a single city were to suddenly demand specie for all dues from their customers for sales made, and to be made, they would only assert a right: and yet what would be the result? The effect would be such upon their debtors and dealers, that they would probably mob the merchants out of the city. You propose that the Government shall do that with the people which people dare not do with each other. Look at the conduct of the people towards the banks ever since they have stopped payment, and specie is at a large premium: do they assert their rights, though they have every inducement to do so? I will refer to my own State as a strong argument to dissipate theoretical beauties by practical consequences. There the banks are by law compelled to pay 18 per cent. on a refusal to pay specie. They are good and every bill-holder could get his principal and his 18 per cent. *in specie*, if he were to demand and insist on it. No man of capital could make so good an investment as to get a large sum in Augusta bank bills, make a demand, and hold them till the bank resumes specie payments. Yet nobody does this; and why? Because they are all friendly to banks? Not at all, sir. It is because they are frightened at a view of the consequences, and yield their own to the interests of the community.

They know that if specie is forced from the banks, the banks will have to force it from the merchants and the merchants from the planters and the great mass of consumers; and, before the matter wound up, its effects would be equal to the confiscation of one-third of the property of the country. The laborious and industrious classes constitute the debtor class, which are much the most numerous, and much the most needy. On this class the sacrifice would ultimately fall. The benefits would be confined to a few creditors, capitalists, and money-lenders. And the measure you propose (said Mr. K.) will operate precisely in the manner I have described, though perhaps not to the same extent. It will do to talk about and speak about here, and some people may think well of it, whilst they think it is only going to put the merchants to a little trouble; but when they find, from experience, that the merchants are *only their factors*, and the operation falls on them, they will be prepared for a more practical view of the subject.

Mr. K. said he was, to be sure, opposed to the banking system, particularly its abuses. But the people had established it, become accustomed to it, and it now seemed necessary to their business and prosperity. He saw no reason or expediency in taking away the discretion of the Secretary of the Treasury to receive the notes of specie-paying banks when they resume, disburse them for Government purposes at the points where collected; and call on the banks for balances, when necessary for transfers of the Government funds from the points where collected, to the points where needed.

Mr. K. here commented upon the estimates which the Senators from Missouri and North Carolina had put upon current bank bills, and the losses which the bill-holders had sustained by the suspension of specie payments. They seemed to estimate the actual value of a bank bill by the proportion which the specie in the vaults of the banks bore to the aggregate of circulation and deposits; as though the banks had no other means to pay their liabilities but specie. In this way the Senators make out the loss of the people by the banks to be immense. Could there be any advantage in propagating errors so palpable? As a practical question, so far from the bill-holders having lost, they had generally gained by the suspension. Mr. K. here discussed the nature and purposes of money. Money, said he, represents commodities. Its uses are to command them at pleasure, and circulate them with convenience. Whatever answers this purpose, answers the purposes of money. Its value depends on the quantity of commodities it will command, and this again depends on the relation which the quantity of money bears to the quantity of commodities.

The active circulating medium has been greatly reduced in quantity since the suspension, not only by withdrawing specie from circulation, which has become a commodity; but by a reduction of bank paper, and hence it is that *current bank paper is now much more valuable than gold and silver was before the suspension, whilst the whole currency, both paper and specie, was depreciated by its redundant quantity*. Are the passions and prejudices of men to be wrought upon when their senses may direct them? Do we not know as an admitted fact, that current bank bills are more valuable now than before the suspension? Let me ask one of these suffering bill-holders what he wishes to do with his money which he held at the time of the suspension? Does he owe a debt? If so, his creditor will be glad to receive it, and expects nothing else. Does he wish to buy provisions for his family? If so, he gets them cheaper than he could before the suspension of specie payments. Does he wish to buy real estate or stocks? If so, he can get them from 30 to 50 per cent. cheaper than he could before the suspension of specie payments. In short, there is no purpose for which money is used, for which bills are not now more valuable to the holder than before the suspension, whilst the whole currency was depreciated by its quantity, except for the payment of a foreign debt. Those, then, who clamor most about their losses have lost nothing, but generally gained. The merchants sustain the whole loss that is sustained, for they receive it from their debtors at par,

and have to pay a premium for specie to pay their foreign creditors.

Strictly and logically speaking, Mr. K. said paper was *now* depreciated, when compared *now* with silver, by the amount of premium on specie, because we had no other legal standard to go by. All he meant to say was, that paper was more valuable *now* than specie was *before* the suspension, and, therefore, the holder had lost nothing. So glaring was the fallacy of estimating the loss of the community by the difference between the amount of specie in their vaults and the liabilities of the banks, that the community owed the banks more than the banks owed the community. *Each has a right to claim specie*; and, with a little time for adjustment, the banks could settle every dollar against them without a dollar in specie. He did not wish to be understood as advocating or even apologizing for an irredeemable bank paper; it was too precarious, and subject to fluctuation. But, as practical legislators, we should view things as they are, and he could see no expediency in endeavoring to impose such fallacies on an already excited community.

Mr. K. concluded by saying that he had no wish to postpone discussion, and, therefore, was indifferent as to the present fate of his motion. But as he did not like either project, as presented, and wished time to digest a *better*, he could not consistently make any other motion, and, therefore, moved the postponement of the whole subject to the first Monday in December next.

## REMARKS OF MR. NILES, OF CONNECTICUT,

In Senate, September 23, 1837.—In reply to Mr. KING of Georgia, on the bill "imposing additional duties, as depositories in certain cases, on public officers."

Mr. NILES said, he rose only to notice one or two observations of the Senator from Georgia, which related to some remarks of his a few days since. It was far from his purpose to enter the lists against his honorable friend from Georgia. Of all the men with whom he had ever been acquainted, that gentleman was the last with whom he should ever volunteer to engage in a contest. Sir, in the extraordinary and very able speech we have just heard, we have a specimen of the mode of warfare of the Senator. He prepares himself for a contest in a peculiar manner, and arms himself with unusual and extraordinary weapons; weapons with which most of us are wholly unacquainted, and still less acquainted with their use; bowie knives and other weapons, hostile, bloody, deadly. The gentleman has also a mode peculiar to himself in using his weapons: he wields his bowie knife both to cut and to thrust; and he strikes indiscriminately at all that stands in his way, whether friends or foes; the only difference being that he is careful when he aims at a friend to strike a heavier blow, and inflict a deeper wound. The Senator says he is friendly to the President, and Mr. N. knew him too well to doubt it for a moment; but he had a very odd way of showing it. The gentleman entertains peculiar notions about his duty to his friends, and seems to have a very strange way of backing them: he appears to consider it as his principal duty to chasten them. Perhaps he thinks they deserve it.

Mr. N. said there was another reason why he would avoid a contest with the Senator. He has a sort of magical power over facts. In his hands facts are very much like the man of mortar to which he has alluded, and called on the Senator from Missouri to breathe into it the breath of life: he moulds and fashions facts to his own liking. His naked assertions, not only unsupported, but directly opposed to known truths, were made with such force and gravity, and such strong apparent conviction of their truth, that they would almost be assented to, when known to be without the least foundation. Such was the Senator's power over facts, that he experienced none of the difficulties which others did, because he could make his facts to suit his arguments, as he had occasion for them. It is as much as most of us can do to supply argu-

ments, especially such as are worth using; but his friend from Georgia, with his fertile mind, could supply facts with the same facility as arguments. Mr. N. said he would not, therefore, think of contending with so formidable and dangerous an antagonist, but would only venture to examine some of the gentleman's facts on those points that related to himself.

The Senator thinks that the statement made by him (Mr. N.) that the Bank of the United States had stimulated the excessive importations in 1831, was incorrect, and says that the expansion of the bank did not commence until after that period. But the Senator is mistaken; he has not, in this instance, moulded his facts to suit his argument. The bank did stimulate the excessive importations of 1831. It began its rapid expansions in November, 1830, and by the month of May, 1832, had enlarged its discounts twenty-eight millions of dollars. This was a pretty rapid expansion, and calculated to give a dangerous enlargement to the bounds of trade. But, Mr. N. said that he not only charged the bank with stimulating the excess of importations in 1831, but of having interfered in violation of the laws of trade, and prevented a correction of the evil. The exchanges having become unfavorable in the latter part of 1831, in consequence of the large importations, the bank was fast being drained of its specie. It had parted with five millions, and, to save what it had left, it issued seven millions in drafts on Europe, for the purposes of remittance. This operation saved its specie, and renewed the stimulus to excessive importations. Had not the bank interfered, and arrested the laws of trade, exchange would have continued to rise, more specie would have been drawn from the banks, (which would have forced them to curtail discounts,) foreign goods would have fallen, and all the consequences followed which would have reduced the importations the next year. But the interference of the bank, by interposing its credit, prevented this.

The Senator asserts that the principal cause of our difficulties is owing to the irregular and improper commercial and financial transactions with England for several years, and the measures which such transactions forced that country to adopt. The general proposition was one of great importance, and he (Mr. N.) thought it was substantially correct. But the error of the gentleman was, that, from his great zeal to back his friends, he had attributed the commercial and financial transactions of this country with England to the measures of the administration, which had, in reality, little more influence upon them than facts appear to have had on the gentleman's speech.

Our foreign commerce had been of an extraordinary character since 1831, and particularly the last three years. Our importations for the last three years have exceeded our exports to the amount of nearly one hundred and twenty millions; and, during the same period, when we have had this great excess of importations, there has been specie imported beyond what has been exported to the amount of about thirty-two millions. This was in direct violation of all the ordinary laws of trade. That a large excess of importations should continue for six years in succession, was, he believed, unprecedented in this country, or perhaps any other. But it was still more extraordinary that, during this period, there should be a large importation of specie. This seemed to be a double violation of the laws of trade; it was a violation of the ordinary laws of commerce, that an excess of importations should continue for so many years; and it was another violation that, during such excessive importations of goods, there should be a large importation of specie. An unfavorable balance of trade ordinarily leads to the exportation of specie, and the reduction of imports in the following years—a portion of the exports being required to liquidate former balances. An unfavorable balance of trade usually produces an unfavorable state of exchange, which has not generally been the case during this period. Mr. N. said he recollected very well that this peculiar state of our foreign trade was the subject of much remark here at the first session of the last Congress, and particularly by a distinguished gentleman, who seems to consider himself as the or-

gan of the commercial interest. That Senator had much to say about the extraordinary state of our monetary affairs; money being scarce—a severe pressure coming upon the country, and interest rising in New York to two or three per cent. per month, whilst exchange on England was favorable. So extraordinary a state of things, it seems to have been supposed, must have originated from the measures of the Government, although it was not easy then to tell what measures, as it was before the Treasury circular.

The distinguished Senator from Massachusetts, so learned and skilled in subjects of commerce and finance, could not understand this inexplicable state of things. But the mystery is revealed; the mist which hung over the subject is dissipated, and the whole truth has come to light. This unnatural state of things has been brought about by the agency of credit in our foreign trade, and by loans and the sale of stocks in England, not connected with trade. The large excess of importations has been continued, and the exchange kept favorable by the bankers on both sides of the Atlantic, who loaned their credit to our importing merchants. As long as American merchants could import goods on credit, obtained abroad, the exchange would remain favorable; and even the credit of the United States Bank, in the form of drafts or bonds, payable in Europe, produced the same result.

The great American houses in England, the Wildes, Wilson, and Wiggins—the three W's, as they have sometimes been called—which have since all exploded, in co-operation with the United States Bank, have been the principal cause of the excess of our foreign importations. The sale of American stocks, and the negotiation of loans by the same bankers, have increased the difficulties, and swelled our debt in England, as the Senator from Georgia says, to one hundred and ten millions of dollars. American credit was drawing off the capital of England to this country, which was draining the Bank of England of its specie. The Bank of England had to contend against American credit, which was a contest it could not stand. Its only resource was to attempt to destroy that credit, and the only way to do that was to destroy the credit of the houses through which American credit found its way to the British market. This led to those measures on the part of the Bank of England to which the Senator alluded, intended to discredit the American houses, and strike down at a blow the price of the great American staple. These measures on the part of the Bank of England, occurring at a time when there was a pressure from other causes, brought on the great crisis in this country.

The gentleman from Georgia says these results have been occasioned by the Treasury circular, and other measures of the Government; he says the Government has encouraged the importation of specie; that it has induced the deposit banks to import specie. Mr. N. knew of no such act of the Government. These transactions, both commercial and financial, were of a private character, occasioned by the enterprise of this country, and stimulated by the abuse of bank credit on both sides of the water.

Mr. N. said he repeated his charge made the other day against the Bank of the United States, that it had been the principal agent which had deranged our foreign commerce, and brought the country into its present difficulties. Previous to the interference of that bank in our foreign trade, it was stable; now it was deranged. It had been constantly interfering since 1831; and Mr. Biddle boasts of having on one occasion, he believed in 1832, saved the whole commercial community from a terrible explosion, by hurrying across the Jerseys between two days—not as Washington did, pursued by the British army—to New York, where, by the use of the credit of the bank, he saved the country. Surely, our trade must rest on a sound foundation indeed, when it is indebted to a night's journey of one individual for escaping ruin!

The Senator from Georgia thought he (Mr. N.) had changed his sentiments regarding the specie circular; but he had changed them only, so far as circumstances had changed. He voted for superseding it last session, believing the exigency had



gone past, and still thought he was then right; but from circumstances which have since occurred, he believed the order had had a salutary influence. It has not only kept specie in the country, and saved the western banks, but it had secured one or two millions for the uses of the Treasury, which had been an essential aid to it, in the crisis it had gone through. The Secretary foresaw the coming storm, and some weeks before the explosion took place, sent circulars to the deposit banks in the West, requiring them to keep their specie for the use of the Treasury; and a large sum has been conveyed across the mountains for that purpose.

The Senator says Mr. N. approves of the Treasury circular, for its operation in preventing the exportation of specie, and condemns the Bank of the United States for measures which prevented the exportation of specie. In reply to this, Mr. N. said, that as a general or permanent rule, he was opposed to all interference, whether by Government or by banks, with the course of trade, and was opposed to all measures intended either to encourage the importation of specie, or to discourage its exportation. But there were exceptions to general principles; and at a peculiar crisis, when the credit and paper system of two great commercial nations had been greatly and unduly extended, and both were apprehensive of an explosion, and the question was, which should explode, the sudden abstraction of specie, which sustained the floating mass of paper, might be attended with the most serious consequences. It was only in this view of the subject, that he regarded the Treasury circular, as having had a favorable influence in preventing the exportation of specie.

Mr. N. said he would allude only to one topic more. The Senator said that Mr. N. and the Senator from North Carolina (Mr. Strange) had approved and endorsed the reasons assigned by the President in his Message for the revulsion which had overtaken the country. Mr. N. said he had in his speech barely alluded to that subject, without going into an examination of its merits. He, however, did approve, then and now, of the brief but very clear and satisfactory exposition of the causes of existing embarrassments contained in the Message. He would readily endorse that portion of the Message, notwithstanding the strong condemnation of the Senator. The gentleman having read this portion of the Message, remarked that this might be all very well; that he knew of but one objection to it, and which was, that there was not one word of truth in the whole statement. This was certainly very strong language; but Mr. N. supposed it was only the gentleman's peculiar mode of backing his friends.

Sir, what is this statement, which is thus summarily despatched by the gentleman's hostile weapons? Is there any thing new or extraordinary in it? Does the President pretend to have made any wonderful discovery, or to have looked deeper into the causes of our difficulties, than other intelligent individuals? The general cause which he assigns is the natural, the ordinary cause of commercial revulsions; he might almost say that, with the exception of some extraordinary causes, such as "war, pestilence, and famine," it was the only cause of such embarrassments. The general cause assigned was over-trading, over-action in every department of industry, and an undue extension and abuse of credit. These causes are said to be induced by a great expansion of the paper medium. Is not the statement, so far, correct? Has there not been over-trading, speculation, and gambling, of every kind, in the foreign trade and the domestic trade, in wild lands and city lots, in stocks, in every thing? Are not these facts universally admitted? Are they denied by any one—by the Senator himself? He (Mr. N.) did not understand that they were. And has there not been an excessive and alarming expansion of the paper medium? This is equally notorious, and cannot surely be controverted by the Senator; for he has himself stated that the currency had, within a few years, increased 200 per cent. In this important fact the Message is impregnable. Well, what is there, then, in this exposition of the President, which should call forth such a bold and daring assault? What is there in the statement which should have provoked

such a desperate thrust of the gentleman's deadly weapons? Why, sir, the President says that this revulsion has not been confined to the United States; that it has prevailed in England, and, to some extent, in all the commercial countries in Europe; and from this he infers that the causes have been similar; that the spirit of over-trading has been rife in England as well as in the United States, and induced there, also, by an expansion of the currency. In all this, we are told, the Message is entirely at fault. There is not one particle of truth here, says the Senator. There has been no expansion of currency in England, no over-trading, no speculation, no distress or commercial embarrassments; no failures; every thing has gone on quietly and smoothly. There has been no Treasury circulars there; no distress for money; John Bull has been at his ease, whilst Jonathan has been in trouble; Englishmen, under a more wise and beneficent Government, have been prosperous and contented, whilst the poor Yankees have had to suffer.

Such is the picture which the Senator drew of the condition of the two countries. He would not say that it was a fancy sketch; it was only an instance of the Senator's command over facts; but he would say that he did not think there was ever but one similar picture drawn before, and that was the Senator's own description of that hardy and meritorious class of settlers, the *squatters*, who were transformed from an honest race of pioneers, into a predatory banditti, who stole their lands from the United States, and their provisions from the Indians.

But is it really so, that there has been no failures, no distress in England? He (Mr. N.) had really supposed there had been. He had read some of their periodicals, from penny papers to stately quarterlies, and of different politics, whig and tory, radical and conservative; and all, he had supposed, admitted the existence of serious embarrassments and distress, whilst they attributed them to very different cases. But the Senator says that there has been no expansion of the paper currency in England, or no to exceed one and a half per cent. whilst in this country it has expanded two hundred per cent. This last statement was another instance of the Senator's power over facts. He knew not where the gentleman got his information, or on what data the statement was based. By the report of the Secretary of the Treasury, it appears that in 1834 there was about eighty millions of paper currency; and in his report last December, he states the paper currency at one hundred and twenty millions, which would be an increase of a little over forty per cent. This was a small inaccuracy, although, perhaps, hardly worth printing.

As respects the expansion in England, the gentleman had read statements from which it appeared there had been little or none, if they rested on good authority. He had heard the statements with great surprise, as he had supposed the fact was otherwise. In all the English publications he had seen, the expansion seemed to be admitted and universally regarded as the cause of the commercial difficulties; and the only dispute appeared to be where the blame belonged—one party charging it to the Bank of England, the other to the joint-stock banks. One thing was certain, and that appeared from the statement read by the Senator, there has been a great increase of the issues of the joint-stock banks, amounting to some three millions of pounds, or near fifteen millions of dollars. The currency of these banks is very frail, and very different from that of the Bank of England; and what may have been the disturbing effect of this large increase of a weaker paper medium, and corresponding diminution of a better currency, he was not financier enough to say.

But does the statement read by the Senator prove that there has been no increase of the paper circulation in England which has occasioned over-trading? Is there no other paper but the bills of the Bank of England, and the private banks, and the joint-stock banks? Is there not another description of paper, commonly called commercial paper, which would have perhaps the same tendency to stimulate over-trading? Are there not bills of exchange and acceptances issued by the great bankers, which form a sort of commercial currency? And

would not the expansion of this have a direct tendency to over-action in trade? What had caused the explosion of the three great American houses—the three W's which had had failed for two or three millions each? Had not these houses expanded their paper and credit to a most dangerous and ruinous extent?—for it had proved their ruin. The enormous extension of commercial credit by these houses, was the principal cause of our excessive importations, and the derangements of our foreign trade. Thus trade had been stimulated by credit, and carried on by credit, and this credit was principally in England. Sir, steam has been regarded as a powerful agent, and one of the greatest discoveries of modern times; but a much more powerful agent has of late been discovered, which is *credit*, factitious, artificial credit. The expansive power of credit is vastly beyond that of steam: it is almost as uncontrollable, and as boundless as thought. Yet even *CREDIT*, that most subtle of all agents, has its limits; and he thanked God it was so. If it had not, credit would destroy all property—all faith—all honesty, and would overwhelm society in one indiscriminate ruin. If there had been no excess of credit in the form of currency in England, there had been a rapid enlargement of commercial credit.

But the Senator says there has been no over-trading in England. What! no over-trading! How is this? There has been over-trading in the United States, and that in our foreign trade, to the amount of more than sixty millions, and this trade has been principally with England. Here are two great commercial nations, and, in the commerce between them, one has largely over-traded, and the other has not over-traded at all. It seems, according to the gentleman's logic, that the trading has been all on one side. We have imported to excess, but England has not exported to excess; we have bought sixty millions more goods than we ought, but they have not sold any more than to supply the usual demand. He had always supposed that, in the intercourse between two nations, if one party had traded to excess, the other had necessarily traded to excess also; if one had imported to excess, the other had exported to excess. Where the fault lay, which party was most to blame, or which had acted most rashly and imprudently, was another question. So far as respects their trade with America, which, he believed, comprised more than one-fifth of the whole commerce of England, it was certain that country had over-traded; and he believed in the India trade there had been a like excess, for the larger houses engaged in those two branches of trade appeared to suffer most. As to internal trade, all accounts he had seen agreed that a spirit of speculation and gambling in stocks, and every kind of property, real or imaginary, has been as rife in that country as in the United States. This part of the President's statement, Mr. N. thought, had a little more than one particle of truth in it.

But the Senator informs us that there has been no distress in England, and that on this point the Message is entirely mistaken. Well, how does he make this out? Why, he says that England is the creditor country, and America the debtor country; and, therefore, the commercial revulsions have not occasioned distress there; the debtors have been in distress, not the creditors. Is this correct? If debtors fail and can not pay, do not creditors lose their debts? and does not that occasion distress? In times of general commercial embarrassments and bankruptcies, it might be difficult to say which suffered most, debtors or creditors; he believed, however, that creditors, generally, had the worst of it. The Senator often illustrates his subject by throwing in an anecdote; and he (Mr. N.) would give him one applicable to this question. It was well known that that extraordinary man, Charles J. Fox, was very improvident, and usually involved over head and ears in debt. His father, Lord Holland, once remonstrated with him on the subject, and, after inquiring something into his private affairs, observed that he wondered how he could sleep of nights and owe so much money. *You ought rather, said Fox, to wonder how my creditors can sleep.* He believed that creditors, generally, had the worst of it, in times of pressure and

panic. But are not creditors and debtors united, not only in the same community, but usually in the same individuals? Show me a man who is a creditor to the amount of half a million, or any other large sum, and I will show you a man who is a debtor to a considerable part of the same amount. Let us test the Senator's argument in a case at home. The city of New York is a creditor community in relation to other parts of the Union. There is a very large balance due to it from the whole country, and particularly from the south-western States. It would, therefore, follow, if the argument was a sound one, that the late revulsion in trade would not have occasioned any distress in New York, because she is a creditor city. Her merchants have sold an immense amount of goods to the Senator's constituents and others, and by the knocking down of the price of the great staple of the South, they have been wholly unable to pay their debts in New York. But the loss of these debts will not affect the merchants of New York, as they are creditors, and creditors can not be distressed. But, from some cause or other, New York has been overwhelmed with bankruptcies and distress, in spite of the Senator's reasoning. Mr. N. said he had detained the Senate longer than he had intended, as he only rose to put himself right.

### REMARKS OF MR. STRANGE,

OF NORTH CAROLINA,

*In Senate, Sept. 23*—In reply to Mr. KING, of Georgia, on the bill "imposing additional duties, as depositories in certain cases, on public officers."

I would not do the Executive of this country the injustice to assume upon myself the office of its vindicator, while so many more able are at hand; but I choose to defend opinions entertained and even uttered by myself before they found a place in the President's Message. The Senator from Georgia has been pleased to impute common errors to the President, the Senator from Connecticut, and myself; and, so far as we are identified in the charge, the defence of one must *pro tanto* be the defence of all. He alleges that we have imputed the present difficulties in this country exclusively to foreign action, and then proceeds to show that, from the fact of our being a debtor nation, this can not be the case. Now this statement of our position, is not in the fairness which I expected from my friend from Georgia. Neither the President, nor any of those who have spoken on the same side of the question with myself, have pretended that the immediate cause of our difficulties was not to be found in the action of our own people. On the contrary, we have all expressly insisted that it was so. We have not attached blame to the bank or the people of England; but have argued that we, as individuals, and not as a Government, had put ourselves in the power of the Bank of England; and she, in the pursuit of her own real or supposed interests, had made us feel our situation. All arguments are in fairness to be considered in connection with the issue to be tried, and the issue in this case is, whether the present difficulties are imputable to the administration of the country. The negative of this proposition it was the object of this part of the Message and its advocates to maintain; and in the effort to do so, it would have been very foreign to our purpose to deny, that the people of the United States had been themselves the authors of their own misfortunes, or to seek to fasten exclusive blame upon those on the other side of the Atlantic.

It is said we have improperly assumed that there was any commercial distress beyond the limits of this country other than that created by our indebtedness to foreigners. I am far, very far from being convinced of error in this particular; on the contrary, the newspapers, according to my belief, have for the last few months been teeming with accounts of commercial difficulties on the other side of the Atlantic.

We are further charged with error in intimating that there had been any paper expansion in England, and statistics have been resorted to to fix

upon us this charge. Now I confess, not having anticipated this denial, I am not prepared either to admit or deny the correctness of the statistics of the Senator, or to produce others in answer to them. But taking the Senator's own statements, in connection with another known fact, so far from disproving, I think they fully substantiate our position. I doubt not there is some mistake or omission with regard to the issues of the joint stock companies in the statistics presented, which, if corrected or supplied, would show upon paper a vast actual increase of bank issues; but grant that it is not so, the Senator himself shows an actual increase of £400,000, or thereabouts. It is true in this the circulation of the Bank of England is reduced about £2,000,000, and this, it is said, can not be an expansion; but the gentleman overlooks the fact, that while the circulation of the Bank of England was about £20,000,000, her specie was nearly £11,000,000; while when it was reduced to about £18,900,000, her specie was reduced to only £4,600,000, making an excess, in proportion of her issues to her specie, of nearly £10,000,000. Now paper issues are redundant, or otherwise, in the proportion which they bear to the specie they represent. But this result in figures is met by a fact, from which it is inferred that the paper issues could not have expanded; and that is, that the value of money in England had rather advanced than depreciated; and here, sir, we detect the great liability we are under to fall into mistakes from too ready an assumption of fiscal maxims. In general, it is true that it may be safely affirmed that the currency is not expanded where money continues to advance in value; but there may be circumstances in which the reverse would be the case, and the circumstances of England at the time referred to are precisely such as would produce such a result. Allowing it to be true that the paper circulation of England had expanded only £400,000, yet we find that specie was withdrawn from the Bank of England, most of which probably came to this country, and of course left England, amounting to £6,300,000; so that the actual circulation of England was reduced about £6,000,000, and money would of course appreciate as the circulating medium would bear a so much less proportion to the property of the country; yet the paper credits of the country would be increased by the amount of whatever (be it bonds, notes, or stocks) was received in exchange for the specie transported to this country, and in proportion to the specie by the difference of the ratio of £20,000,000 to £10,000,000, and about £26,000,000 to £4,600,000; or throwing out of view altogether the amount received in bonds, notes, stocks, or other credits received in exchange for the expatriated specie, still there would be, as before stated, this difference in the state of the currency at the two periods, as far as the Bank of England alone is concerned. At the first her circulation was £20,000,000, or thereabouts, and her specie £10,900,000; and at the latter her circulation was £18,900,000, and her specie £4,600,000. So that even upon the Senator's own facts, in every point of view, our allegation is made good.

But I am still more surprised at hearing from a gentleman of the high financial attainments of the Senator from Georgia the position, that because as much property could be bought with a given amount of paper now as formerly, it was not depreciated; or because it will pay as much debt now as ever, that, therefore, it is not depreciated. The true question is, will it bring as much gold and silver now as ever? And as the answer must be in the negative, the depreciation of the paper is unquestionable.

In conclusion, we are told that we ought no longer to submit to being the mere registers of Executive fiat, and that the Executive should consult his friends, and not assume upon himself the dictation of important measures without such consultation. Sir, I have never looked upon this body as the mere register of Executive fiat; nor have I ever understood there was any impropriety in the President submitting to Congress his views of what was required for the public necessities; on the contrary, the Constitution expressly requires him to do so, and does not enjoin on him previous consultation with any one. Had the President on the present

occasion forbore to indicate, in his Message, such measures as he deemed it expedient, we should have heard the stale cry of "non-committal, non-committal," ringing from every quarter of this continent, and it would have been justly said he had shrunk from his duty; and now that he has frankly and faithfully performed it, we are tauntingly told of dictation and submission.

### REMARKS OF MR. CALHOUN, OF SOUTH CAROLINA,

*In Senate, September 23, 1837.*—On the motion of Mr. KING, of Georgia, to postpone the bill "imposing additional duties, as depositories in certain cases, on public officers."

Mr. CALHOUN rose, and said that he greatly regretted that the Senator had thought proper to make the motion to postpone the bill. Its effect, should the motion succeed, would be highly injurious to the country generally, and especially to the South. It was conceded that there was a vast amount of capital locked up, waiting the decision of Congress on this highly important subject; not less, probably, than from sixty to one hundred millions; which would flow into the business channels of the country as soon as the decision was made. This, he would remind the Senator, was the commencement of the business season for the great staples of the South. The cotton and rice would soon be prepared for market, and the tobacco would follow them. The entire machine of commerce, by which these great products were to be exchanged with the world, is deranged, he might say broke, and would not be reconstructed till it was ascertained what was to be done here. If the question is postponed till the regular session, there will be no final action till the spring; during all of which time, comprehending the almost entire business season, things would remain in their present uncertain and deranged condition. The consequences would be a very heavy loss to the planting interest of the South, not to mention other portions: a loss, he would venture to say, of many millions to the planters alone; which would be of vast detriment to that great interest, embarrassed as it now is by heavy debts. After full reflection, he did not think the loss on the coming crop of cotton alone, from delay of action here, would be not less than one or two cents the pound, and more than a million and a half on the whole crop. But there was another reason, to his mind still more powerful, against the postponement. We are on the eve of a great revolution in regard to the currency. The first step in that revolution is the separation of the Government and the banks, which he sincerely believed the good of both required. That once made, and each left to move in its own proper sphere, unembarrassed by the other, the change in the credit system, which he held to be inevitable, would, in all probability, be gradual, and without a shock or injury to any of the great interests of the community. But, if the question of separation be left open; if it is to run into the politics of the country, and be made an engine to act on the Presidential election, there is no answering for consequences. A direct issue will be made; and, when passions were roused, there would ensue a conflict between the Government and the banks, which may become violent and convulsive, and shake our system to the centre. For these reasons, he deemed it highly desirable, on all sides, that the motion to postpone should not succeed.

The Senator made a remark which had a personal bearing, which he (Mr. C.) could not pass unnoticed. He expressed great abhorrence at the declaration that he (Mr. C.) would not (if there were not other and powerful reasons against it) agree to employ Mr. Biddle's bank as our fiscal agent, because it would give that institution a triumph over the Government, and go far to make it the Government itself.

There was, said Mr. C. no disputing about taste. We were so dissimilarly constituted, that what was sweet to one was sometimes bitter to another. But he was inclined to think that in this case the difference did not result so much from any organic dissimilarity between him and the Senator, as from

the different aspect under which they regard the controversy between General Jackson and the bank. The Senator regards it, as is manifest from the whole tenor of his remarks, as a mere personal affair between General Jackson and the president of the bank; or, at best, between the Executive branch of the Government and the bank; in which, let which side prevail that might, it would be but the triumph of one individual over another, or of the bank over the Executive, or the reverse. Thus regarding it, he was not at all astonished that the Senator should indulge himself in the strong expression that he did; but he must say that he was not a little astonished that the Senator, knowing him and his past course, as he did, could for a moment suppose that he (Mr. C.) regarded it under that aspect. When did he ever utter a sentiment, or do an act, which could by possibility give countenance to the attributing such a sentiment to him, as to consider General Jackson, or the whole House, or the Executive department, as the Government? He would suppose that he was the last man to whom such a sentiment could be attributed. In making the declaration he did, he viewed the subject far more comprehensively. He regarded the controversy under all its circumstances, and looked to results as testing the relative strength of the Government and the banks. He saw the most popular and powerful President that ever filled the chair of State, with boundless patronage, and sustained by a well-formed and compact majority in the Union, and both Houses, (of which the Senator was one,) waging war against the bank, and striving, with all his energy and power, to put it down. Whether right or wrong (wrong he believed him to be, and still believed,) he was backed by the entire power of the Government, and a great majority of the people. Now, sir, I ask if, after all this, that bank should prove to be so indispensable to the Government as to force itself on it, notwithstanding all these powerful opposing obstacles, greater than can ever again be arrayed against any similar institution, would it not prove that the bank had become stronger than both Government and people? And would it not go far, as he confessed himself, to make the bank the Government? It was under this aspect that he obviously regarded the struggle; and he must say, that, if the Senator, looking on it in the same light, did not regard it with similar sentiments, he could neither envy him his feelings nor his patriotism.

### SPEECH OF MR. SERGEANT, OF PENNSYLVANIA,

In the HOUSE OF REPRESENTATIVES OF THE UNITED STATES, September 26, 1837, and the morning of two other days, the following resolution, reported from the Committee of Ways and Means by Mr. CAMBRELENG, being under consideration, viz:

"Resolved, That it is inexpedient to charter a National Bank."

MR. SERGEANT addressed the house as follows:

MR. SPEAKER: As a member of the Committee of Ways and Means, it seems to me that I am called upon to state to the house how I stand personally in regard to this resolution. I was not present in the committee when this report was agreed upon. I was prevented, by indisposition, from attending the meeting of the committee, and I have likewise been prevented by the same cause from taking any part in the important debates which have been going on in this house for some days past.

Sir, I never did, and, unless new light should break in upon me, I never can, as a citizen of the United States, concur in the opinion promulgated in this resolution. If I entertained a doubt on the subject, I should still hesitate about the propriety of adopting, or even bringing it up for consideration at the present time. I should do this partly for the reason assigned by the member from Massachusetts, (Mr. Reed,) that it is a great systematic measure on which I see no good cause why any man, and especially those who are to act here on behalf of the people for two years to come, should be called upon, beforehand, when no practical question

is pending, to express an opinion. The safest course will be to reserve our opinions until the time comes for action. Deliberation will then precede action; and action will be, as it should be, guided and directed by a full exhibition of the lights which we may receive from further experience. I ask the members of this house, with the exception of those who entertain constitutional scruples, (if any there be,) whether they are prepared now to say, that if, within the next two years, it should be made manifest that nothing less than a bank will restore the nation to a state of steady prosperity, they will vote at the end of that period against a national bank? Are they prepared to say, that if they can be satisfied that a bank can be advantageously employed by the Government of the United States, that it will be an effectual, and the only effectual mean that can be resorted to for the purpose of restoring order? Are they, I ask, prepared now to say that they will, notwithstanding, vote against it then. This would be a rash expression of opinion. But it is wholly unnecessary. The proposition of the gentleman from Massachusetts, (Mr. Reed,) to postpone the further consideration of the subject until December next, points out a safe and discreet course.

For what, sir, has Congress been called together? It was understood that the collective wisdom of the representatives of the people of the United States had been convoked for the purpose of administering relief, if it could be administered, to the existing distresses of the country. Every one has regarded the summons hither as an invitation to remain but for a short time; and the chairman of the Committee of Ways and Means (Mr. Cambreleng) has continually been informing us, up to this day, that there is but a short time for us to be here; and the general impression of the members themselves appears to be, that nothing is now to be disposed of that cannot be decided with very contracted deliberation. And yet this house, at this early period of its session, only three weeks from the day on which the subject-matters on which they were called together were propounded to their consideration by the Executive message, finds itself, day after day, sitting till a late hour of the night, to despatch the few measures recommended to its attention. Sir, is this a time to discuss a question of such serious bearing and consequences as that embodied in this resolution?

What is the nature of the distress existing in the country, and what condition of affairs has led to the convocation of this Congress?

The two great interests of this country which are primarily and deeply affected by the present situation of things, are interests which no man can disregard; and it so happens, that these two interests cannot be agitated and disturbed, at all events together, without agitating and disturbing every man, woman, and child, in the United States. The truth is, that an awful winter is before us: thousands of those who depend on their daily labor for their daily bread—for the roof which shelters, and the clothing which protects them from the inclemency of the season—are to be deplorably affected by the agitation which has commenced with these two great interests,—I mean, sir, the planting and commercial interests of this country. If you look at these two interests, for so I shall call them for my present purpose, how is one better off, at present, than the other, or less affected than the other? We look to them as different, because they are in appearance divided, and seem to be in different hands. But the planting interest is itself a commercial interest; and for this plain reason, that it produces a great staple commodity, which is the basis of your foreign commerce. If ever the time should come that the planter shall choose to be his own merchant, he is at liberty to be so; and if he finds it to his advantage, no doubt he will be so; but still the planter and the merchant, even if both were combined in one, would still have the two great interests to represent as they now have—the planting and commercial interests.

And, sir, what is the commercial interest of this country? When we talk about merchants, gentlemen are apt to form some general idea of a class of men confined within a very limited space. Whether they mean exporters and importers, residents of our large towns, or embrace dealers in articles imported, still they have some narrow limit to their conception. But this is an error. It falls far short of the truth. It by no means conveys any just or accurate idea of the magnitude of the class, nor of the vast importance of the interest. Every man

who deals in, in some sense, a merchant, and a part of the great community of trade. What, then, is the commercial interest of the country? It is spread over the whole nation, and you, its agents, are in communication with every living being. You may have your small dealers in the country, who, to accommodate their immediate neighbors, resort to barter—take in what produce they want, and give in exchange what will suit their customers. But they still are merchants, and are brought by their traffic into contact with the other. And your great merchant, whom you call by that name, he who imports from distant regions what your wants or convenience require, is but one of a class of men who are engaged in the great business of purchase and supply, by whose agency every thing circulates that is circulated, and by whose instrumentality it is that nations attain to that perfection which gives the highest motive and the surest reward to productive labor. Its embarrassments of a general nature, such as now exist, are equally pervading. They are felt throughout. They are felt, too, with the greatest force and intensity in the smaller channels. Disorder and derangement, when you will and where you will, this great process of circulation, as it is now disordered and deranged, by mismanagement and wrong measures relating to the commercial interests, the final, if not the greatest evil, falls on those who come in contact with the smallest of the dealers.

Mr. Speaker, it is the misfortune of public affairs in this country, that every thing resolves itself into party, and the war of party. Am I in error here? Surely not. It is not only the war of party against party, but worse; war against things which are common property, and actually beneficial to all of us; war against names. We have had a war against the Bank of the United States; we have had a war against the merchants. We have now a war of the United States against banks; and here we are invited to take upon ourselves the odium which it is supposed may be brought on those who can be designated as being in favor of the banks. What is the consequence? I ask the member from Virginia (Mr. Garland) what is the consequence? I am satisfied he has convinced himself, as I am also convinced, that nothing would be more ruinous; that nothing more dangerous could be accomplished, than the overthrow of the newly selected enemy; the destruction of the vast amount of capital accumulated in banks, and the impoverishment of all who are concerned in them. And yet, if this war is to be carried on in the spirit in which it has been begun, what less seems to be aimed at? What less is to be expected? Hostility is proclaimed. Public odium is as far as possible excited, and its fury made the great weapon of combat. In the rage of such a contest, reason is unheeded. Her voice is too feeble to be heard, especially when it must be addressed to the combatants, with weapons in their hands, doing battle against the selected enemy, and intent only upon his destruction. Nay, when the victory is won, and the enemy prostrate, the war spirit does not cease. It challenges universal acknowledgment of the justice of all it has done, and makes war upon every one who would venture to dissent, even when the question is forced upon him, and his opinion demanded. He is required to speak when for peace sake he would be silent, that if he speak with sincerity, he may be visited with reproach.

Sir, in reference to the topics alluded to, I am neither afraid nor ashamed, here or elsewhere, to declare my opinions, and to invite examination into them; to compare them with the opinions of others, and try with them what results we can bring out for the benefit of our common country. And I do this under a solemn conviction, that a state of things such as I believe to be now existing cannot continue without serious danger. I do not disregard the evils that are present; they are too great to be disregarded. But I view with much more serious apprehension the mischiefs that may result from them. If, in such a crisis, the Government of the United States should be found not only inefficient to relieve, but placing itself in an attitude of hostility to those interests which concern every man in the Union, and seeming to lend its aid to aggravate the disorder and suffering, I am afraid that the Union itself will begin to shake. It will be weakened in the public affection and regard.

Surely, sir, if the crisis itself be sufficient to engage regard and to invite exertion, there is every thing to quicken these feelings, in the conduct of those who have chiefly felt its unhappy influence



If, as was said, the spectacle of a good man struggling with adversity was pleasing to the gods, how would they have rejoiced to behold the honest and unyielding efforts of the merchants of the United States in the midst of sudden disaster? Never did a nation present such an array as that presented at this moment by the merchants of the United States. In the city of New York, the fire which destroyed their property and seemed destined to break their hearts, had only purified and invigorated them for the heavier trials that were to follow. Their conduct was heroic. They are already practising the lesson recommended by the message of the President of the United States. Have they not been reducing their establishments? The reduction which has been made of late, whether luxury existed or not, parting with accustomed comforts, has been such as no man at the head of a family can make without a severe pang; and have they not been, and are they not now, struggling at every expense, except that of their character for integrity, to make their contracts, unseduced by intelligible hints from certain quarters, that their English creditors did not deserve it. They scorned such profligate suggestions. Sir, I glory in it as an American citizen, that we have such a body of merchants in our country, represented as they are by the merchants of New York, and of that city which I have in part the honor to represent. And this commercial class is not more distinguished for its probity and good faith than for its enterprise and intelligence. It was once boasted that the sun never set on the dominions of Great Britain. Sir, the sun never sets on the achievements of the intelligence and enterprise of your merchants. In the greatest commercial metropolis in the world, existing as such, before these States were settled, even there an American merchant is to be found in every commercial establishment—I mean every one that has intercourse with this nation. If you go to China, there, without the aid of monopolies or associations, by his own individual enterprise, you find him planted side by side with the nabobs of the East—for such they are who enjoy the employments of the British East India Company—and you see him vieing with them in his commerce. If you go to the far coast of America, there too you find the American merchant. And if you come to the commerce that, beginning in the United States, embraces the world in its circuitous voyages, circumnavigating the globe, and, as a mere incident to trade, doing habitually what, performed in a single instance, gave celebrity to early navigators, there too you find the American merchant. He is well entitled to your regard.

These (the mercantile and the planting) are two great interests which are primarily affected; but the disease has reached far beyond them, and is now felt by every one. You and I, Mr. Speaker, have not come from our homes without being compelled to inquire every ten, fifteen, or twenty miles, whether a certain kind of money, which I do not choose here to call by the name it usually bears, would pass at the next town. No man can travel without being made to feel the derangement. It is present to him at every step.

Sir, I ask, what are the present immediate and most obvious causes of embarrassment? And I begin by stating that, for the present purpose, I shall deal in facts, and in conceded facts only. What is the present condition of things? Here is a suspension of specie payments. Does any man doubt that? No man can; because the first words in the message of the President inform us that this is the immediate motive for calling us together. What next? The want of a circulating medium in the United States—a common medium of exchange. Now, I will not say whether it is, or is not, connected with what I just now stated. I have received a letter calculated to exemplify this text. It is from an industrious man, not exactly, perhaps, to be called a merchant; he makes the articles he sells, and sells extensively, mingling the characters of the manufacturer and the merchant. He had a debt owing to him in Alabama; I think he informed me he had three of this description. His debtor was willing to pay; he might draw, or the debtor would send him Alabama bank paper. Well, said he, I have inquired of the exchange brokers (who, by the by, are enjoying a most luxurious state of existence, which they owe to the derangement of the currency) and they are willing to accommodate me at twelve or fifteen per cent. When I get this money at twelve and fifteen per cent., what will it be—specie? No. Notes of the bank

where I am, which has suspended specie payments, and whose notes, as compared with specie, are at a depreciation of about ten per cent. This would make a total discount of twenty to twenty-five per cent.; and here is an illustration of the condition of exchanges in the country. Thus, there is universal embarrassment. Why is it so? What is the cause? The want of a common medium: The want of a currency. You have local bank paper in superabundance; but it is local; and variously depreciated. You have, besides, a spurious progeny of the times—the little notes before alluded to. They have but a very limited circulation, but within their limits they have extraordinary credit. We have come to this point in reference to this sort of spurious paper, that, so far as I know, in the State of Pennsylvania, no man inquires by whom it is issued. But come to Baltimore or the city of Washington, and it does not pass. Such being the circumstances, what is this resolution we are asked to vote for? Why, sir, when we meet together to relieve these embarrassments, so far as we are empowered to do so by the constitution, we are called upon to declare, by resolution, against that which has never been co-existent with such a state of things; against that which, so far as experience will guide us, has been both a preventive and a cure, having been tried and proved efficacious, in health and in sickness. Against this we are called upon to declare, off-hand, by anticipation, without debate, and before we have tried out all the rest of the experiments before us. Nay, it is almost stronger than this; for if, after trying out our other experiments, we still find there is no other remedy than this—if our judgments and our consciences tell us it is the only remedy, still we are to commit ourselves against it. And not only so. We are to be committed against any species of bank that can be called a national bank. Have you, I would ask, thought them all over? Are you sure there is nothing coming within that designation, that will not be free from objections; nay, that even will be free from constitutional objections? Certainly you are not sure. You have not yet made the examination. You have not yet tried it. Would it not be rash for any man thus to commit himself? Would any intelligent man do so in his own private affairs? Whatever his feelings might be to the United States Bank of Pennsylvania, would he pronounce that he would, under no circumstances, avail himself of her credit? Bankruptcy might come; his family might starve. Things might be so disordered that your treasurer could not pay in what is called the constitutional currency. Nay, sir, this is the fact now; and, in illustration of my position, I will refer to the case of an individual. This very day a draft which the treasurer had sent to an individual for no larger sum than eight hundred and eleven dollars, owing by the Department of State, I believe, for money paid abroad, has been returned to him. It was upon a bank not paying specie. The creditor declined taking bank notes, and said he wanted specie, as he was required to pay his postage account and other dues to the Government in specie.

Now, sir, in this state of things, we are to proclaim that there is to be no national bank; nothing that can come under that denomination; and, in order to carry this through, we have a less formal, though not less intelligible proclamation that there shall be no connexion at all between the Government and the banks. There is to be a divorce. Sir, it is a word of evil omen, and especially coming from the stronger party, when there is reason to believe that the ground on which he makes the application is the consequence of his own misconduct. Cannot the honorable member from Virginia, (Mr. Garland,) cannot any gentleman who has turned his attention to this subject, see that this proclamation against a bank is a warfare against banks; and that whilst it appears only to pursue the foremost of those who are aimed at, it must very soon go to the hearts of those behind? Does he believe that a confederacy of 26 States can exist with local banks in every State, and yet have no one bank controlling in a friendly manner, and at the same time sympathizing with these local institutions? No national circulation—no national currency of a kindred nature—nothing to keep them together in a common system, and reconcile the citizens of the United States to them by preventing them from falling into the condition of inconvenience and disorder in which they are now placed? Those who are now pursuing this policy, see differently. A proclamation has gone forth against the banks. Let me not un-

necessarily take upon myself the championship of the State banks; it is not requisite for my present purpose that I should do so. But I will ask this question: Do you believe, in relation to circulation and currency, that the wishes and habits of the people ought to lead the Government, or that the Government ought to drive the people? If the people say that they wish to have a paper circulation, convertible at any moment into specie, do you think it is competent for the Government, according to the genius of our institutions, to tell them they shall not? If the people of the different States of this confederacy choose to have banks, is it for the Government, under the constitution, to say that they shall not? What is it for? To support the Government of the United States. How? By payments into the Treasury. And what are they? Contributions by the people from the money of the people. Sir, if we had nothing for a currency or a standard but tobacco, would it be allowable, on the part of the Government, to say it would not take it? I say, if they had nothing but tobacco, which was once a currency in several States of this Union—if they have nothing but what they have in China, a mixture of base metal—it would be most unreasonable and intolerable in the Government to say it would not take that from them; for, to say they would not take it from them is to say they would not take out of their property, such as they have, but would compel them to buy something else to pay their dues. Why, sir, this would be an exercise of authority in the Government over the people, to which, so far as I know, no society—no civilized Christian community—has ever been subjected.

It cannot be done consistently with my notions of the nature of our institutions; and it would not, and ought not, to be submitted to.

But, sir, when I say I do not know that this distinction is made in any Christian community, I admit it is made in one empire; that empire, from its name, would seem not to be of this earth. It styles itself the Celestial Empire, and all the rest of the world, with becoming self-complacency, it denominates barbarians—ourselves amongst the number. Fortunately, I am able to give you the result of their experience in the plan now talked of here, of one currency for the people, and another for the Government; of one money to pay each other, and another and better to pay their duties and taxes. But, first, a word of explanation.

Their money in China is metallic money. So far as it sounds in metal, they are in advance of us, according to the most fashionable theory of the day; it is made of a mixture of base metals. This is called "cash." Their standard is pure silver, and the time was when 1,000 "cash" was equal to, and would buy, a tale of pure silver. But silver has risen; or "cash" has fallen, so that it now requires 13 to 15 hundred "cash" to buy the same quantity of pure silver. Now, what does this wise Government do? And what is the effect? I read from a collection of public documents on the opium trade, and the contraction of the currency: for they, too, have trouble with their currency, though entirely metallic. Arrogant as they are, they admit one point of resemblance between them and other people. "For in the love of much money, and of good prices, the flowery people (Chinese) and the barbarians are altogether like minded." Now, for the passage more especially applicable to the present purpose. It is as follows: "Always in times past, a tale of pure silver exchanged for nearly about 1,000 coined cash; but of late years the same sum has borne the value of 1,200 or 1,300 cash: thus the price of silver rises but does not fall. In the salt agency, the price of salt is paid in cash, while the duties are paid in silver: now the salt merchants have all become involved, and the existing state of the salt trade in every province is abject in the extreme." Comment is unnecessary. If we borrow from the "flowery people" their wise and mild system, of one currency for the people and another for the Government, what can we expect but the same "extreme" abjectness which they have experienced under it?

I desire the attention of all who insist that duties shall be paid in one kind of money, when another is used in the transactions of the people, to this; the only experiment I know of in the world, of the application of their theory. Are they willing to introduce it here? What relief will it be to bring about "extreme abjectness" among the people. So much for that experiment.

In another of these documents, the rate is stated to have advanced from 1,000 to 1,500. Will it go

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*Inexpedient to charter a National Bank—Mr. Sergeant.*

H. of Reps.

do so here? Will not such be the inevitable consequence of the new scheme of one currency for the Government and another for the people. Probably, I had better avoid the discussion of this matter now, as it belongs more properly to what is called the remedy that is before us in the sub-treasury bill, at which, however, it seemed not improper to glance.

Having spoken of the difficulties under which we labor, what are they to be ascribed to? And here I take the message of the President of the United States and the report of the Secretary of the Treasury. I take them, neither admitting nor denying them; but I take them both as they stand for the present. Over-trading is the cause,—is it not set forth in the message and report? Over-action it is called in the message; over-trading, and especially over-production of cotton, is stated by the Secretary of the Treasury as the principal cause of our trouble.

SATURDAY, SEPTEMBER 29, 1837.

MR. SERGEANT resumed:

MR. SPEAKER: This house has been so constantly in session, and the attention of the members of it occupied by so many speeches, that they must be a good deal fatigued, and it is almost unreasonable, at this time, to ask their attention to the subject of this resolution. I, sir, certainly never could have introduced it to the notice of the house; and I regret, very much, that it has been brought forward in such a way as to oblige us to vote upon it; and, as a matter of necessity to those who vote, to give some reason for their vote. With this view, and under the necessity forced upon us, I will pursue the course of remarks I was making when the subject was last under consideration.

Mr. Speaker, I will endeavor to condense what I have to say in a small compass, and to place it upon ground as little liable as possible to controversy and dispute, proceeding, chiefly, upon conceded facts. When I last addressed the House, I was adverting to that part of the report of the Secretary of the Treasury in which he ascribes the present embarrassed condition of the country and of the Government to several causes. The first that he mentions is, that of the over-production of cotton, combined with the sudden fall in its price, making a difference in the whole value of the crop of that year of forty millions of dollars. He estimates the over-production, compared with the past, at upwards of one hundred millions of pounds, and, as he intimates, more than it ought to have been, to that extent.

Now, sir, supposing it to be accurate, as he states, that half the crop has escaped the effects of this change, having got to market before it occurred, it appears that there is an actual loss on this article of \$20,000,000, and, of course, whatever it may be owing to, the loss to the cotton growing country may be put down, in regard to that crop, at \$20,000,000. I said, therefore, this was an interest primarily affected along with the mercantile interest; and the other interests throughout the whole country have also been affected consequentially. And now what do the Secretary of the Treasury and the President say, is, as far as their inquiries have gone, the ultimate cause of this? What has immediately led to this over-trading and over-purchasing of lands, this over-cultivation, to this over-action, as it is termed in the President's message, terminating in the present disorder and distress?

Sir, as far as they have looked into the matter, and I shall go no further for the present purpose, they ascribe this over-action and the evils resulting from it, mainly to the over-multiplication of banks, the undue increase of bank capital, and the excess of circulation, that is, of bank paper. What these things themselves were owing to; what were the primary causes; these are questions of great consequence, altogether avoided by the President and the Secretary. I am not now going into them. I will rest here for the present purpose, and suppose it to be correct, that the existing disorder in the country, so universally felt, is the consequence, not the cause, as just stated, of over-banking. Well, sir, what is this over-banking itself owing to? Sir, it would be natural to answer at once, that it is owing to the want of some suitable restraint. And, I presume this is a proposition so perfectly clear that every one would agree to it. Is it possible then to devise any restraint?

Now, sir, I mean by historical proofs to show you, I think conclusively, that it is possible; that we

have had such a restraint; and that the absence or removal of this restraint, is the real cause, the very source of so many mischiefs. We will afterwards consider what that is. Sir, I will call the attention of this house, in the first place, to two leading facts in our history. For forty years of its existence this Government had a national bank—I mean a bank that was the fiscal agent of the nation. In the same period, that is, since the adoption of the constitution, you have been for six or seven years only without a national bank, and this at two different periods. Now, sir, if it should be found upon the records of the history of the country, that such disorders as exist at present, have never occurred during the period when you had a national bank, though that period extended through the space of forty years, and that each time when a national bank ceased to exist, and as soon as it ceased to exist, these disorders began and continued, as they now do, is it not reasonable and natural to infer, that in this co-existence there is a connexion as of cause and effect? I believe it, as much as I believe any truth whatever, which I have been taught or been able to discover. Sir, it is the business of a statesman, from every event, good or bad, to endeavor to draw instruction. His pressing and immediate duty is to get through exigencies existing, with as little injury as possible; but his next duty is, out of the exigency itself, to extract lessons, which may be applicable in future times, and prevent a recurrence of similar disasters. Now I invite the attention of the house to three points in our history; for, short as our history is, it furnishes three periods upon the subject in question, and it is really astonishing when you come to look at them, what an universal and unquestionable testimony they bear in contradiction to this resolution.

Sir, the first bank ever established within the limits of the United States was a national bank. We are all familiar with the state of things which immediately followed the last emission of paper money, commonly called continental money, by the old Congress. The amount of that emission was, I think, two hundred millions of dollars. It rapidly depreciated, arriving no doubt in its descent, at the rate mentioned in the message, of five hundred for one; and finally was cried down, as it was termed, being of no value whatever. This was a dark and appalling moment. Our troops without pay, without clothing, and without provision; the Treasury was without money, and Congress was without credit. Prior to that time no bank had existed in these provinces, or colonies, or States, after they became States. The provinces, while provinces, had all been in the habit of issuing bills of credit, and the Congress of the United States caused to be emitted that paper, always since known by the name of "continental money," and which no man living, if he has any recollection of it, desires ever to see restored again, nor any thing in its likeness.

When things were in this condition, and that great and good man who was at the head of the armies of the United States was pressing, in every way, the indispensable necessity of raising means, a few patriotic citizens of the city of Philadelphia got together, united their funds, and with them established the Bank of North America. This was the first dawn of light. The means, the money, and the credit afforded by this establishment gave at once some aid and relief to the Government. In the following year, that is to say, in 1781, Congress found it necessary to have a regular system of finance; to appoint a superintendent; and that superintendent recommended to them the incorporation of this national bank, the Bank of North America, the only one then existing. And you will find, or whoever will be at the trouble of searching the journals of that Congress will find, that in that year, in a dark moment of the revolution, when, however, patriotism abounded as well as difficulty and danger, the resort of those who were to bear the brunt of the contest was to a national bank; and the national bank, under God, was among the great means that enabled them to accomplish their victories, and finally to achieve the independence of the United States. Such was the first national bank—the first bank, indeed, we ever had. Its foundation was laid by the hand of patriotism.

The next period, sir, is the establishment of the Government of the United States under the present constitution, in 1789, at which time there were four banks, I think, in the United States. State banks all of them. At this time, owing to doubts being entertained of the power of Congress, under the articles of confederation, to establish a national bank,

or, whatever it was owing to, it so happened that the Bank of North America, located in the city of Philadelphia, had accepted a charter from the State of Pennsylvania, and become a State bank. Banks were by that time also established in Massachusetts, in New York, and in one other State. There were four State banks.

When the Government became organized under the constitution, a national bank was established in 1791, with a charter for twenty years. Sir, twenty years of active commerce, twenty years of occasional commercial revulsion, twenty years of speculation, occasional; and at times, very active if you please, for never was there a period in the history of this country, perhaps, during which there was more speculation in trade, more speculation in land—not public lands—but lands of all sorts. About the years, 1795, 1796, and 1797, perhaps a little earlier; every one who recollects that period well knows that failures were not less frequent, and not less gigantic than they have been since. There were, besides the ordinary fluctuations, the ebbs and flows of business. But the bank kept on for the twenty years; and, during the whole of that period of twenty years, your currency was maintained throughout the United States, and you never had exhibited the scene you now have of a suspension of specie payments.

Well, sir, that bank expired in 1811; in the year 1814 specie payments were suspended, and continued so up to 1817. In 1816 the Congress of the United States again resorted to this expedient of establishing a national bank. And here, sir, allow me to say, and to say it as a matter of history, about which it is impossible there can be any doubt, that this bank was established for the purpose principally, if not entirely, of raising the country out of the state into which it had been thrown for want of a regular currency for the circulation and exchanges of the country. Yes, sir, I remember well, and if gentlemen will consult the journals of that day, they will find that the proposition to charter that bank was not reported by the Committee of Ways and Means of this house. They will hardly discern, in the history of its establishment, a reference to the fiscal wants of the Government, except so far as those fiscal wants were connected with the general business, and currency, and exchanges of the country—with the business of the citizen. But, sir, you will find that, passing by the Committee of Ways and Means, a special committee was raised on the currency—on the currency, and nothing else; and that committee, of which a gentleman, now a distinguished Senator, was chairman, being appointed upon the currency, reported a national bank; and that was the bank whose charter was passed in March, 1816.

Proceeding then, sir, historically, let me say that that bank fully answered its purpose from the period of its establishment up to the period of the expiration of its charter, or very near that time. You had a currency the most uniform, the most equal of any nation upon earth, beyond all comparison. Sir, if any gentleman doubts of this, I refer him to a speech made by the late William Lowndes, of South Carolina, in the year 1819, in March. A valuable speech it is, sir, in all respects, and worthy of all reliance. Mr. Lowndes was a man who, taking his talents, his acquirements, and his unquestionable integrity, has been excelled by none that I have met with in the course of my public walk through life. His early death was a loss to the country; for, before that time, the legislature of his State had honored him by nominating him for President of the United States. He was, too, an inquiring and careful man, and seldom ventured himself without adequate preparation, in regard to matters of fact, patiently collecting them wherever they could be learned. Now sir, if you will look at that speech of Mr. Lowndes in 1819, when the bank had been about two years in operation, you will find him there stating, as the result of a careful examination, that the currency of the United States, by the agency and under the auspices of that bank, was more uniform than the currency of France. It is there stated that the exchange between the most distant points in the United States was not more than three quarters of one per cent., whereas the exchange between Paris and Marseilles was from two to three per cent.

Now this bank had its day; but its departure was a little anticipated. It was given to understand, some six years before its charter would expire, that it must then cease to exist; and from that period

the people of these United States were led to believe, and to act upon the belief, that that bank would be withdrawn at the expiration of the period of its existence fixed by its charter.

Sir, what do you find then occurring immediately after this announcement? You have had a uniform currency; you have had exchanges as near to par as possible throughout this whole extent of country. What is more, you have had no such excesses of over-trading and over-speculating as even to destroy that uniformity, and to bring the banks to the condition they now are. I do not mean to say, sir, that there was no over-trading then. It is beyond the power of this Government, or of any other upon earth, to prevent over-trading. A specie currency will not do it; a paper currency will not do it; no currency will do it. If any gentleman doubts of this, let him only look at the most remarkable incidents presented in the history of speculation and trade, and he will find that the two most gigantic and disastrous schemes of speculation known in the world's history—the Mississippi scheme in France, and the South Sea scheme in England—were carried on, one in a country where there was a bank, and the other where there was none. But, sir, no Government, by any contrivance consistent with the freedom of individual pursuit, can prevent over-trading. Yet this I mean to say, that, during the existence of a national bank in this country, whether the people were over-trading or whether they were not, over-trading never produced the effects which it has done when no national bank was in existence. You have had but a very short interval between the expiration of the bank in 1811 and the establishment of a bank in 1816. You have had a still shorter interval between the expiration of the last bank and the present period; and yet, in both, it is not over-trading you complain of, much as you lament that; it is a total prostration of the currency, the destruction of the standard of value, and alterations and fluctuations in the value of your money, in such a way and to such an extent that no two parts of the country are in the same condition; no two departments of the Government are in the same condition; nay, that no one department, as I will presently show you, even the Post Office Department, can act consistently with itself; but that one man is paid in paper, from necessity, while another may get specie.

Now, I have heard it said, that there was a period of very great embarrassment in this country, in the year 1819, the time I before adverted to, and so there was. But every one who turns back his thoughts to that time will recollect; no doubt the chairman of the Committee of Ways and Means remembers it full well; that at that period prices were low, and there was an over-abundance of money, which facts, seemingly contradictory, nevertheless co-existed. They were owing to the excess of importation in the year immediately following the peace. It was the languor of trade which followed over-excitement. But so it was. That period of 1819, 1820, 1821, and 1822, was not a period when money was scarce, when specie was wanting, or when your currency was debased or affected. It was, sir, a period when money was abundant, and prices low, presenting an anomaly the converse of the period we have lately passed through, when money has been scarce and prices high. Such was the state of things in 1819, caused by the previous years; and we are now, in 1837, gathering the miserable harvest of the season prepared for us from 1830 to 1836.

Now, sir, I mention these facts for the purpose of laying the ground for the unavoidable deduction. And with regard to this period of 1830 to 1836, if confidence can be placed in making deductions from facts before you, the evidence is as conclusive as it possibly can be. I assume, still, without going farther back, that it is over-banking, over-issues, over-trading, from some cause or other, no matter what, that have produced the present embarrassments and disorder. I will assume that, without going any farther back to the final or primary causes. Now, only observe how over-banking, over-speculation, and the worst consequences of over-speculation and over-trading have been precisely co-existent with these periods when you have had no national bank. Sir, the charter of the first Bank of the United States expired on the first of January, 1811. You had then, in the United States, eighty-nine banks. On the first of January, 1815, you had two hundred and eight banks. That is as much of the period as can be ascertained between the cessation of the charter of the first bank and

the establishment of the second one. Upwards of a year is to be added, of which we have no account. And, sir, only note the extraordinary increase; no less than one hundred and nineteen banks added in the short space of four years. That is a period when you had no national bank. Well, in the year 1820, by which time the national bank established had got into operation and got through the embarrassments of its early existence, these banks had increased to three hundred and eight. Now, sir, take the next period of ten years, when the national bank was in full, active, and beneficial operation, and you will see how it worked to regulate and restrain. The whole increase of banks, from 1820 to 1830, if I understand the statement of the Secretary of the Treasury, is what? Why it is remarkable, and it is a fact every one must dwell upon; by that statement it appears that the whole number of banks, in 1830, was three hundred and twenty, being an increase of only twelve in ten years.

Now, sir, we come to the period when the Bank of the United States began to verge towards its dissolution—when it began to be believed, beyond a doubt, from clear indications, that it would not be continued. What do you find then? Exactly what you might have expected. From the 1st of January to the 1st of December, 1836, there were 110 new banks established; and whereas, in the year 1830, you had but 320 banks, you have now in the United States, in only six years, the period I have before adverted to, 677 banks, besides 146 branches. How much does that give you for the last six years? Three hundred and fifty-five; being more than had been established in all the antecedent periods from the origin of the Government!

Now, again, sir, look at the increase of banking capital during the same period:

In 1830 you had	\$145,000,000
In 1834 there were added	55,000,000
In 1835 there were added	31,000,000
In the beginning of 1836 there were added	20,000,000
In the remaining part of 1836 there were added	72,000,000
	<u>\$323,000,000</u>

Making a total of three hundred and twenty-three million of dollars, and something more, up to this time. So much for the number of banks and banking capital.

Now for your circulation; and it will be found to concur with the other evidence, and comes to precisely the same result. From the year 1830 to 1836-7, the circulation of bank paper increased in the United States from \$61,000,000 to upwards of \$185,000,000. The discounts and deposits were increased, probably, in the same proportion; that is to say, the sum total of banking operations was thus increased with a rapidity never before witnessed, and, I trust, not soon to be witnessed again. In six years it was more than trebled.

Sir, I am not adverse to the State banks; there is too vast an interest involved in them to be wasted and destroyed. A capital of between three and four hundred millions of property ought not to be sported with or endangered; for an injury to it must do extensive mischief to individuals and individual interests. But the statement of which I have given the particulars deserves, in my judgment, the serious attention of every American statesman; in it are involved all the evils that are complained of. What is it that has produced over-trading and speculation, and over-purchases of land? What is it that has stimulated the interests of this country to a morbid state of activity, threatening the existence of every thing, disturbing the relations between the different portions of the Union, embarrassing the intercourse between man and man, and compelling us to be here at midnight to pass bills to rescue the Treasury from impending bankruptcy? I need not go further back, and the result of the whole is that in forty years no such thing ever occurred; that in six years it did occur, and that in less than six years it occurred again; and that this state of things happened at two periods precisely identical, and alike distinguished from two other periods, identical also with each other when it did not happen.

The difference, so far as we are able to discern, is to be found in one great leading circumstance; that at the two favorable periods you had a great fiscal institution, acting as the fiscal agent of the Government, and at the other period, you had none.

I will not undertake to show that, even with such an institution, it is impossible that such a derangement could happen. I do not believe that it would. I am content at the present time to say, that if you want an experiment, the experiment has been made. You know the results of that experiment perfectly well, and in a manner to be relied upon; you know you can have a uniform currency; you know you can avoid the suspension of specie payments; you know that you can furnish a medium between the inhabitants of the most distant parts of this great confederacy for carrying on your intercourse. You know it, because you have done it twice for long periods; and the experiment has been twice so successful that no one can doubt its efficacy. But, if any man could doubt its efficacy upon the mere affirmative evidence, you have had its opposite also; the negative evidence, also, is concurrent and complete.

You have tried the experiment of doing without it, and it has twice resulted in the same way, and brought us to the same condition. This co-existence is, humanly speaking, and according to the soundest philosophy, a good reason for inferring that one is the cause and the other effect. And then you have the deduction from the whole, that a national bank has prevented and will prevent such occurrences, and without such an institution you are inevitably exposed to them.

Now, sir, you are in this crisis not deeper than you were before; the remedy is not more difficult than before, nay, I firmly believe, and thousands in the United States believe, that precisely the same treatment will give relief. What is this crisis? I have taken from a newspaper of yesterday, I do not recollect from what paper, the following article:

"TENNESSEE MONEY MARKET.—The Nashville Banner, of the 16th instant, quotes the following rates of exchange at which the brokers purchase bank notes and specie:

United States	124 premium.
Silver	15 do.
Gold	15 do.
Kentucky	9 a 10 do.
Virginia	9 a 10 do.
Indiana	9 a 10 do.
Illinois	5 a 6 do.
Ohio	7 a 9 do.
Alabama	2 a 3 discount.
Mississippi—Natchez and Vicksburg	3 a 6 do.
other banks	15 a 20 do.
New Orleans	par.

\* Taken by banks in payment of debts, and current in ordinary transactions."

Sir, what a scene does this exhibit? What medium of commercial communication is there at that point between the State of Tennessee and the adjacent parts of the United States? Well, sir, come to your officers, the officers of your Government. One man is paid in specie; another man is paid in what the department has to give him. I am not now charging any of the officers of any of the departments with favoritism; but I speak of what has happened, and, if you please, of that which inevitably must happen. A third man is paid in United States Bank paper—a fourth in Kentucky paper—a fifth in Ohio paper—a sixth in Alabama or Mississippi paper; sometimes by means of drafts; and probably, occasionally, one is paid in drafts on New Orleans. No two men are paid in the same currency, and no two men receive the same amount, even if the amount of the claims is precisely the same. Then you have a difference between different departments. I mentioned to you the other day, the case of a claim of a mercantile house on the department for about eight hundred dollars. The Treasurer of the United States sent to that house a draft for eight hundred dollars, drawn on a bank in Pennsylvania which had suspended specie payments. The house sent the draft back to the Treasurer, stating that they had paid one hundred and twenty dollars in specie for postage in a given time, and that they wanted specie to pay their postages that were accruing. He sent the draft back again. Now I do not impugn this officer. I believe he intended the best; but he could not give them specie otherwise than as he finally offered it, by a draft on a receiver in Ohio. How the matter ended, I do not know. But what is the consequence? In 1815 and '16, when a similar state of things existed, the New England banks continued to pay specie; the Post Office Department had the same command of specie, and the idea got abroad in Congress that certain gentlemen had been paid in the Post Office Department by drafts on those banks where specie was paid. A committee of investigation was raised, and the



officer, I believe, was acquitted. But what a state of things is this, when your officers are exposed to suspicion; and when, with intentions ever so fair, they have not the ability to do what they desire! And then reflect that the public creditor does not possess that which is essential to all good Government—one weight and one measure for the whole people; his weight and his measure must depend on the accidents that happen to the Government, and that at the post offices throughout the United States persons are compelled to pay specie for their postages; they must find specie to pay their dues to the Government, of every kind. Now reflect on the general effects of this! Think of the injustice which is done when the Government of the United States demands its pay in specie, and when no creditor of the United States can compel payment in a similar medium. What is to be the consequence of such a state of things? To what does it tend? What is to be its influence upon the affairs of this nation?

Independently of these particular considerations to which I have been inviting your attention, sir, take a broader view. Is not the Government of this Union established for the common welfare, to do those things which the States individually cannot do, to keep this Union together, to regulate its foreign commerce and the commerce between the States, to give to the institutions of these United States a nationality, and to give to that nationality a pervading character? The subject we are considering embraces matters which deeply concern the general national interest in its whole extent. Is the Government of the United States to take no heed of this? Are they to suffer a centrifugal force to become preponderant, and endanger the Union itself? Are they to incur the manifest risk, nay, the absolute certainty, of suffering the beautiful spheres which constitute this system to rush into confusion and collision for want, in its proper place, of the most beautiful of all the needful, kindred, national sphere, which combines and regulates them all, and presents them as one harmonious whole? Are they to take no care that the centrifugal force shall, by appropriate and adequate means, be so restrained as not to endanger the system itself, to separate those intended to be kept together, to produce adverse interests, to let the needful balance be destroyed, and leave us in our daily concerns as if we had no common country, and no national character?

Sir, what is this Government of the United States for? It is to make us a nation. It is to give us a national character. It is to give us national capacities and advantages—not by consolidation, not by interfering with or destroying the rights, and powers, and privileges of the States, but to facilitate their intercourse, without effacing the lines between them; to give to the citizens the rights, the immunities, and the privileges of free citizens throughout the United States; and, so far as it can, by these acts, to promote whatever is good, and to guard against whatever is evil.

Now, sir, if it be demonstrated that a fiscal agent of the Government is indispensable to this, can we be called upon to say there shall be no such fiscal agent? Sir, great interests have, I fear, been sacrificed to words—to words of factitious import and factitious power. We have been told there must be no longer any connexion between the Government and a bank, and now they have got a step beyond this. They now say there must be no association whatever between the Government and banks. Sir, I deny that this Government ever had a partnership with a bank or banks, or any thing that ought to be called by that name. It had an instrument, and the excellence of that instrument consisted in this, that it served also for the use of the people for the same purposes for which it was used by the Government; and thus it established, not a partnership between the Government and the bank, but, what ought always to exist, a community between the Government and the people, by bringing them together, in the common use of this instrument, to act upon the same ground. Is not this the English of it, turn it as you may? The people of this country choose to have banks. They choose to have credit. They choose to have that which they consider, and I believe to be, with regard to the business concerns of the nation, what that mysterious thing called life is to the organization of the human frame. Sir,

can the Government adopt this same faculty, and thus indulge the people in it? I repeat, can the Government indulge them in it? Take it, if you please, your experiment upon the State bank system has failed, as it most certainly has, and was foreseen it would, does it follow that you cannot indulge the people in their attachment to the credit system? Are you driven to the Chinese improvement, of silver for the Government, and base metal for the people? Be it that you can not use the State banks directly. I firmly believe you can not. But can not you so arrange as to allow the people to use them, if found convenient to themselves? Yes, you can, simply by adopting an instrument, such as you have heretofore had, of common use, and making the State banks of common use too.

The late Bank of the United States restored specie payments throughout the Union; it recovered the currency from a worse condition than it is now in. The State banks, without injurious pressure, returned to specie payment. Order was restored. Harmony was established between the United States Bank and the State banks; union between the Government and the people. Where is the difficulty of doing the same thing now? Is any thing wanting but the inclination? Ought not the happiness of Government to consist in promoting the happiness of the people? And are they not happy when their reasonable desires are indulged and the efforts of industry facilitated? And, let me ask, is it the business of government to seek to elevate itself before the world into a sphere different from the people, and say to them, we will not use the same instruments you do? We will not accommodate ourselves or our business to you, or to your business, or to your wishes; but, raising ourselves upon a heap of gold and silver, will leave you to flounder with your State banks in the region below, taking care of ourselves and careless of you? What would the people of these United States, in that case, consider?

Sir, is it desirable that such an unnatural state of the circulation should take place? Now, sir, supposing the multiplicity of State banks to lead to these revulsions in trade; to occasion a suspension of specie payments, and that, therefore, you cannot accomplish the required end by means of all the State banks in the United States, or by means of selected banks in the different States, numerous as they are, does it follow that it cannot be attained at all? Does not experience teach you that it can? Nay, sir, more than this. That by means of that common instrument, fit for your use, and fit for the use of the people too, which will not be injured, by their use of it. By means of that instrument, you can regulate and control the State banks, and render them as efficient as they ought to be, and more safe than they are throughout the different States.

I am desirous, Mr. Speaker, to get to a conclusion in this matter, so far as I am concerned with it, and I shall do all that is in my power to accomplish that object within a very short time. With this view, I shall proceed at once to state, that there is one evil arising from the present disordered currency of the country, which, so far as my recollection serves, is peculiar to the present crisis, and which, in my opinion, constitutes, by reason of its peculiarity, the greatest evil of the whole, and which, if I am not much mistaken, is as formidable as all the other evils put together. What this evil is, I shall proceed to state.

When a suspension of specie payments formerly occurred, and during the years it existed before the establishment of a national bank, we were all, according to my recollection, placed on one footing. I do not mean to say, that there was an equality in different parts of the Union, but there was an equality among the people at the same point, in the United States. The peculiarity of the present crisis consists in this, that it makes a distinction between the officers of the Government of the United States and other persons, in favor of the officers of the Government. On this subject it is requisite I should enter a little into details, but I will enter no farther into them than is absolutely necessary for the distinct illustration of my meaning. And, with this view, I will state in the first place, that every salary officer of the Government of the United States actually receives more than any officer of a State Government, whose salary is nominally equal. The salary of the President of the United States, for example, is \$25,000 per annum. The salary of the Governor of Pennsylvania, is \$4,000 per annum. The proportion between these salaries, according to law, is twenty-five to

four. When this Congress assembled, the difference between specie and the bank paper of the Commonwealth of Pennsylvania, was ten per cent.; and, for the sake of argument, I will now suppose it to be ten per cent; since whatever the proportion may be, requires only the alteration in the calculation to show what the actual effect is. The proportion, by law, between the salary of the President of the United States and the Governor of Pennsylvania, is, then, twenty-five to four. The Governor, therefore, ought to receive four twenty-fifths of what is paid to the President of the United States, and the President ought to receive as much as the difference between twenty-five and four, more than the Governor. Now, what is the fact? That the President of the United States receives \$27,500 per annum, and the Governor of Pennsylvania, \$4,000 per annum. The proportion, therefore, instead of being twenty-five to four, is twenty-seven and a half to four, supposing the difference between specie and the bank paper of the Commonwealth of Pennsylvania, to be ten per cent.

To look at another illustration. A gentleman who was, some time ago, Governor of Pennsylvania for two terms, is now First Comptroller of the Treasury under the Government of the United States. His salary, as Governor of Pennsylvania, was \$4,000 per annum, and the salary of the gentleman who succeeded him in that office is the same as his was. The salary of the Comptroller of the Treasury of the United States is \$3,500, if I am not misinformed, the Governor of Pennsylvania thus receiving, according to the statute-book, \$4,000 a year, and the Comptroller \$3,500 a year. But what is the fact. The fact is that the Governor only receives \$3,850; so that the difference between these two officers, instead of being as it appears to be by law, \$500, is in fact reduced to \$150. This is not all. Every salary officer of the Government of the United States, actually receives, in the present condition of things, more than any other individual having the same actual amount of salary, whatever his employment may be. We have all seen in the newspapers, a short time since, an account of the clerks in one of the Departments being paid by a Treasury draft of between \$13,000 and \$14,000, which was sent on to New York and sold, according to that statement, at a premium of eight per cent. If you take a clerk in the city of New York with the same nominal salary as that of one in the employment of the Government, how will the fact be as to compensation. Why, the consequence of the present condition of things will be, that a clerk in the Post Office Department receiving specie, or a draft equal or nearly equal to specie, is paid eight per cent. more than the clerk in the city of New York who gets the same nominal salary. Take the clerks in the custom-houses, or in the post-offices through the United States, and compare them with clerks in private employment, whose salaries are nominally equal, and what is the fact? Do they receive the actual compensation which they appear to receive? The Post Office Department deals in specie; and the benefit of specie, therefore, is given to the officers so far as they have specie to pay, and the difference between specie and paper being ten per cent., the salary of the officer is advanced ten per cent. by the operation of the present state of things, that is, by the mere change which has taken place in the suspension of specie payments. How is it in relation to our own wages, as compared with the wages of any working-man in the United States? We are allowed by law \$8 per day. A short time before the session commences it is very strangely announced to the public, for reasons which I cannot comprehend, since the Secretary says that the letter in which the announcement is made was not intended for publication, and how it came to be published I have not yet heard stated; but it is announced to the public, in the midst of all their suffering and distress, that, out of the wrecks in the Treasury remaining from this great convulsion, or revulsion if you please, the Secretary had continued to scrape together sufficient gold to pay the members of Congress in that coin. I am not going to say, sir, whether it is right or wrong to do this. I am now dealing with a matter of fact, and merely with a matter of fact, and with the unavoidable inference from it. I am not dealing in the language of censure, except so far as to say, that when there was such great and universal distress, it was unfortunate, very unfortunate, that it should have been publicly announced that a distinction was made in favor of any of the ser

25th Cong....1st Sess.

*Inexpedient to charter a National Bank—Mr. Sergeant.*

H. of Reps.

vants of the Government, even of members of Congress. Without meddling with the fact whether it was proper to pay them in specie or not, I will state that I remember the time when members of Congress were paid in the paper of the District of Columbia, then depreciated twenty per cent. below specie, and they were satisfied; and when, for the remainder of that session, according to my recollection, they were paid in Treasury notes, also below par as compared with specie. I say, therefore, the publication of the Secretary's letter was unfortunate, because it leads immediately to the inquiry now set on foot.

Suppose a workman in your navy yard, who is said to be paid in the common currency of the place, receives \$2 00 per day, which is nominally one-fourth of the pay of a member of Congress. Does he actually receive that proportion? His compensation for six days, if he received the whole amount, would be \$13 20. What does he actually get? Twelve dollars. What do we get? We get \$8 80 per day. You may calculate this for six days, and see what the difference would be. Of this I will speak hereafter. Now this is a letter which presents itself every where throughout the country, and at all times, and allow me to say, that it is the most disagreeable feature in the whole ugly face which our financial affairs now bear. It presents itself to all classes, in every condition throughout the country; and as if there had been a fear that that condition would not have been sufficiently seen and felt, we have this formal announcement published to make it the more striking. I regret very much that such a publication was made. And, sir, it presents itself in a manner even more odious than any I have yet adverted to—in a manner intolerably odious, which cannot be borne; which will not be borne. Sir, let me ask, is not the public creditor distinguished unfavorably from the officer of the Government? Is the public creditor paid in the same coin your officers of the Government are paid in? No, he is not. The chairman of the Committee of Ways and Means misapprehended me if he supposed that, in the instance I stated to him, I meant to prove that the Treasury was wholly destitute of means, available or unavailable. I did not mean that. I meant to say that it was destitute of the means of doing equal justice to all who have claims upon the Treasury; and the state of the case is sufficient to establish that fact satisfactorily. Sir, here was a claim upon the Government of \$811 00; perhaps it may be twice as much as my per diem allowance and travel will come to for this short session. An order was sent to that creditor to receive it from a non-specie-paying bank; that is to say, in bank paper depreciated below specie, or above which specie had been appreciated, it matters not which. Could he get payment of that order in specie? He could not. He then sends back the draft to the Treasury, and tells the Treasurer he wants specie. He said he had a heavy account for postages from month to month, and he thought the least that ought to be done was to pay that small sum, for advances to the State Department, in that kind of money in which he paid his postages. The answer was, they could not pay him in specie otherwise than by giving him drafts upon a public receiver in Ohio. That, sir, was the case of a public creditor, and it so must happen continually.

Now, without impeaching the conduct or the intention of any officer of the Government whatever, is it not obvious that it becomes, sooner or later, the interest of the officers of the Government to continue this state of things? Because it is an advantage to them, as they will be paid in better coin, and in a better currency. They are nearer to the Treasury. They have more knowledge, and have the means of obtaining, perhaps are entitled to, the priority, in the payment, and, whatever advantages are to be secured will be secured to them.

Sir, what do you create in them by this state of things? You are creating an interest in your officers of the Government adverse to the interests of the people, and adverse to the common claims of justice; an interest which makes it for their advantage that this difference between what they receive, and what is paid to others, should not only be destroyed, but even should be increased. Sir, it is the interest of the Government, therefore, not to correct but to continue these disorders. They gain an augmentation of their salaries without any appropriation by, or without the assent of, Congress; that is, the whole amount of difference between paper

and specie, paid to any other person performing the same service, or at the same nominal salary. This, I say, is intolerable. It cannot be borne. It will not be borne. Sir, what is remarkable is, that this being an evil manifestly of great consequence, and attended with very great danger, you have not a single proposition for the relief of it. The only proposition you have is to let it continue. I maintain that what is called the sub-treasury system, though I know it would be irregular to anticipate the discussion of that question now, is no system at all. It is a call upon Congress to legalize that state of things which has grown out of the suspension of specie payments, and to secure and perpetuate for ever the payment of the officers of the Government in specie, leaving it to the people to manage as they can with a debased and depreciated currency. Indeed, we have been told that this scheme exists already in the present state of things.

This, sir, is extraordinary; very extraordinary. How is it to restore one weight and one measure throughout the country?—a thing that you want, that is indispensable,—a thing in which, from the beginning of time down to the present day, has been deemed indispensable to every people, that there should be uniformity. But I know it is called by another name, perhaps a proper name. It is called a divorce from the banks—a divorce from the banks! That is to say, the Government has contracted an alliance, which every one who thought upon the subject told them would be attended with danger, with injury, and finally with the necessity of some sort of separation. What was predicted has come to pass, and then they call for a system of divorce, when, in fact, the separation has already taken place. That, however, is not the point upon which I am going to discuss the matter. I do not take upon myself here to inquire how far this is necessary, and still less to inquire how far this divorce should take place. It is becoming the fashion to make the banks as odious as possible. What interest may be injured by so doing, that is foreign to the present purpose to inquire? But, sir, I say it is not a divorce of the Government from banks. It is a divorce of the Government from the people, and that is a divorce which has already taken place—a divorce from bed and board. Sir, the Government and the people no longer sit down to the same table—they no longer feed upon the same food. The difference between them is ten per cent. And while the one has his table covered with utensils of gold and silver, and every thing that can gratify his appetite, please his taste, and constitute that thing about which we hear so much in the President's message called luxury, the people may get along with a wooden spoon, if they can; and if they cannot, why it is none of the business of him who has kept the gold and silver. Now, I say, sir, it is a divorce of the Government from the people, and not from the banks. And what is it, in order to relieve the people from their present difficulties and embarrassments, we are called upon to do? Why, in the first place, by the bill already passed postponing the instalment to the States, to relieve one party from the obligations they have contracted at the expense of the other; and the next, to furnish them with Treasury notes, in order that, by these Treasury notes, the Government may buy gold and silver. I can have no doubt of the genuineness of a certain letter that has been going the rounds of the newspapers, in anticipation of the passage of the bill now before this house, and which has already passed the Senate. And what is the purport of that letter? It is to inquire at what price, in gold and silver, the banks, (yes, sir, the divorced banks; I suppose, too, banks with whom, hereafter, there is to be no sort of intercourse or connexion,) the banks and individuals will pay to the Government for these Treasury notes, in order that the Treasury may be supplied with gold and silver. And what is it that the present resolution calls upon us to do? Why, after having legalized a divorce which has already taken place, so far as a separation from bed and board at all events, the banks keeping what is called unavailable means, but which will be made available in time, and the Government having the rest; I say, after this has taken place, and the evil resulting from the suspension of specie payments operating differently from the former suspension, to which I before adverted, what is it we are called upon, by this resolution, to do? Why, to give security to the Government that this state of things shall continue; that it shall be perpetuated; that it shall be fasten-

ed upon the people; for whereas, many intelligent and patriotic people in the United States do believe that a bank employed as the fiscal agent of the Government, and strengthened by the support of the Government, would at once restore the payment of specie, and put all classes of citizens upon an equal footing. We are called upon, by this resolution, to declare this shall never be. We must, as it were, all come up, and put our hand upon the book, to declare it hereafter settled and fixed that there is to be no bank. We are, as it were, to take an oath, to give a pledge, that there shall be no bank.

Let it, then, be demonstrated ever so clearly that a national bank would have its effect, would furnish a remedy, that it would remove this crying evil, which ought not to exist, and cannot be permitted to exist, yet that that is not to be thought of as an expedient, and what then follows? Precisely what I told you—that the evil is to be perpetuated, and security given to the government, by this resolution, that it shall be perpetuated. I ask the chairman of the Committee of Ways and Means whether that is one of the measures of relief for which this extra session of Congress was called? How is it to be, that this resolution is to operate to the relief of the people from the distresses and difficulties they are now laboring under? But the sub-treasury scheme I suppose will have its turn, and, therefore, I will say no more now than that it appears to me among those evils calculated to make the present state of things everlasting.

Mr. Spenser, as far as I have gone into this irregular and desultory sort of discussion, necessarily so for many causes, I have assumed nothing but what is stated by the President and the Secretary of the Treasury themselves. I do not mean, however, to be supposed to concur in the opinion they have expressed. I believe the disorders of our Government, for the last six or seven years, to arise from different causes, and, in due time, I will endeavor to show the grounds on which that opinion is founded. I believe them to have originated in the acts of the Executive; but this is not the time to say why I think so.

I state it now as the opinion I entertain, simply that assuming the bases stated both by the President of the United States and the Secretary of the Treasury, I am convinced that the only remedy is in returning to where we were;—o that which has been tried and found good; and I say it without reference, at present, to ulterior causes which existed in the action of the Government. Now, is this resolution relief? Some few half dozen memorials from respectable citizens of the United States have made their way to this house. The common understanding of all was, that this was a systematic measure not to be dealt with at the present time. What are we going to do? Rebuke those that sent them, for their culpable intentions? Are we going to proclaim to the people that they shall no longer think? that they shall no longer speak? no longer address their servants on this subject? Are you going to proclaim this to them? If they come to us and tell us that they are men who desire to be allowed the use of their understandings and consciences, in relation to great public measures, must we tell them first, to get rid of the majority now in Congress, and next, of the present President of the United States, and that until that is done the ears of both are forever shut against them, if they believe a bank is necessary? Is the issue intended to be presented, that we will not let the people think? Why not wait until the regular session? Why not, in the midst of their agony, when their minds are quickened by the intensity of their sufferings, tell them to present themselves here, that they may have the consolation to think that, at the bottom of all this mischief, there still is hope? But no, this resolution proclaims that there is no hope; that it is mischief to the bottom. Sir, is it expedient or proper that this should be done at such a time? Who has come forward with a single proposition for relief? Who has proposed to reduce the number of your custom-house officers, who are equal in number at this time to the number employed in the most flourishing state of commerce? Who has told you, that as trade has been reduced in New York three-fourths, you can dispense with three-fourths of your officers and save their salaries? Who has told you so in relation to any other part of the Government, or who has proposed a reduction of expenditures? What is the whole amount of the propositions that have been brought forward? To relieve the Government. Give us gold and silver, says the Govern-

ment, and then go home, and think no more about a bank; we forbid it. The President of the United States has told you beforehand in his message, that in reference to a national bank, ordinarily so called, his mind is made up; and the Congress of the United States, in both branches tell you, before the measure is proposed, that they have made up their minds; that it is vain to think of it; that it is vain to ask for it; nay, although you come to us, and, as with a pencil of light, sketch out a vision by which we can see with certainty, that the same means which in 1816 and 1817 dispelled clouds as dark as they are now, and longer gathering, promises the same results, yet they cannot be heard; that you have nothing to do with the currency; that it is their business, and not yours; that they must go to their homes, and not indulge themselves in luxuries. Sir, it appears to me very inexpedient thus to act.

[On the following morning Mr. SERGEANT moved that the resolution should be referred to a Committee of the Whole on the state of the Union, for the purpose of more ample and satisfactory debate. This was opposed, and, after some discussion, the previous question was ordered, which put an end to the discussion.]

### SPEECH OF MR. GARLAND, OF VIRGINIA,

*In the House of Representatives, September 25, 1837—*

In opposition to the bill "imposing additional duties, as depositories in certain cases, on public officers."

MR. CHAIRMAN: I am indebted to the kindness of the gentleman from Tennessee (Mr. Williams) who was entitled to the floor, for the privilege of addressing the committee at this hour. This privilege accorded by that gentleman and the house under existing circumstances will command my lasting gratitude.

After three years or more of seeming unparalleled prosperity, the nation has been overtaken by an adversity which has paralyzed its energy and prostrated all its branches of industry and enterprise. So vivid, and so real, were the appearances that the late President of the United States in his farewell address to the American people, felicitated the country, and himself, upon its unparalleled prosperity and happiness; yet its most important interests, as if this apparent prosperity were but a delusion, now lie prostrate, and bleed at every pore. It has withered like the beautiful and verdant flowers of spring, by the untimely nip of a premature frost. The blighting effects of this unlooked for adversity upon the agriculture, commerce, and navigation of the country, and the obstacles which it obtrudes to the pecuniary operations of the Government, has induced the President of the United States, in discharge of his high constitutional duties, to call together, at this unpropitious season, the representatives of the States and the people, with a view of applying, as far as legislation can do it, a remedy for the existing diseases of the country. *In limine*, I will remark, that legislation cannot afford that substantial permanent relief which the distresses and embarrassments of the country require; that, can only be found in the industry, economy and elastic energy of the people, which heretofore upon like trying occasions has so effectually availed. Wise and judicious legislation may do much to mitigate the severity of the present calamity and hasten the period of relief, but it cannot of itself be effective; it must be *auxiliary*—it cannot be *primary*.

Before I proceed to discuss the merits of the principal remedy proposed by the President, for the relief of the Government and the country, I ask the indulgence of the house, in making reference to the circumstances which place me in reference to that remedy, in a peculiar attitude—for no other consideration could induce me to obtrude upon the house any remark affecting me individually. The Journal of the house for the 23d Congress, exhibits the fact that my immediate predecessor, General Gordon, of Virginia, (a gentleman of whom I take pleasure in saying that, he is honest, talented, honorable, magnanimous and liberal in an eminent degree, who stood so strong in the confidence and affections of the people of his district that nothing but substantial differences of political opinion, could have brought me hither in his place,) offered a scheme embracing the very principles of the recommendations of the message. The principles of the bill, proposed by my predecessor in February,

1835, was opposed and denounced by the late administration, and all its prominent friends in both houses of Congress, in no unmeasured terms. In this denunciation and opposition, I united, and defended General Jackson's administration for its opposition to this scheme before the people of the Congressional district, which I now feel honored in representing. Now, Mr. Chairman, in less than three years, I find myself impelled to defend the opinions I then entertained and defended, not against my political opponents, but against the attacks of the present administration and its friends, so completely have they changed their position. Finding for a few months past, that my opinions upon this subject were in collision with those of the administration and most of its prominent friends, I carefully and deliberately reviewed my former opinions, with a view to detect any fallacy, error, or delusion, under which I labored, if there was any which had contributed to form those opinions. The result of this review has been to rivet my conviction of the truth of those opinions, and an increased and more inflexible determination to adhere to them. Being satisfied that my opinions are correct, I dare not—I cannot—I will not vote for this recommendation of the message.

This determination to resist the recommendation of the President's message upon this subject, and as it may be called, my obstinate perseverance in maintaining my own honest and sincere opinions in the late election of printer to this house, has brought upon me individually, and in connexion with many of my political friends, whose opinions and course have been in accordance with my own, severe and bitter denunciations from some presses professing democratic republicanism, in which we have been charged with *traitorism* to our party, and humble I, have been dignified as the head of "a party." God knows, Mr. Chairman, I never desired or dreamed of being a *party leader*; I have not upon this or upon any other occasion, since I have had the honor of a seat on this floor, attempted to lead or control the opinions of others, nor have I had any concern with any party arrangements, as every member with whom I heretofore acted, or with whom I now act, well knows. Why then have I been so dignified? As to the charge of *traitorism*, I shall only say, that I have not deserted my political party; but, upon this question, it has deserted *itself* as well as me. I have no more to say now; or shall I at any time hereafter refer to these editorial attacks—I leave them to revel in the glory of their achievements over the feelings of honorable men, as the Turks revelled amidst the ruins of bleeding and burning Missalonghi. It is to be regretted that the selections of our law givers are not confined to the editorial corps, who, from their course of remark, leave it to be inferred that they regard themselves as having *more wisdom, more information, and more patriotism*, than every other class of citizens; and, above all, that they possess the power of infallible scrutiny into the hearts and motives of others, which enables them, unerringly, to expose the secret springs of every man's action.

In discussing the recommendation of the message presented in the form of law by the Committee of Ways and Means, embracing the whole principle of the message, I shall not detain the committee by entering into a discussion of the comparative merits of a national bank and State banks, or the expediency of establishing a national bank. There is now no proposition for the incorporation of a national bank before the House, nor is it designed, so far as I am informed, to present one during the present session. If such a proposition were presented, and a national bank were incorporated, it could not be organized and put into operation in time to afford any relief to the present embarrassments of the country, even if it would have that effect, which I by no means admit. The incorporation of such an institution, with such a redundancy of bank capital and bank circulation, would, in increasing the demand upon the existing banks for specie, and diverting it from the course of trade, do more to continue the present embarrassments of the country than all other causes combined. In this state of things the question to be decided is, whether the continuance of the present State bank system of fiscal agency, with the improvements and restrictions which experience has pointed out as necessary and proper, or the "*untried experiment*" of excluding the State banks as depositories of the public money, and restricting the receipts of the public revenue to *gold and silver only*, shall be adopted. This is the true issue, to the decision of which as affects the future happiness and prosperity of the nation, the most serious and

deliberate attention of the house should be directed. I need not here repeat what I have before stated, that whenever the question of a national bank is presented, if I shall have the honor of a seat upon this floor, that I shall oppose it, both upon the grounds of the want of constitutional power, and its inexpediency. The opinions I imbibed in my earliest youth, I learned from the State papers of Jefferson, Madison, and their republican cotemporaries, and shall never surrender them until I become a tenant of the tomb.

Although the recommendation of the President's message, and the provisions of the bill from the Committee of Ways embraces, in its immediate scope, an exclusive metallic currency, for the operations of the Federal Government alone, yet it is manifest that in its operation it must come in collision with the "credit system," and wage a war of extermination against it, in every form and shape, as a medium of circulation; with what prospect of success it is not for me to undertake to determine. This presents to the American people a question of momentous importance. In modern times banking institutions have been adopted as the most safe and efficient agencies of credit; by all the most enlightened and most commercial nations of the world. They had their origin in Venice, in the days of her commercial prosperity, and have been successfully adopted by all commercial nations, particularly in England, and France. Early in the history of our own Government, they were adopted, and have grown with our growth, strengthened with our strength, and have been enlarged from time to time to meet the exigencies of our increased and widely extended commerce, until they have become so intimately interwoven with our commerce and connected with our local institutions, as to make the separation difficult and dangerous in the extreme. This scheme however presents the question, and it must be ultimately met and decided. In the conflict, this exclusive metallic system proposed for the Government must be abandoned, or all our banking institutions perish; there is no middle ground.

Let it be remembered, that, under the vivifying influence and salutary operations of our banking institutions, our country has flourished and prospered, beyond parallel, in the history of nations. When we compare our condition, at the close of the revolution, with what it is at the present day, we perceive that in population, agriculture, commerce, and manufactures, our improvement has been rapid beyond precedent. Our villages, our towns, and our systems of internal improvement, flourishing and improving beyond example, bespeak an increase of wealth, power, and commercial facilities, which would not exist without the healthful action of a sound system of credit. The secret of the system is, that by its operation, it throws into active circulation, more than three times the amount of actual capital, and thereby supplies trade and commerce with the means of successful operation in the absence of an adequate supply of the metallic medium. It is true, that these institutions, like others, constructed and managed by frail human agency, have been mismanaged and abused. There is no perfection in human nature, and nothing perfect can be produced at its hands. What estimate would be placed upon the intelligence of the man who, because the boiler of the capacious and majestic steamboat sometimes bursts, would recommend the destruction of the steamboat, and the re-adoption of the canoe navigation? Your Government, which my much esteemed friend from Virginia, (Mr. Jones,) says is an experiment, has sometimes been abused. What estimate would you place upon the intelligence of the man who, for this cause, would recommend the entire destruction of our system, as the proper remedy? So in reference to the banking system, would it not be wiser to correct and cut off the abuses, and preserve the system, than rashly and inconsiderately destroy it? If the question were now presented as an original one, whether we should adopt the banking system, perhaps my own mind would be led to the adoption of a system organized upon a quite different plan; but we have the system, and the question is, how we shall act in reference to it? There is no man who really thinks that there is the slightest prospect that this system will or can be eradicated for a length of time, if ever; hence we must accommodate our action as far as we can, to the state of things as they are, and seek rather to aid and assist the State Governments in correcting the abuses of the banks, and restore them to health



and soundness. Whether we shall ultimately recur to an exclusive metallic system, and in anticipation prepare for that event, deserves consideration of more than ordinary gravity, and the exercise of extraordinary sagacity.

The system of deposits adopted from the foundation of the Government, and which has prevailed to the present hour, whether it was practicable, is the bank system. This fact accompanied with the expressed opinions of every incumbent of the Treasury Department until the present time, proves conclusively to every reflecting mind, that it was regarded as the safest, most economical, and most convenient system; without this means of keeping the public money, it must have been kept and distributed by individuals, and subject to all the extravagance, insecurity, and liability to defalcation which has ever attended individual receipts and disbursements. All preceding Secretaries, and many of our most distinguished men of the old republican school, declared their opinions in favor of the plan now proposed. It is remarkable, that a system so republican, so safe, and so innocent as that now proposed, should never have been proposed for the adoption of Congress, by any preceding administration, or any preceding Treasury Department, if it had been viewed in its present favorable and superior light, it certainly would have been recommended; but as it was not, I regard the omission to do it, as conclusive evidence that it was not approved. The only difficulty which has ever prevailed, has been between the selection of a national and State banks, some preferring the former, some the latter. There being now no national bank, the question of preference is directly presented between the State bank system and the sub-treasury system, recommended by the Executive. The State bank system stands preferred, not only by the practice of the Government, but the expressed opinions of many of our most able and distinguished patriots and sages. In the year 1791, after the passage of the act incorporating the first Bank of the United States, Mr. Jefferson, in his official opinion to General Washington, as a member of his cabinet, upon the constitutionality of that act, resisted the argument of the necessity of that bank as the fiscal agent of the Government, on the ground that these facilities would be afforded by the State institutions, in that opinion he expressed himself thus:

"Perhaps, indeed, bank bills may be a more convenient vehicle than Treasury orders; but a little difference in the degree of convenience cannot constitute the necessity, which the Constitution makes the ground for assuming any non enumerated power.

"Besides, the existing banks will, without a doubt, enter into arrangements for lending their agency; and the more favorably, as there will be a competition among them for it; whereas the bill delivers us up bound to the national bank, who are free to refuse all arrangement, but on their own terms, and the public not free, on such refusal, to employ any other bank."

Mr. Madison, in his able and unanswerable speech in opposition to the charter of that bank, said:

"But the proposed bank, could not even be called necessary to the Government; at most, it could be but convenient. Its uses to the Government could be supplied by keeping the taxes a little in advance; by loans from individuals; by the other banks over which the Government would have equal command; nay, greater, as it may grant or refuse to these the privilege, made a free and irrevocable gift to the proposed bank, of using their notes in the federal revenue."

The arguments urged in favor of the charter of this bank were principally those of its safety, economy, and convenience as a depository and disbursing of the public money. This was a most propitious period in our history to have adopted a system of individual agency, and withheld all connexion with banks if it had been deemed safe, economical and convenient. When the question of the renewal of the charter of that bank was under consideration, a memorial was referred by the House of Representatives, praying the renewal of the charter of that bank. In his report upon that memorial, in enumerating the advantages of the bank to the Government, he speaks of the safe-keeping of the public moneys thus:

"1. *Safe-keeping of the public moneys.*—This applies not only to moneys already in the Treasury, but also to those in the hands of the principal collectors, of the commissioners of the loans, and of several other officers, and affords one of the best securities against delinquencies."

It is true that Mr. Gallatin was speaking of a national bank, yet the principle is the same in reference to the plan proposed, for that strikes at all banks, national or State. But to prove that while this distinguished financier preferred a national to State banks, he preferred a State bank to an individual agency, I here quote from his report to a

committee of the Senate of the 30th of January, 1830, upon the same subject.—He says:

"The banking system is now firmly established; and, in its ramifications, extends to every part of the United States. Under that system, the assistance of banks appears to me necessary for the punctual collection of the revenue, and for the safe-keeping and transmission of public moneys. That punctuality of payment is principally due to banks, is a fact generally acknowledged. It is, to a certain degree, enforced by the refusal of credit at the custom-house, so long as a former revenue bond, actually due, remains unpaid. But I think, nevertheless, that, in order to ensure that precision in the collection, on which depends a corresponding discharge of the public engagements, it would, if no use was made of banks, be found necessary to abolish, altogether, the credit now given on the payment of duties—a measure which would affect the commercial capital, and fall heavily on the consumers. That the public moneys are safer, by being weekly deposited in banks, instead of accumulating in the hands of collectors, is self evident. And their transmission, whenever this may be wanted, for the purpose of making payments in other places than those of collection, cannot, with any convenience, be effected, on a large scale, in an extensive country, except through the medium of banks, or of persons acting as bankers.

"The question, therefore, is, whether a bank, incorporated by the United States, or a number of banks, incorporated by the several States, be most convenient for those purposes.

"State banks may be used, and must, in case of a non-renewal of the charter, be used by the Treasury."

In this paragraph is found the expressed and decided opinion of Mr. Gallatin, not only that the banking system is firmly established, but that if there be no national bank, the Government must resort to State banks, and that the public moneys are safer in banks than accumulating in the hands of individuals, the opinion is entitled to great weight, as coming from a most able and experienced financier.

In addition to these, I refer to the opinions of several distinguished republican members of this House, in the session of 1810, upon the same subject.

Mr. Burwell said:

"I said, sir, it must be shown that the bank is necessary to the operations of the Government; without its aid our fiscal concerns cannot be managed. So far from subscribing to the necessity of the bank, I believe the revenue would be equally safe in the State banks, and could be distributed with considerable difficulty; the revenue received in most of the States is nearly equal to the expenditures within them, and when a deficiency occurred in any one, it could be supplied by arrangements with the different banks, by transportation or inland bills of exchange, in the same manner that the public engagements are fulfilled abroad."

Mr. Epes said:

"The creation of a bank with a capital of \$10,000,000, almost five times the capital of all the existing banks of the Union, under the patronage of the General Government, was calculated to produce and did produce a subversive on the part of the stockholders, to the views of their party. The influence of this powerful money capital was long felt. Nothing but the multiplication of State banks, and the increase of capital from the peculiar and fortunate circumstances under which the United States were placed, could have emancipated us from the shackles imposed on us by a moneyed interest wielded by foreigners."

Mr. Giles said:

"I cannot see how putting down this institution can materially affect the pecuniary abilities of the nation; its actual funds for discounting will be nearly the same; the position of them only will be changed; they will find their way into the State banks, and their ability to discount will be increased proportionably to the increase of their deposits. Nor am I at all alarmed at the suggestion that seven millions of dollars will be drawn out of the country by the British capitalists, because it will not be their interest to do so; their dollars are worth more here than in Great Britain; if drawn there, they would soon be melted down into their depreciated paper circulation. They might also draw bills to advantage, so that I doubt whether an additional dollar will be shipped from the country in consequence of the rejection of this bill. Certainly there will not to any great extent."

Mr. Clay said:

"Upon the point of responsibility, I cannot subscribe to the opinion of the Secretary of the Treasury, if it is meant that the ability to pay the amount of any deposits which the Government may make, under any exigency, is greater than that of the State banks. That the accountability of a ramified institution, whose affairs are managed by a single head, responsible for all its members, is more simple than that of a number of independent and unconnected establishments, I shall not deny; but, with regard to safety, I am strongly inclined to think it is on the side of the local banks. The corruption or misconduct of the parent, or any one of its branches, may bankrupt or destroy the whole system, and the loss of the Government, in that event, will be of the deposits made with each; whereas, in the failure of one State bank, the loss will be confined to the deposits in the vaults of that bank."

All these gentlemen resisted the argument of necessity for the renewal of the charter of the old bank, on the ground that the State banks were equally safe, and equally convenient, as the fiscal agents of the Government; so that the whole force of the argument, as applied in favor of a national bank over the system of individual agency, applies with full force in favor of the State banks. In the debate upon the charter of the late bank, the same opinions were expressed in favor of State banks, by many able and distinguished gentlemen. It is remarkable that in the whole range of debate, at the two pe-

riods referred to, no gentlemen, so far as I recollect, expressed the slightest inclination to resort to the sub-treasury system.

The administration of General Jackson exhibits still stronger and more conclusive proof of the superiority of the State bank deposit system over any other which the "wit of man could devise." Indeed, so little was the sub-treasury system in favor that when the removal of the deposits was determined upon, it did not enter into any consideration, as far as we are informed; but the State banks were recommended and selected, as being in every point of view equal to the Bank of the United States, as fiscal agencies, and, in a political point of view, infinitely safer—the comparison being instituted between a national and State bank alone. In General Jackson's expose to his cabinet on the — day of September, after reviewing the advantages and disadvantages of the United States and State banks in contrast, says:

"The President thinks, these facts and circumstances afford as strong a guarantee as can be had in human affairs, for the safety of the public funds, and the practicability of a new system of collection and disbursement through the agency of State banks."

Language could not be more unequivocal of the preference of the State bank system over every other; yet the President seems to be aware that danger lurks in all human systems, and that this system might be disordered from those causes which are incident to human frailty. If there could be a lingering doubt upon the mind of any man that the late President designed the State banks as the permanent system of the Government, it will be removed by the following extracts from his annual message, of December, 1834:

"The attention of Congress is earnestly invited to the regulation of the deposits in the State banks."

In the same message he expresses himself thus:

"Happily it is already illustrated that the agency of such an institution (the United States Bank) is not necessary to the fiscal operations of the Government. The State banks are found fully adequate to the performance of all services which were required of the Bank of the United States, quite as promptly and with the same cheapness. They have maintained themselves and discharged all their duties, while the Bank of the United States was still powerful, and in the field as an open enemy; and it is not possible to conceive that they will find greater difficulties when that enemy shall cease to exist."

In his annual message to Congress in December, 1835, General Jackson expresses himself thus:

"By the use of the State banks, which do not claim their charter from the General Government, and are not controlled by its authority, it is ascertained that the moneys of the United States can be collected and disbursed without loss or inconvenience, and that all the wants of the community in relation to exchange and currency, are supplied as well as they ever have been before."

In the annual message of December, 1836, which was the last General Jackson delivered after the emanation of the Treasury circular, requiring gold and silver for the purchases of the public lands, and a full knowledge of the facts upon which that order was deemed necessary, in the following strong and emphatic terms, he expressed his unabated confidence in the State bank system:

"Experience continues to realize the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government. At the time of the removal of the deposits it was alleged by the advocates of the Bank of the United States that the State banks, whatever might be the regulation of the Treasury Department, could not make the transfers required by the Government, or negotiate the domestic exchanges of the country. It is now well ascertained that the real domestic exchanges performed, through discounts, by the United States Bank and its twenty-five branches, were at least one-third less than those of the deposit banks for an equal period of time; and if a comparison be instituted between the amounts of service rendered by these institutions, on the broader basis which has been used by the advocates of the United States Bank in estimating what they consider the domestic exchanges (transacted by it), the result will be still more favorable to the deposit banks."

Thus we have the unequivocal evidence that the late President of the United States, preferred the State bank to any other system; as to the sub-treasury scheme, he did not in a single expression in any of the messages referred to, or in any other state paper emanating from him, intimate a desire to resort to it.

The evidences from which the preference for the State bank system by the late administration is to be derived, is not confined to the quotations which I have made from General Jackson's messages. Mr. Taney, the Secretary of the Treasury, who directed the discontinuance of the Bank of the United States, and adopted the State banks as the depositories of the public money, in his annual report of the 3d December, 1833, after contrasting the advantages and disadvantages of both agencies, decidedly recommends the State banks. He said:





good to prove; and, as the proof was in the documents of the Senate, he would use it, and extinguish at once this delusive and deceptive comparison between State banks and the Federal banks."

Mr. Benton was sustained in his preference for the State banks by Mr. Wright, of New York. The present Speaker of the House, in a speech delivered by him on this subject, on the 20th of June, 1834, ably vindicated the State bank system, in the course of which he made the following remarks:

"The State banks, then, are to be employed, either under our law as it exists, or under the law as Congress may modify it. The bill before us proposes modifications, limiting and defining, with more precision than has heretofore been done, the executive discretion and power. It is tendered to the house, and especially to those who have raised the cry of a union in the President of the sword and the purse, when in fact he possesses neither. The present Executive does not desire, and never has desired, to retain any discretionary power in the execution of the laws, which, from its nature, is susceptible of being defined by law. The Executive, and his friends upon this floor who sustain him in the recent executive measure of the removal of the deposits, desire to see him, and not only him, but his successors in the executive office, relieved from the responsibility of exercising discretionary power in relation to the safe-keeping, management, and disbursement of the public money, as far as, by legislative provisions, it can be done. The bill which has been presented, contains provisions suited, in the opinion of the committee who prepared and brought it forward, to attain this end. I have invited gentlemen who may think its provisions inadequate, or who may suppose that too much power is still left in the hands of the Executive, to come forward with their modifications, still further limiting and confining his power. If they will neither accept this bill, nor propose to amend and make it more perfect, the conclusion must be, that they prefer the law as it is to any new legislative provision. If they do not co-operate with us in perfecting and passing this bill, the conclusion will be irresistible that the charge which has been made against the President, of a desire to seize upon powers which do not belong to him, was designed to produce an erroneous impression upon the public mind, and is wholly unfounded in fact; that they prefer the existing laws to any amendments which can be made; and, in a word, that the real purpose to be effected by all the violent and impassioned appeals which have been made, charging him with usurpation, was to operate upon the public, with a view to procure a continuance of the present odious bank monopoly."

In a speech delivered by him on the 10th of February, 1835, he said:

"The State banks are not only competent to furnish all the domestic exchange required for the convenience of trade, but they furnish it at cheaper rates, in many parts of the Union, than the Bank of the United States has heretofore done the same business."

In relation to the sub-treasury scheme, offered by Mr. Gordon, which seems to be the pioneer of the present, in the same speech, Mr. Polk said:

"Unless the States, and the United States, should both deem it proper, gradually, and in the end, entirely, to disperse with the paper system, and which result is not anticipated, the Government cannot escape occasional losses from that quarter, and can never hope to escape all losses from banks as fiscal agents, except by the employment, in their place, of other and individual agents, who will probably be found less responsible, safe, convenient, or economical."

"He concedes that it would be practicable to employ such agents, but does not recommend it, for the reasons stated in the paragraphs of the report which I have read, and because it would not, 'in the present condition of things, be so eligible a system as the present one.'"

"A corporation may be safer than any individual agent, however responsible he may be, because it consists of an association of individuals who have thrown together their aggregate wealth, and who are bound, in their corporate character, to the extent of their whole capital stock, for the deposit. In addition to this, the Secretary of the Treasury may require as heavy collateral security, in addition to their capital paid in, from such a corporation, as he could from an individual collector or receiver, which makes the Government depositories safer in the hands of a bank than it could be with an individual."

"It may be well questioned whether the heaviest security which the most wealthy individual could give, could make the public deposite safe at the point of large collection. In the city of New York, half the revenue is collected. Several millions of the public money may be in the hands of a receiver at one time; and if he be corrupt, and shall engage in speculation or trade, and meet with a reverse of fortune, the loss sustained by Government would be inevitable. With ample security, as it was supposed, the Government lost a million or more in the case a few years ago. The losses in three cases alone, as already stated, in 1827 and 1823, when it was supposed ample care had been taken to secure the debt, amounted to near two millions. As, then, between the responsibility of a public receiver and bank corporations, as banks do exist, and are likely to exist, under State authority, the latter, upon the ground of safety to the public, are to be preferred."

"Banks, when they are safe, recommend themselves to the service of the Treasury for other reasons:

"1. The increased facility they possess over individual collectors or receivers, in making transfers of public money to distant points for disbursement, without charge to the public. Indeed, this is a service which individuals, to the extent of our large revenues, could not perform."

"2. It may happen, in the fluctuation of the amount of revenue and expenditures, that there will be, at some times, a considerable surplus in the Treasury; which, though it may be temporary, if it be withdrawn from circulation, and placed in the strong box of a receiver, the amount of circulation will be injuriously disturbed, by hoarding the deposit, by which the value of every article of merchandise and property would be affected. So that, inasmuch as we cannot anticipate or estimate what the exact amount of revenue or expenditure may be from year to year, there may occur an excess of revenue in the Treasury, not immediately called for to be disbursed, which it would be very inconvenient to abstract from trade and circula-

tion. Whilst the deposit is in a bank, the bank may use it, keeping itself at the same time ready to pay when demanded, and it is not withdrawn from the general circulation, as so much money hoarded and withdrawn from the use of the community."

"If in the hands of receivers, they must either hoard it, by keeping it locked up in a strong box, or use it, at their own risk, in private speculation or trade, or they must, for their own security, or on their own responsibility, place it at last on deposit in banks for safe-keeping, until they are called on by the Government for it."

"This temporary use of the money on deposit in a bank, constitutes the only compensation which the bank receives for the risk of keeping it, and for the service it performs. If receivers be employed, they cannot perform any other service than to keep the money, and must be paid a compensation from the Treasury."

These evidences, added to the fact, that upon the question of adopting the sub-treasury plan proposed by Mr. Gordon, every friend of the Administration, save one (Mr. Beale, of Virginia) voted against it, as did a majority of the opposition, I regard as conclusive of the preference of the late Administration for the State bank over any other system. It has been said that the friends of the Administration voted against this scheme with a view of trying the sufficiency of the State bank system, that is, to make an experiment; but General Jackson's, Mr. Woodbury's, Mr. Benton's, and Mr. Polk's assertions are at war with this imputation. Each of them attested that the State bank system had been well tried, and found amply sufficient for all the purposes of fiscal agency, domestic exchanges, and sound currency. I cannot believe that the friends of the Administration would thus have experimented upon such an important and delicate subject as the currency, when there was presented for their adoption a scheme so constitutional, so republican, so wise, and so efficient, as the Treasury scheme is now thought to be.

But, Mr. Chairman, I am not without further evidence from very high authority, although the President of the United States, in his message to this Congress, represents that this is the third fiscal connexion between the State banks and the Government which has failed, yet he certainly did not regard the two previous failures as constituting any serious objection to the system, for in August, 1836, preceding the last Presidential election, in a letter to the honorable Sherrod Williams, of Kentucky, he ably sustained the State bank system. In that letter he used the following language:

"Although I have always been opposed to the increase of banks, I would nevertheless pursue towards the existing institutions a just and liberal course—protecting them in the rightful enjoyment of the principles which have been granted to them, and extending to them the good will of the community, so long as they discharge with fidelity the delicate and important public trusts with which they have been invested."

These, Mr. Chairman, which have been afforded from the foundation of the Government to the present hour of the value of the State banks as fiscal agents, mainly offered by those who now seek to destroy that fiscal agency, and refuse their notes in the receipts of the public dues. This system, which was sound democracy in 1835, is bank rag aristocracy in 1837. While defending this system in 1835, I was a good democrat; but in 1837, for still defending the same system, I have become a bank aristocrat; from this it would seem that democratic principles, like deranged currency, is somewhat fluctuating.

Mr. Chairman, experience, which is the most unerring of all human guides, one truth tested by which is worth a thousand theories, has taught us that credit is a plant of delicate character, and cannot, with safety, be rudely handled; it must be touched as cautiously as you would touch the sensitive plant. Often has the soundest credit, with the most ample, although not immediately available means, withered and sunk beneath the breath of unjust and unwarranted suspicion. No credit, and no credit system can be sustained without confidence—confidence in its very essence, and whenever withdrawn, whether justly or not, seriously affects it. The banking institutions of the country are sustained entirely by confidence, without it their notes would have no circulation, and they would not be able to conduct their business profitably. Want of confidence, then, or withdrawal of existing confidence, must, in the nature of things, greatly prejudice these institutions, and derange and embarrass their operations.

The recommendations of the President and the Secretary of the Treasury to discontinue the present deposit system, and the receipt of the notes of the banking institutions, is based upon the allegation that these institutions have been unfaithful to their high obligations, and therefore not worthy of

continued confidence. The present suspension of specie payments and its consequences, is the ground upon which this recommendation is founded. I propose, Mr. Chairman, briefly to examine whether the present condition of the banks, both as relates to their ability to meet all their liabilities, and the propriety of the suspension of specie payments, justify this charge, and the entire withdrawal of public confidence. That the deposit banks will be able to redeem all their liabilities, and that at no very distant period, is very manifest, not only from the report of the Secretary of the Treasury, but from their actual condition as ascertained and reported to this House. After the cautious and rigid scrutiny instituted into the condition of the State banks when they were about to be selected, I suppose it will not be doubted, that the selected banks were entirely responsible, and in high credit. I have selected eighteen of the principal banks in which the public money was deposited, and three others selected in 1835. The following comparison of their aggregate condition in relation to circulation and specie, when they were at first selected, and now, according to the last returns, proves most conclusively, that in relation to specie and circulation, their condition is materially improved.

Condition of eighteen of the principal banks when first selected, and up to August 15th, 1837, including three of the principal selected banks under the acts of 1835.

	Capital.	Specie.
When first selected -	\$30,725,070	\$14,550,075
About Aug. 15th, last -	44,370,990	18,605,739
	\$14,245,290	\$3,955,664
		\$1,632,258

The circulation not quite three to one of specie.

The annexed table shows their individual condition.

BANKS.	WHEN FIRST SELECTED.		
	Specie.	Circulation.	Capital.
Commonwealth, Boston,	\$41,567	\$105,790	\$300,000
Merchant's, Boston,	30,470	174,100	750,000
America, New York	212,770	375,750	2,100,000
Mechanic's, New York	284,040	603,000	2,000,000
Manhattan, New York	257,262	345,000	2,000,000
Girard, Philadelphia	66,480	369,000	1,500,000
Union, Baltimore	92,590	362,000	1,540,000
Metropolis, Washington	17,050	105,400	500,000
Planter's, Savannah	209,200	193,650	635,000
State Bank, Ala., Mobile	425,500	1,145,000	1,000,000
Planter's, Natchez	113,220	1,510,430	2,320,000
Union, Nashville	69,211	1,747,900	1,243,000
Union, N. Orleans	329,275	921,000	5,500,000
Commercial, N. Orleans	75,609	370,950	1,812,590
Michigan, Detroit	40,340	228,600	350,000
Farmer's & Mec., do.	23,330	141,900	103,980
Bank of Virginia	406,830	2,741,000	2,740,000
Selected in 1835.			
Plant. & Mec., Charleston	237,350	2,073,200	1,080,000
State Bank, N. Carolina	167,600	953,070	1,080,000
State Bank, Indiana	637,102	944,200	800,000
	\$3,825,298	\$14,550,075	\$30,725,070

15th August, 1837.

BANKS.	15th August, 1837.		
	Specie.	Circulation.	Capital.
Commonwealth, Boston,	\$40,170	\$203,969	\$500,000
Merchant's, Boston,	163,080	211,270	1,600,000
America, New York	613,930	425,420	3,100,000
Mechanic's, New York	43,200	417,200	2,000,000
Manhattan, New York	209,370	426,660	2,050,000
Girard, Philadelphia	230,700	777,470	5,000,000
Union, Baltimore	75,710	237,640	1,545,560
Metropolis, Washington	44,420	360,120	500,000
Planter's, Savannah	293,530	260,940	635,000
State Bank, Ala., Mobile	138,600	1,555,230	2,300,000
Planter's, Natchez	393,230	1,521,750	4,205,000
Union, Nashville	199,100	1,307,450	2,000,000
Union, N. Orleans	80,550	1,305,470	7,000,000
Commercial, N. Orleans	118,300	402,340	3,000,000
Michigan, Detroit	84,830	330,460	450,000
Farmer's & Mec., do.	52,670	169,900	400,000
Bank of Virginia	426,430	2,572,090	3,240,000
Selected in 1835.			
Plant. & Mec., Charleston	241,637	731,325	1,000,000
State Bank, N. Carolina	500,486	1,299,550	1,500,000
State Bank, Indiana	999,394	1,476,076	1,545,000
	\$5,457,556	\$18,503,739	\$44,920,960

Comparison of exchanges.  
In 1834, exchanges of the Bank of the U. S. - \$225,617,910  
In 1836, by deposit banks - 423,463,211

All other liabilities and responsibilities are improved in nearly the same ratio. I refer to the last returns from the Treasury Department, and those officially published by the different and most important banks, to prove that there has been a general improvement in the condition of near-



ly all the banking institutions. I have before me an official statement of the condition of the banks of Virginia, exhibiting an improved, and improving condition, and entire solvency. I might refer to others; but time will not admit. The Treasury reports prove that, notwithstanding the suspension of specie payments, the deposit banks have rapidly reduced, and have nearly extinguished their debt to the Government. On the first day of January last, there was in the deposit banks to the credit of the Treasury, \$42,468,859 97, of this sum there has been transferred and paid to the States, under the deposit act, \$27,063,430 80, leaving a balance of \$15,405,429 17; of that balance and of all the deposits made since, there now remains only the sum of \$12,418,041 due to the Government, of this there only remains \$8,166,492, 85 subject to draft, drafts having been issued for the remainder; and I do not doubt the amount is now much less. Of this amount, there is due less than \$1,000,000 from the banks in the Atlantic States. Since the 1st of May, about the time specie payments were suspended, according to the report of the Secretary of the Treasury, the deposit banks have reduced their discounts \$20,388,776, their circulation \$4,991,791, their public deposits \$15,607,316, while their specie has diminished less than \$3,000,000. The Secretary further informs us that, "of the number of eighty-six banks employed at the time of the suspension, ten or eleven are supposed to have paid over all the public money, which was then in their possession, to the credit of the Treasurer. In the custody of more than half of the others, an aggregate of less than \$700,000 remains unadjusted. Several of the rest, still possess large sums; but many of them have continued promptly to furnish such payments from time to time, for meeting the public necessities." Mr. Chairman, these payments and these exertions afford, most conclusively, evidences of the frauds and insolvency of the local banks; would to God, all fraudulent and insolvent men would furnish a little more evidence of dishonesty and insolvency such as this, sir. The Secretary of the Treasury from his report, does not expect to lose a single dollar of the public money, so that the disconnection recommended, cannot have any foundation on this ground. But, sir, the Treasury Department affords us another important fact, in its circular to the banks of the 3d of July last, upon the subject of the suspension of specie payments, and additional security for the public dues, he says:

"It affords me much gratification to find, so far as regards the inquiry concerning the payment and security, a great willingness expressed to make the United States amply safe for the eventual payment of all that is due, and a strong conviction entertained by the banks that no loss will be ultimately sustained by the Government."

Again he says:

"Another portion of that circular communicated information concerning the lenient mode which, under the severe losses experienced by many of the banks from mercantile failures, and under the embarrassments to others, caused by panic and want of confidence, was contemplated to be adopted in recalling the public funds. That mode was by such moderate drafts and transfers as the public necessities should from time to time demand; and an earnest request having been made for a satisfactory compliance with it on the part of the banks, assurance has generally been given of a readiness to answer those calls with promptitude, and in an acceptable manner."

Again he says:

"The returns of the condition of the selected banks, which were requested to be continued, have generally been made with promptitude and regularity. But while it is very satisfactory to see, in most cases, a reduction in discounts and circulation, and which course is the most efficient to cure one of the existing evils in banking, and to enable the institutions which have suspended specie payments to resume them at an early day, and with much greater safety, it is regretted that, in a few instances, this course has not been adopted. But whenever departed from in such a crisis, the error hastened, and must tend hereafter, to impair the confidence of the department in the sound management of the institution, and to justify such steps as may lead to a more speedy withdrawal of the public money, or to the procurement of increased security."

From these evidences, I take it for granted, that the deposit banks are solvent, and that the Government will not lose a single dollar by them.

This is not the only evidence afforded by the Secretary of the Treasury of the solvency of many of the deposit banks, and the reliance placed upon them to aid in redeeming the country from its present embarrassed condition. On the 13th of the present month, while the bill authorizing the issue of Treasury notes was depending, the Secretary addressed the following letter to several of these institutions, proposing to them to purchase the Treasury notes which shall be authorized, and to pass the proceeds to the credit of the Treasury

as specie, to be paid as the wants of the Government may require; this is the letter:

"TREASURY DEPARTMENT.  
September 19th, 1837.

"SIR: A bill is now before Congress to authorize the President of the United States to cause the issue of Treasury notes for such sum or sums as he may think expedient; but not exceeding, in the whole amount of notes issued, the sum of twelve millions of dollars, and of denominations of not less than one hundred dollars for any one note, to be reimbursed at the Treasury of the United States, after the expiration of one year from the dates of the said notes respectively.

"I will thank you to state whether, in the event of the passage of the bill, you will agree to take the said notes from the Government, and give the Treasurer of the United States a credit for the amount; to be drawn for as may be necessary, and payable in specie if required; and, if so, to state what amount you will receive, and the lowest rate of interest to be borne by said notes."

"I am, very respectfully,  
Your obedient servant,

"LEVI WOODBURY."

Yes, sir, some of these faithless and unworthy institutions are appealed to, to purchase Treasury notes, and pass the proceeds to the credit of the Government, and hold it until it was wanting by the Government.

Judging from the generally admitted principle, that the soundness of a bank is to be determined by the proportion of its actual specie capital to its circulation, the deposit banks are sounder than the Bank of England, or the English Joint Stock banks. Up to the 25th July last, the relative proportion between the specie capital and its circulation was as follows:

	Specie.	Circulation.
Bank of England	26,150,000	91,305,000
Private and Joint Stock banks	00,000,000	5,362,165
	\$26,150,000	\$96,667,165
	Specie.	Circulation.
United States Deposit banks	\$11,439,012	\$31,779,804

From this comparison it is manifest that the deposit banks in the United States, were in a condition better to sustain a sound currency and specie payments than the English banks, unless some other cause should operate a different effect. Yet, although the same causes which embarrassed the commerce and credit of the United States existed in England, the Bank of England continued specie payments, and the Bank of the United States suspended. Why? Four causes are manifest: 1. The Government of England continued their confidence in their institutions, ours withdrew its: 2. A large debt was due from the American to the foreign merchants, and a necessity for large specie exportations produced: 3. The continuance of the specie circular. 4. The execution of the deposit act of the 23d June, 1836.

From the connexion which existed between the Government and the State banks, growing out of their adoption as fiscal agents, and the general impression which it produced, that the Government was disposed to cherish and sustain them, the slightest manifestation of the want of confidence on the part of the Government, was calculated to produce the most disastrous effects upon their credit, and cripple their operations. It was calculated to impair general confidence, and produce a rush for specie, so sudden and violent, that but few banking institutions could be prepared to withstand it. This want of confidence was clearly manifested in the Treasury circular of July, 1836, in which danger was distinctly announced to the country. This measure of itself, however, could not have exerted any very deleterious influence upon the credit of the banks; but, operating in conjunction with other causes, was calculated seriously to impair public confidence, and to produce serious embarrassments in the monetary system of the country.

The Treasury circular, which required specie for the payment of the public lands, produced an unusual and unnecessary drain of specie from the Atlantic to the western banks, and, of course, it was incumbent on the eastern banks to use the usual precaution of contraction to meet the demand, whatever it might be. Independent of this direct operation, emigrants, who were numerous from the eastern to the western States, sought that kind of currency which was receivable at the Land Offices. Hence, specie being only receivable there, they demanded specie for their notes, which being principally eastern, the eastern banks were bound to pay. These drafts for specie were calculated to produce a corresponding curtailment of the circulation and loans of the banks, which were among the

professed objects of the order. The gold and silver thus drawn from the eastern, was deposited in the western banks, and there kept entirely unemployed, to the great detriment of trade, awaiting the drafts of the Government. In addition to the operation of the specie circular, and about the time of its utmost severity, the pressure of a heavy foreign debt created an additional heavy demand for specie, which was principally to be drawn from the vaults of the banks. The effect of this demand for specie to pay the foreign debt, necessarily produced a contraction of loans and circulation, corresponding with the extent of the demand. We all remember the gloomy period of 1819, when distress and ruin pervaded the whole community, and filled it with dismay, and as it is fair to judge of the present by the past, I have selected the four years preceding 1819, and the preceding four years, with a view to contrast the state of trade then, with its present state; in order, in part, to account for the present revulsion and derangement of commerce, and the effects now, as then, produced. In the years 1815, 1816, 1817 and 1818, the state of foreign trade was as follows:

	Exports.	Imports.
1815	\$52,557,753	\$113,041,274
1816	81,920,452	147,103,000
1817	82,671,569	99,250,000
1818	93,281,133	121,750,000
	\$310,430,907	\$481,144,274
		316,430,907

Excess of importations over exports \$170,713,365 Which, after proper allowance for tonnage and other expenses, left a heavy balance. The effect was, that a bank circulation in 1816, of \$110,000,000 was reduced in 1819, to \$45,000,000; we all recollect during this year, the immense deduction which property, produce and labor underwent. The foreign trade for 1838, 1834, 1835 and 1836, is as follows:

	Exports.	Imports.
1833	\$90,140,438	\$108,118,311
1834	104,336,973	126,521,332
1835	118,955,239	151,030,368
1836	125,663,040	189,980,035
	\$442,095,690	\$575,650,046
		442,095,690

The excess of importations, \$133,554,356 Leaves a large foreign debt; and although the balance now is \$37,000,000 less than in 1819, yet it is sufficiently large to render a heavy reduction in bank loans and circulation necessary to meet it; because exchanges, being materially reduced, it could be met in nothing but specie. The heavy importations of specie from England, through the instrumentality of acceptances of American drafts alarmed the Bank of England for its own safety; and to counteract this drain, it refused to discount for any merchant who accepted American bills, thus making it necessary to demand more specie for the payment of the foreign debt, than would otherwise have been required. This policy was more rigidly pursued than perhaps it otherwise would have been, had it not been supposed, from the declarations of a great portion of the American press, that it was a part of the policy of our Government to prevent the exportation of specie entirely, and continue, as far as possible, the drain from Europe. Combined with these causes, was the execution of the deposit act of June, 1836.

It having been ascertained from the rapid increase of the revenue from the sales of the public lands, and the duties on foreign importations, that there would be a large surplus in the Treasury on the 1st of January, 1837, it was determined to withdraw it from the control of the Federal Government, (to which its possession offered so many strong and dangerous temptations,) and from the custody of the deposit banks, to prevent its being made the foundation of dangerous and excessive issues of bank paper; and to place it in the custody of the State Governments, thus to remain to be employed for the local benefit of the people, (from where it had been unconstitutionally and improperly drawn,) until needed for the legitimate purposes of the Government, a disposition, in my humble opinion, both wise and salutary, both as regards the currency and the purity of the Government. For the purposes of giving the banks timely notice, and to enable them to meet the demands of this law without detriment to themselves or the public, the operation of the act

was not to commence until the 1st day of January after its passage, a period of six months, and then to be met in four equal quarterly instalments. This was ample time to prevent any serious derangement of the affairs of the banks, or the commerce of the country. In a short time after the passage of this act, and long before it was ascertained what would be the amount to be distributed, and of course the first instalment, the Secretary of the Treasury issued his orders to the deposite banks, directing them, by a fixed period, to transfer to specified points, about \$13,000,000, (as well as I recollect,) instead of giving drafts to the States for their several quotas on the most convenient banks to pay the amount on the day it was due; which might have been met, according to the usual mode of commercial exchange, between creditor and debtor banks, and merchants; and by which they would have been performing but the usual commercial functions; whereas, by the operation of the orders of the Treasury Department, the amount to be transferred was abstracted from commercial employment, from the time of the transfer till the payment; and created a demand, in some instances, for specie, which might have been avoided. Thus was inflicted upon commerce an injury from the injudicious execution of the law, which is dexterously ascribed to the provisions of the law itself! This operation was particularly severe upon the New York banks, which held in the neighborhood of \$20,000,000 of the public depositories. The deposite act in itself did not necessarily decrease, or tend to decrease, the active capital of the country; it was taken from banks to be again put into banks. While it reduced the active means of some, it increased that of others. In many instances the credit was only passed from the Federal to the State Governments. There was nothing in it to embarrass the trade and commerce of the country. The effect was produced by its unwise execution, coming in aid of other causes of an embarrassing character. In this opinion I am sustained by the most able and skilful financiers of the country.

At about the time of the suspension of specie payments, there were in the banks, (if my estimate be correct,) about \$155,000,000 of private depositories. These private depositories were generally made in bank notes; yet the depositors had the right to demand specie for them. When the operation of these causes were perceived, and the diminution of confidence on the part of the Government manifest, the private depositors, in place of their deposited notes, began to demand specie. Brokers also began to demand specie for all the notes which they held, or could purchase, and this was no small amount.

The banks in the city of New York, where the storm first began to rage and to produce most serious effects, although ultimately responsible for all their obligations, could not meet this sudden rush upon their vaults, without ruin to themselves, and the people; they therefore suspended specie payments. This suspension, the causes of which were not understood by the country, produced alarm throughout the whole community; and a general suspension of specie payments was the result. By this suspension I do not doubt that the banks have not only saved themselves but the country from utter ruin and destruction. I confidently believe that the withdrawal of the confidence of the Government, so strengthened the operation of all the causes to which I have adverted, that it compelled the banks to a course, which, with the fostering care and continued confidence of the Government, could and would have been avoided: for the banks have no interest, whatever, to embarrass their own operations by an act so destructive of that credit which is so necessary to the successful extension of their business—for sound unsuspected credit is the very soul of their operations, and the foundation of their profits.

The truth of this argument is fully sustained by recurrence to the history of the Bank of England, as well as our own banking institutions. On many occasions the Bank of England has been sorely pressed, yet it retained the confidence, and was aided by the Government, and was enabled thereby to surmount its embarrassment, and recover from its difficulties. In 1793, particularly, its operations were so embarrassed, and the rush for specie so great, that it was compelled to suspend specie payments; and continued the suspension, without intermission, from that time till 1829; many of the causes, which produced the suspension, continuing to exist during whole time. In this state of embarrassment, its course was justified by the British Government, whose confidence, and that of the mercantile com-

munity continued, and its suspension was legalized, until finally, by a prudential course of measures, adopted to its true condition, it triumphed over all difficulties; and, in 1829, resumed specie payments, which it still continues. *The confidence of the Government and merchants enabled the bank thus to sustain itself; to maintain its solvency and its credit; and to perform, with success, its commercial and fiscal duties.*

In 1815, the State banks from the operation of many causes, suspended specie payments, yet the confidence of the Government was not withdrawn. Mr. Dallas and Mr. Crawford, both able and patriotic men, as Secretaries of the Treasury, having sustained their credit by all the means in their power. Mr. Crawford, particularly, made large depositories of public money in many of them, and thereby enabled them to indulge the people, maintain their own credit, redeem their debt to the public, and finally, in 1817, to resume specie payment. *I believe if the same benevolent and patriotic policy had been pursued towards the State banks, at the present period, the existing suspension would not have continued to this time, if it had taken place at all.* Mr. Dallas nor Mr. Crawford, however, had not conceived the idea of a total separation between the Government and the banking institutions of the country as fiscal agents; and, therefore, felt some inducement to sustain and preserve them; but a different feeling seems to prevail with the present Secretary of the Treasury, who can only expect to succeed in his views by the embarrassments and difficulties of the banks. While I do not ascribe to him any design to produce the embarrassment which has overtaken the banks, and, with them, the commerce of the country, yet I am well satisfied that he has withheld from them that confidence, which might justly have been extended; and which would, before this, have redeemed them from their embarrassing difficulties, and have afforded salutary relief to the people, and the commerce of the country.

The charge made by the President, and those who now favor a total separation between the fiscal operations of the Government and the banks, "that they have been guilty of an excessive issue and circulation of their paper," is true—lamentably true. Yet I cannot perceive in all the facts and circumstances, connected with the charge, that they have been actuated by any improper or impure motives. These institutions are conducted by men who are liable to be misled by the same impulses which betray the most prudent and the most cautious of mankind into occasional error. A spirit of speculation had extensively spread itself throughout the country; acted and re-acted from the people to the banks, and from the banks to the people, until all, absorbed by brilliant prospects of immeasurable wealth, were beyond the bounds of prudence and discretion; and ruin, to many, has been the penalty. These impulses have occasionally produced like effects through all periods, and resulted in like catastrophes, whether their currency was exclusively metallic or not.

All these evils carry with them, however, sure antidotes. The current of money has its level; and whenever it exceeds that level, the redundancy runs off, and leaves the current at its proper level. In its reduction, serious and distressing injury is often inflicted; yet the return is gradual and sure. But a question arises, whether the banks are entirely in fault in this matter? Is not the Government itself much in fault? And shall the banks be compelled to take the whole responsibility for an error in which the Government has largely participated? At the time the public depositories were removed from the Bank of the United States, the then Secretary of the Treasury, acting under the impression, that the charter of the Bank of the United States was not to be renewed, and that its extensive circulation and discounts were to be called in, in order that no shock to the business of the country might be sustained, urged upon the State banks, in the following note, the duty which would devolve upon them to supply the vacuum which would be created by this withdrawal, growing out of their fiscal connexion with the Government. This the banks attempted to, and gradually increased their accommodations and enlarged their circulation. He says:

TREASURY DEPARTMENT.  
September 26, 1833.

SIR: The Girard Bank has been selected by this department as the depository of the public money collected in Philadelphia and its vicinity, and the collector at Philadelphia, will hand to you the form of a contract proposed to be executed, with a copy of his instructions from this department.

In selecting your institution as one of the fiscal agents of the Government, I not only rely on its solidity and established character, as affording a sufficient guarantee for the safety of the public money intrusted to its keeping, but I confide, also, in its disposition to adopt the most liberal course which circumstances will admit towards our moneyed institutions generally, and particularly to those in the city of Philadelphia.

The depositories of the public money will enable you to afford increased facilities to commerce, and to extend your accommodation to individuals. And as the duties which are payable to the Government arise from the business and enterprise of the merchants engaged in foreign trade, it is but reasonable that they should be preferred, in the additional accommodation which the public depositories will enable your institution to give, whenever it can be done without injustice to the claims of other classes of the community.

I am, very respectfully, your obt<sup>d</sup> servant,

R. B. TANEY,  
Secretary of the Treasury.

TO THE PRESIDENT OF THE GIRARD BANK, PHILADELPHIA.

This recommendation was repeated by the late President in his succeeding annual message. By the deposite act of June, 1836, for proportions of the public money beyond a specific amount, *the deposite banks were required to pay interest, which made it a principle of self-defence, that they should extend their loans and increase their circulation;* because it was not to be expected that they would lock up, and keep unemployed, the public money, on which they were bound to pay interest! These two causes combined certainly produced an excess in the bank discounts and circulation of the country. This excess has been increased by another cause, which Mr. Taney nor Congress did not, or could not, have anticipated. The vacuum which was anticipated by the refusal to renew the charter of the Bank of the United States, was never produced; for, contrary to all expectation, the capital and stockholders of that bank were subsequently incorporated by the State of Pennsylvania, which continued in circulation its notes, and prevented any material diminution in its discounts.

I appeal, then, to the good sense of this house to say, whether the excessive issues complained of, have not been produced by causes, calculated in their very nature to mislead, and produce the excess complained of, without the slightest imputation of fraud or corruption against the banks?

Mr. Chairman, the connexion which now exists between the finances of the Government and the deposite banks, was produced by the solicitations of the Government itself. The Government found itself engaged in a severe and dubious conflict with the Bank of the United States, which it had determined to overthrow. To do this, it was necessary so to conduct its operations, that the commerce and business of the country might not be materially shocked, and the sensibilities of the people excited. To effect this, it sought the aid, and procured the operation, of the late deposite banks, without whose aid and co operation, I have no hesitation in believing, the Bank of the United States would have triumphed. Yes, sir, I believe that it would have successfully resisted even Andrew Jackson, with all his popularity, his acknowledged firmness and courage. *The State banks came to the aid of the Government, and the Government triumphed.* For this they incurred the undying hostility of the Bank of the United States, which still pursues them. They incurred the denunciations and prophecies of evils of the opposition, who opened upon them all their batteries. This they withstood; but in the hour of victory, which they so signally contributed to achieve, in the very first hour of their difficulties and perils, the very friends whom they rescued from defeat, have taken possession of the batteries of the enemy, and now pour thick volleys upon their devoted heads! Is this generous? Is it magnanimous? Is it liberal? I leave you, sir, to give the answer. I leave you to determine whether, for causes which makes the act not only excusable, but justifiable, these institutions are to be utterly annihilated for their late suspension of specie payments, when they have, upon trying occasions, afforded seasonable relief to the country, and are entirely solvent.

That the State banks are susceptible of such regulations as will secure to the country a sound currency, I do not doubt; for this is clearly proved by experience; and that the revenue of this Government may be so employed as to be a most potent engine in the accomplishment of such a desirable object, by the force with which either their hopes or their fears may be addressed, cannot be reasonably doubted. In 1816, when specie payments were suspended, and the evils of a redundant and deranged currency afflicted the country much more severely than now. Mr. Webster, in a speech delivered in this house on 30th April, 1816, expressed himself thus: "That if these banks, (meaning the State banks,) what engine, he asked, was Congress to use for the remedying the existing evil? Their only legitimate

power, he said, was to interdict the paper of such banks as do not pay specie from being received at the custom-house. With a receipt of forty millions a year, he said, if the Government were faithful to itself and the interests of the people, they could control the evil, and it was their duty to make the effort. They should have made it long ago, and they ought now to make it; the evil grows worse by indulgence. If Congress did not now make a stand, and stop the current whilst they might, would they when the current grew stronger and stronger, hereafter do it? If this Congress should adjourn without attempting a remedy, he said, it would desert its duty."

If then, how much more potently could Congress now operate with the enlarged revenues of the Government? Yet Mr. Webster did not hold over the heads of the banks the terrors of a final and eternal separation. Mr. Biddle, the President of the Bank of the United States, in his triennial report to the stockholders, in 1831, says: "And they (the Bank of the United States and branches) received freely the notes of solvent State banks, with whom periodical and convenient, but certain, settlements of accounts were made."

"By receiving freely the notes of the State banks, within convenient reach of the bank and its branches, and by frequent settlements with them, these institutions are kept in the habitual presence of an accountability, which naturally induces them so to apportion their issues to their means as to secure the soundness of the currency."

I do not doubt the soundness of an opinion, so thoroughly demonstrated by the practice which fell under the observation of him who expressed it; and I do not doubt that the Government, in the employment of its revenues, and the observance of the same rules, may, through the instrumentality of the State institutions, preserve a sound currency, with much more success than the United States Bank did. *Frequent periodical, and certain settlements* are the efficient instruments by which excessive issues may be avoided, and sound currency preserved.

Mr. Chairman, if existing laws, which prohibit the continuance of any deposite bank as a fiscal agent of the Government, and the refusal of their notes in payment of the public revenue, had not sufficient terror to prevent the suspension of specie payment, how much more efficacious do you suppose the adoption of this measure, as the permanent law of the land, will be in restoring specie payments—so much to be desired, and so necessary to the prosperity and tranquillity of the country? Sir, it will not only not hasten, but greatly prolong that important event. During the suspension of 1816, Mr. Dallas, then Secretary of the Treasury, in his annual report to Congress of the 3d of December, 1816, expressing his opinion upon this identical subject, and the propriety of exercising the power of such restriction, said: "The successive attempts made by this department to relieve the administration of the finances from its embarrassments, have been ineffectual. There was no magic in a mere Treasury instruction to the collectors of the revenue, which could by its virtue, charm gold and silver into circulation. THE PEOPLE, INDIVIDUALLY, DID NOT POSSESS A METALLIC MEDIUM, and could not be expected to procure it throughout the country, as well as in cities, by any exertion unaided by the banks. And the banks, too timid, or too interested, declined every overture to a co-operation for reinstating the lawful currency. In this state of things, the Treasury, nay the legislature, remained passive. The power of coercing the banks was limited to the rejection of their notes in the payments of dues and taxes, and to the exclusion of their agency in the custody and distribution of the revenue; but the exercise of that power could not GENERATE A COIN CURRENCY, although it would certainly ACT OPPRESSIVELY UPON THE PEOPLE, and put at hazard every sum of money which was due to the Government. Until, therefore, a substitute was proposed for the paper of the bank, it would have been a measure of impolicy and useless severity towards the community to insist, that all contributions to the expenses of the Government, should be paid in a medium, which, it is repeated, the community did not possess, and could not procure."

In addition to these strong views of Mr. Dallas which apply with irresistible force to the present state of things; I add those of the able, the patriotic and practised statesman, William H. Crawford, who succeeded him in the office of Secretary of the Treasury. In a letter dated Nov. 29, 1816, addressed to Wm. Jones, then President of the Bank of the United States, he says:

Extract of a letter of William H. Crawford, to William Jones, President of the Bank of the United States, dated November 29, 1816.

"From this view of the subject, as well as from a general knowledge of the means with which the Bank of the United States will have to commence its operations, and of the difficulties which it will have to surmount if the State banks do not make a simultaneous effort, it is manifest that, without their co-operation a national currency equal to the indispensable demands of the community cannot be obtained by the 20th of February next, from the efforts of the bank and Treasury, under the existing legal provisions."

Again—in the same letter he says:

"It is, however, most ardently desired by the Government that the necessity of resorting to the issue of Government paper may be avoided, by the resumption of specie payments by the State banks on or before the 20th of February next. As an inducement to this measure, the Government can only aid their operations by withholding from circulation as much of their paper now in the Treasury, or which may hereafter be received, as the demands upon the Treasury during the ensuing year will permit: as the sum which it will be in the power of the Government to retain in the Treasury, will be considerable, it may present a sufficient inducement to change their determination not to resume specie payments before the 1st day of July next."

Again—he says:

"How far the discrediting of their paper, by refusing to receive it in discharge of dues and taxes, will influence their conduct, can only be ascertained by the EXPERIMENT."

These views of these two able and distinguished men, expressed in the midst of a pressure more severe and infinitely more alarming than the present, are entitled to the greatest weight. It was then, so it may now be truly said, that this bill will *not* legislate a coin currency into existence, nor put gold and silver into the pockets of the people! Its only effect will be to prolong the resumption of specie payments; reduce and depreciate the already reduced currency of the country, and ruin and oppress the people. Sir, if you would secure the resumption of specie payments within a short time, instead of crippling, you must encourage and support the banks in their exertions to resume, which we have good reason to believe they are honestly exerting themselves to do. They now only need a little further reduction of the foreign debt, (which presses on them so severely, but which is rapidly being reduced,) and the restoration of the confidence of the Government, to resume specie payments. This I do not doubt they will be able to do by the 1st of April. Let us only imitate the examples, and practise the lessons of Crawford and Dallas, and all will be well; confidence will be restored and commerce resume its usual activity. Even if the scheme proposed by the committee of Ways and Means were wise and practicable, it cannot be carried into execution at this time, without ruin to the whole mercantile community. Until the vaults of the banks are unlocked by the resumption of specie payments, specie in sufficient quantities cannot be procured. The attempt to enforce this law in the present state of the metallic currency, would produce unparalleled distress. The maximum exchanges of the United States Bank in 1832, amounted to \$254,000,000; that of the State Banks in 1836 to \$324,000,000 which proves the capacity of the State Banks, to conduct the exchanges of the country, beyond doubt. From the foregoing considerations I conclude that there is no reason for discontinuing the State banks as fiscal agents of the Government, that did not equally exist against their employment.

Notwithstanding the fact, that the States, from the foundation of the Government, have chartered, and continue to charter banking institutions, and this Government has been in the uniform practice of employing them as fiscal agents, it is now gravely contended by some that institutions are unconstitutional. The argument is derived from the constitutional prohibition upon the States to emit "*bills of credit*." If the States had made the notes of the banks which they have incorporated, a legal tender, then the argument would have been good; but so long as they are not made a legal tender, and every man is at liberty to receive them or not, at his pleasure, then the prohibition of the constitution does not apply. I need not detain the committee by any argument of mine. This question was determined directly by the Supreme Court of the United States, at its last session—a democratic Supreme Court, of which Roger B. Taney is Chief Justice. I will simply refer to the able, lucid, and unanswerable arguments of the judge, the opinion of the court, in the case of *Briscoe vs. the Commonwealth of Kentucky*. But it is contended by some that it is equally unconstitutional to employ State banks as fiscal agents, as to charter a national bank. I cannot see the force of this very recent objection; there is a material difference between creating an

institution which is not authorized by the constitution, and entering into compacts with corporations which are created by governments, having the constitutional power to create them, and imparting to them the express power of contracting. I do not perceive that, because the Government of the United States cannot, by authority of the constitution, incorporate a national bank, that it therefore cannot enter into a contract with individuals, which it is daily in the habit of doing. The State banks, being constitutionally incorporated and having the power to contract, stand to the Government precisely in the same relation as individuals, who have the power, and may contract with the Government. Sir, I have been much surprised to hear an argument so fallacious, so gravely, and so earnestly urged.

I will now, Mr. Chairman, call the attention of the Committee to the scheme presented to the consideration of Congress by the Executive, and offer to its consideration as briefly as I can, my objections to it.

The first objection is, that it will be trying an experiment, to say the least of it, of very doubtful results. My friend from Virginia, (Mr. Jones,) in a very able speech a few days past, seems to justify embarking on this experiment, as he admits it to be, on the ground that the Government itself is but an experiment. It is true that our system of Government, when it was entered upon, was but an experiment, yet it was a necessary one, and in its progress has developed the wisdom of its adoption. But surely my friend would not argue that because the system was originally an experiment, that it would be prudent to abandon that part of the system which has worked well, and adopt one which has no practical result to recommend it. I regard it as the part of wisdom to adhere to every system which experience has taught to be wise and salutary. I am sure my honorable friend would not be willing to surrender our admirable system of government and adopt another which had nothing more to recommend it than that it was an experiment. The system of bank deposits has been tried, and, although there have occasionally been some disorder and derangement, as there has been in all human affairs, has generally worked well—so far as the experiment now proposed has had any practice, it has been unsuccessful, and proved its utter insufficiency.

The second objection which I present is, that the public money will be *unsafe* and its effects demoralizing. The safety of the public funds is an important matter, and should enter deeply into the consideration of Congress in the adoption of any system which may be proposed. We all know that there is no system which human ingenuity and sagacity can devise, that would be entirely safe. Yet reason and experience teach us that there are some *more safe* than others, and that which reason and experience teaches to be the most safe, should be adopted. In view of this question of greater safety, let the present and the system proposed be contrasted. Place, if you please, the estate of any individual who might be selected as the depositor and keeper of the public money, by the side of the capital of any bank which would, in the exercise of a sound discretion, be selected, and how vast the difference in favor of the bank—compare the inducement which the bank has to preserve its good faith and credit, in a mere pecuniary point of view, with that of an individual, and how great the disparity in favor of the bank—compare the force of the moral obligation on the part of the bank with that of the individual, all the officers of the bank, the directors and the stockholders are deeply interested in preserving its faith with the Government and all other depositors. Under the proposed system a single individual is interested—contrast, if you please, the means of detecting fraud, peculation, and defalcation. In the banks the officers are in daily watch and check upon each other. The directors hold weekly sessions and superintend the officers, and the stockholders hold annual meetings and examine and scrutinize into the conduct and management of the whole—as to the individual depositor, there would be only the Secretary of the Treasury, who, residing at the seat of Government, would have but little opportunity to detect defalcation and other malversations. But it is urged by the President that ample security may be taken which will remove all these objections. Sir, whatever collateral security you can take of individuals, you can also take of the banks, which leaves the question of safety still decidedly in favor of the banks, the



best security which can be had is in the adequate responsibility of the depositor, and that in every sense of the word is with the banks. The President seems to be under the impression that the high obligations of official duty which the public officers will feel, will afford strong security against abuses. Sir, however honestly the President may entertain this opinion, I regard it entirely illusory. Official parchment never yet made a man honest who was naturally dishonest; nor did it ever yet protect against the seductive influences of temptation, where without it they would have been yielded to. Nothing, no nothing, sir, will resist temptation but the stern and inflexible principles of integrity which are implanted in the heart of man by the God of nature. Mr. Chairman, we are not without that most unerring of all guides, *experience*, upon this subject, and the result of that experience is decidedly favorable to the banks. There has been, since the formation of the Government, deposited with and disbursed by the banks about \$650,000,000, with but little or no loss, according to Mr. Crawford's estimate about the 45th part of one per cent., while of the money which has been kept by individuals, which is infinitely less, much greater loss has been sustained. Let the Treasury Department open to the inspection of the American people, all its outstanding balances against collectors and receivers, and I do not doubt that it will exhibit such decided evidences in favor of the bank deposit system as to decide this question now and forever. Here, Mr. Chairman, I cannot but recur to the experience of my own State upon this subject, although I do it with much regret. Sir, there was a man many years ago at the head of the Treasury Department of Virginia, who was connected with a family of the highest standing and respectability of the State, in whose integrity every man who knew him had the most entire confidence—he was proverbial for his honesty. This man, under the influence of those kind and benevolent feelings which sometimes dignify and ennoble frail human nature, but yet mislead it, was tempted to divert to his individual use larger sums of the public money than he was afterwards able to restore, and thus became recorded a public defaulter. Although he was a defaulter, he honestly surrendered to the Government and his securities his whole estate, but it was not sufficient to meet the whole defalcation. This man was John Preston, whose fate affords a melancholy proof of the power of temptation over the human heart; for I feel confident in the assertion, that in life as in death, he was an honest man. When this man's defalcation was discovered, the man who became his successor was a member of the State legislature, and was one of the most ardent denouncers of the defalcation, and untiring investigators of its extent—his constant cry was *crucify him, crucify him*. This man, too, who stood high in public confidence, was also overtaken by the same irresistible temptation, and fell a victim to the same fate. He also was at heart an honest man I do not doubt. I do not doubt that the fiscal history of many of the States affords some melancholy examples of this kind. If we descend from high State officers to the collectors in the counties, we find many memorable and melancholy instances of defalcations in collectors and keepers of the revenue. With so many examples, Mr. Chairman, before our eyes, will Congress plunge into a system where the inducements will be greater, and the temptations necessarily stronger on account of the immense sums of money which will be placed within the reach of individual depositors. I trust not. I hope we shall be warned by the dangers of the past, and avoid them for the future. The collateral security which may be taken by the Government will afford little or no relief from the effects of defalcation, because if the collecting officer fails, the Government cannot reach the securities except by a tedious course of litigation, and then it very often fails to recover the money, for it is now generally regarded as a sort of *moral principle*, for a man to secure his estate against liability for security debts, particularly to Government; and it very often happens that before judgment is recovered the securities have, by conveyance and settlements of one description or other, placed their property beyond the reach of execution. Another strong argument in favor of the State bank system is, that if the public money be plundered from the vaults of the banks, the loss falls upon the banks; if from individual depositors, the loss falls upon the Government. This fact increases the vigilance and watchfulness of the banks, and re-

laxes that of the individual agent. Although I feel very great respect for the opinions of the President, yet I cannot agree with him, that this is a question between the strength of a *Treasury* and a *bank vault*; neither of these vaults of themselves would ever, however weak, or however strong, plunder the public money. They are incapable of that; but the question is between those who hold the *keys* of the vaults, between the inducements and opportunities of the one or the other to plunder the public treasure, between their liability to be plundered by one or a hundred hands.

This system, if adopted, will also exercise a very demoralizing influence upon society. Nothing is so well calculated to engender corruption in individuals or Government, as to place within their reach the means of corruption. Let every man inquire of himself, how strong the temptation to plunder, or to speculate upon the immense masses of public money which the operation of the proposed system will necessarily throw into the immediate possession and control of individuals. If lesser sums have produced the melancholy catastrophes to which I have referred, how many more may be expected when the inducements shall be so largely increased. Sir, I do not know, you do not know, this house does not know, who it is that has so much inflexible integrity and firmness of character as to be safely trusted with this immense amount. David is said to have been a man after God's own heart, yet even he was overcome by the power of temptation, and was plunged into crimes of the deepest dye. I might here inquire, who is it that has a proper regard for his own character and that of his posterity, that will trust himself in a situation so seductive, when he has before his eyes so many melancholy instances of human infirmity—few, very few, who are trustworthy.

The third objection which I urge is, that it will increase the difficulty, risk, and expense of transporting the public money, and subject the public debtors to great inconvenience. I regard it entirely unnecessary to detain the committee to prove that which experience has so well ascertained. If the public money is to be transported from point to point throughout our immense territory in gold and silver, its bulk creates inconvenience—its exposure to public gaze begets risk, and the necessary employment of a sufficient guard to protect it against robbery, will incur heavy expenses; all this is avoided by the aid of the banks, for they now transfer public money to any point directed by the Treasury Department, at their own risk and charge. The Treasury Department, which has had the superintendence of this operation from the foundation of the Government, and which can therefore afford the most satisfactory evidence upon this point is uniform and undeviating in its testimony in favor of the bank system, which I should regard as conclusive. But what substitute are we to have for this convenience, safety, and destitution of expense under the proposed system. Nothing, sir, but Treasury drafts, that I can perceive. These will not answer the purpose unless a sufficient amount of money can always be found at every point where it is wanted. This, in the nature of things cannot be so; and to supply the amount necessary, specie must be transported, or Treasury drafts employed as a medium of circulation, which would introduce a system of government paper circulation incapable of adequate restriction, liable to abuse, and at war with the genius of our institutions. This system in the course of time might be perverted to the most dangerous purposes, and become an engine of most potent influence. Sound policy is opposed to the creation of Government paper of any kind as a permanent circulating medium, liable to the catastrophe of the old continental paper system. It would in effect, become a Government bank, which legislation might be found totally incapable of regulating or controlling. If the Government receives and pays out nothing but specie, the inevitable result will be, that its drafts must become not only a medium of transfer, but of circulation also.

The fourth objection which I urge is, that it will indefinitely postpone the resumption of specie payments by the banks. I do not profess, Mr. Chairman, to be skilled in matters of finance, or versed in banking operations, but I am clearly convinced that this increased and continual demand for specie, must operate a heavy drain upon the vaults of the banks, the very moment they resume specie payments. The merchants, who have duties to pay, can only rely upon the banks to supply them, for they have it not themselves. The banks, already suffering under a pressure of which was well nigh exhausting them,

foreseeing the effect of this new demand would forbear to resume, and this would not only seriously embarrass the merchants and the people, but the Government itself; for, as I before remarked, the passage of the bill will neither coin money or put it into the pockets of the merchants or the people. I, then, emphatically ask how is this demand to be met. Sir, you may call spirits from the vasty deep, but calling will not bring them. You may pass this bill, but it will not coin gold and silver. Connected with this objection is that of the derangement of the exchanges, and the general confusion of business which this system will produce. There is no United States Bank in existence which can regulate and supply the exchange demand. Individual sources have been almost entirely destroyed by the banking system. The State banks, then, afford the only certain reliance to the community for the supply and regulation of commercial exchanges. I need not urge upon the committee, that which every man's observation and experience must have taught him, that next to the *means* of commerce, the facility of a sound, well regulated, uniform system of exchanges is essential to its successful operation. The demand for such a system for the accommodation of our widely extended, and constantly increasing commerce, both foreign and domestic, must be manifest to every one. If, then, the policy of the Government shall compel the banks, and this system must necessarily do so, still further to curtail their circulation and loans, and restrict their exchange accommodations, is it not most manifest that the effect will be still more to embarrass commercial intercourse, and paralyze the industry and business of the whole country. By curtailing the already too limited exchange accommodations with a deranged, unsteady fluctuating system of exchanges, commerce becomes embarrassed, and with it the whole business of the country.

The limitation of exchanges below the demands of commerce, the still further reduction of bank circulation, connected with the continued suspension of specie payments, will force upon the importing merchants the necessity of purchasing specie at heavy and exorbitant premiums, to meet the claims of the Government and their foreign creditors, if even they can procure it in sufficient amounts at any premium. These profits, although they are at first paid by the merchants, are generally exacted from the agricultural and mechanical portions of the community, who principally consume foreign goods, in the shape of profits; and in this way a heavy tax is imposed upon them. Thus while the apparent operation is upon the merchant, under the *guise* of an indirect system of taxation, yet the real operation is upon the laboring class, and thus a system proposed for the good of the people, will operate to their serious injury. For, sir, be assured that the people who purchase, are always taxed with these exactions upon the merchants. This system will also exert a very deleterious influence upon the commerce of the country, by diverting from the ordinary channels of trade, the amount of specie which will be in active requisition to meet the demands of the Government, which I think is estimated by the Secretary of the Treasury greatly below the real amount, for I am confident five millions will be greatly inadequate. The almost daily arrival of foreign goods, and purchases of public lands, will restrict the circulation of the Government funds to very narrow bounds, so narrow that they will be of no value to the general commerce of the country.

The fifth objection which presents itself to my mind is, that this system will create a substantial distinction between the currency of the Government and the currency of the people. I have weighed, with great deliberation, and I trust impartially, the argument of the President against the truth of this proposition, as well on account of the source from which it emanates, as the intrinsic importance of the subject itself, and I am decidedly convinced that the proposition is *literally* and *substantially* true. The very fact that the Executive desires to separate itself entirely from the banking institutions of the country, and to restrict their notes from being received in payment of the public dues, notwithstanding they constitute the general circulating medium of the country, proves that the Executive regards the metallic as a much sounder and safer currency than bank paper, although it may possess the essential quality of convertibility into specie. In the proposed scheme, the bank note circulation will be left exclusively to the people; and if it be not so safe or sound as the metallic, then it follows

that the currency less sound, and less safe, is confined to the people. Take this fact in connexion with the fact, that the major part of the circulation is now, and likely will be, bank paper, and upon the principle of the distinction drawn in the message, the conclusion is irresistible that there will be an exclusive metallic medium for the Government and its officers, and a medium mainly paper for the people. The bill now under consideration, as does the message, draws the distinction, and its consequences must follow. Can this be sound policy? Is not the distinction invidious? Does it not make the Government supreme? whereas the people should be, and are supreme? Sir, in my humble opinion, it strikes at the very foundation of our system; it makes the people subordinate to the Government, whereas the Government is subordinate to the people. I know, sir, this is not designed by the President, but it is the inevitable result of the distinction. Mr. Chairman, there is no sound reason for this distinction, *none* whatever; the business transactions of the people are infinitely greater and more extended, and therefore of greater interest than that of the Government, and demands the soundest medium for their operation. If, then, the metallic be the only safe and sound medium for the Government, it is necessarily more important for the people; if the paper medium be safe and sound for the people, there is no reason why it is not equally so for the Government; and, instead of the Government disparaging and discrediting the medium necessarily belonging to the people, it should, by the judicious employment of its immense revenues, aid in preserving its safety and soundness, and extending its credit. This Government is charged by the Constitution with the regulation, the encouragement, and protection of commerce; it could not more successfully perform that duty than by giving full credit to the general circulating medium of the country, so long as it is worthy. Sir, the conviction that the proposed system contains this unjust, and anomalous, and invidious distinction between the Government and the people, is fast riveted in my mind, and, if true, ought on that account, if no other, to be repudiated.

The sixth objection which I urge to the present system is, that it will greatly aid, if not render *indispensably necessary*, a national bank. I assume it as a fact, which the experience of the past well justifies, that, unless this nation and the States of this Union shall abandon its commerce, their systems of internal improvement, so flourishing and so rapidly increasing, and their literary institutions, that the banking system in some form will be maintained; they have increased, and will continue to increase, as the wealth, population, manufactures, agriculture, and commerce of the country increases. The President himself expresses the opinion, in his message, that the States will not abandon their systems of banking. The power of the States to incorporate these institutions, and the want of harmony in the exercise of this power, has rendered it difficult even with the aid of the national revenues, and the advantages of national credit to preserve a sound medium of circulation, and perform the fiscal and commercial duties which have devolved upon them. If, then, they are farther discredited by the passage of this bill, and their operations reduced to narrower bounds, it is manifest that they will not be able, and will not have sufficient credits to supply the country with a safe, sound, and ample commercial medium; for without credit, they are totally inefficient. It is admitted, on all hands, that while gold and silver are safe and sound, they are not ample and convenient, hence the country will demand some other medium to keep pace with its rapid improvement, and that will be a national bank medium. In the necessity of the demand all constitutional scruples will be overlooked, and a national institution incorporated. Sir, I shall not, if here, vote for it; but be assured that the overwhelming influence of public discontent will, as in 1816, drive to this resource, and when again established, it will obtain a hold which nothing can break, and will with all its obnoxious and fatal tendencies be the permanent policy of the country. This brings me to consider whether the passage of this bill will not discredit the bank paper, and impair its value as a circulating medium. If the course already taken by the Treasury Department towards these institutions, the calling of Congress together on account of the suspension of specie payments, the recommendation of the message to discontinue them as depositories, and the receipt of their notes in payment of the public

revenue, if the charge of the Executive that they have been faithless fiscal agents, more so than the Bank of England under like circumstances, and the sanction of these charges by passing the present bill, be not sufficient to discredit and cripple these institutions, then there is no cause whatever but absolute unqualified bankruptcy that would discredit them. We already see the blighting influence which the withdrawal of the confidence of the Government has exerted upon the banks, and we may well anticipate the fatal effects which a blow from the representatives of the people will produce, all of which will ultimately act upon the people, in the great scarcity of money and reduction in the value of their property.

This is not all, Mr. Chairman; this measure, I fear, if adopted, will exert a still more fatal influence upon the banks than any which I have attempted to predict. I fear it will ultimately, if not immediately, utterly destroy them, and produce a state of ruin and desolation, it is appalling to contemplate. The connexion and union between agriculture, manufactures, and commerce is so intimate, that one cannot be affected without, at the same time, affecting the other; whatever cause therefore that impairs the credit of the commercial medium of the country necessarily inflicts a serious injury upon agriculture and manufactures particularly agriculture, for that is the foundation of commerce and manufactures. These banks are an essential and necessary part of the commercial community, and whatever embarrasses them, embarrasses the whole commercial community. This idea is very forcibly expressed by Mr. Calhoun in a speech delivered in 1816 in this house on the bank charter, speaking of the commercial qualities of the then proposed Bank of the United States, he says, "This bank is no more than a part of the commercial community, in which it is established, and any embarrassment of the bank must press, also, on the whole community, *that community would be the first to give way in such a case*, and this would produce a run on the bank, and compel the stoppage of payment." I cannot imagine to myself a more decisive step, in the present embarrassed condition of the country and the banks, than the passage of this bill, to force the banks to continue the stoppage of payments and finally to wind up their business. If such would be the effect what would be the consequences to the people? I let the President of the United States, when he was Governor of New York, answer. In his annual message to the Legislature of New York, Mr. Van Buren, speaking upon the expediency of renewing the charters of many of the New York banks, which were about to expire, portrayed the ruinous effects which their discontinuance would produce upon the State and the people, expressed himself in these forcible and conclusive terms:

"But we cannot close our eyes to the difficulties and pecuniary embarrassments that must result from suddenly stopping the operations of so many and such long established institutions. Of the *thirty millions* that are owing to them the principal part is probably due from merchants, manufacturers, and other large dealers in their vicinity; but they in turn have their demands against persons pursuing similar business in the country, and those again must look to their customers, thus embracing all classes of society, in the liability to contribute towards a general settlement. The amount due from the banks, especially all that portion which consists in bills issued by them, would be found scattered through the whole community. From even this superficial view of the subject, it must be evident to all reflecting minds, that the pecuniary convulsion that must result from a compulsory close of these extensive concerns, would be neither slight in its degree, nor transient in its duration. You will, I am convinced, concur with me in the sentiment, that a responsibility of so serious a character and so fearful in its possible consequences should not be incurred on slight grounds, or from motives of expediency in the least degree questionable."

Mr. Calhoun, in a speech in the Senate, in 1834, speaking upon the subject of the banks and the effects of their sudden suppression, thus expresses himself, "To suppress them (the banks) at once would, if it were possible, work a *greater revolution*, a *greater change* in the relative condition of the various classes of the community, than would the conquest of the country by a savage enemy." This sentiment is true, inevitably true, and by it I propose to test the effects which the destruction of the banks would at this time produce upon the people. In 1834, the people were indebted to the banks \$324,000,000; in 1837, \$591,000,000; if then the suppression of the banks in 1834 would have produced such distressing effects, what would it do now? Ruin the whole community. When the banks are pressed, they press in turn the whole community, and that presses the people, who are the victims, for they have no debtors to resort to, they must re-

sort to their property. Again: If the Government demands specie in payment of the public revenue, the merchants must in turn demand specie of their debtors, *THE PEOPLE*, which, if they cannot procure, will lead to the most destructive sacrifices in the sales of their property. No creditor is bound to receive any thing but specie, and this system will afford a pretext for such a demand; for the creditor may well refuse to receive discredited, depreciated bank paper, and therefore cause immense sacrifices of property.

Mr. Chairman, the bank circulation is already reduced from about 160 to 100 millions of dollars, as is also the active specie circulation greatly reduced; the present circulation is founded upon an adequate specie basis, and cannot, with due regard to the interest of the people, be further reduced. This system will render a further reduction inevitable, and produce a corresponding inability on the part of the people to pay debts, and a fearful depreciation in the value of property, and in this point of view will operate most injuriously upon the debtor class of the community.

The eighth objection which I have to the proposed system is, that it will greatly enlarge the Executive patronage, and fearfully increase its power. Upon this point, Mr. Chairman, I am brought into direct collision with the opinion of the President, who seems to be of the opinion that this measure will not only not *increase* but actually *diminish* Executive patronage. I am not satisfied with the reasoning of the message, and find nothing in it, although ably urged, to change the opinion which I took up in 1834, as to the effect of such a measure. The Secretary of the Treasury seems to think that by the appointment of ten additional officers and an increased expenditure of about 60,000 dollars, will enable that department to conduct this system with success. In this opinion, Mr. Chairman, I differ widely with the Secretary, although I do not doubt his sincerity. All propositions for the creation of new systems are accompanied with the most rigid regard to economy, but after their organization their wants gradually develop themselves, till finally, by legislation after legislation, the officers and the expenses are fearfully increased. All the departments of the Government had small and economical beginnings, yet in the progress of time the number of their officers and the amount of their salaries, and other expenses, have greatly increased, such will be the course of this system. This will be but the germ, and your ten additional officers and \$60,000 additional expense, will swell into hundreds of officers, and hundreds of thousands of increased expenditure. To tell me that all the increase of clerks, house-rent, stationery, and other incidental expenses which this system will require can be met with \$60,000, is to tax my credulity with the belief of an utter impossibility. Sir, the Secretary of the Treasury will find himself utterly mistaken in his estimate, if by the passage of this bill, he shall be authorized to put this system into practice. In considering this question it should be borne in mind that our country is rapidly increasing in population, wealth, power, and commerce, and that necessarily as these progress, increased duties on the part of the Government in all its departments will be unquestionable, and on no department of the Government will these increased duties devolve so materially as on the Treasury department. Hence, sir, I look to the adoption of this system as laying the foundation of an immense increase of the patronage of the Executive in the appointing and disbursing power. Mr. Chairman, the patronage of the Executive is the most dangerous of all its powers, and the most likely to end in the overthrow of the liberties of the country; by the exercise of this power, the Executive ramifies in every section of this widely extended empire, its officers indebted to the Executive for their appointment, and holding them at its will. When we consider their number, the influence which they exercise, and the position which they occupy, we cannot but feel sensibly alive to the mischiefs which they may produce. Their number already exceeds one hundred thousand, and is constantly increasing—add to this immense array of public officers ramified into every section of the country, the amount of money which is annually disbursed by the Executive, and we may form some idea of the already fearful power of the Executive patronage. But, sir, pass this bill, and this power becomes ten fold stronger and more dangerous. Now the Executive has not the actual but the legal custody only of the public purse; barriers hitherto

safe have been interposed. This bill not only places the public revenues in the legal but the actual custody of the Executive; it removes all barriers all restrictions; it places the custody of the public purse in the hands of those who will hold their places at the will of the President, who has the power to remove at pleasure. Sir, will an American Congress place this fearful power in the hands of the Executive? Will they place in the hands of the President, already having the power of the "sword"—the power of the "purse" also? For this bill completely invests him with the power of the "purse." He will hold it in actual keeping. Will they commit their liberties to the keeping of any man? Will they trust such immense and such fearful means of mischief in the hands of any Executive Magistrate?

Mr. Chairman, I shall make no professions of unbounded confidence in any man. I will not say that I have more, or that I have less confidence in Mr. Van Buren than in other men; but, sir, this is a power which I would not have committed to George Washington himself, or any man that ever lived, or now lives. Sir, I will not commit my liberty to the keeping of any man. I fear all. If the people intend to preserve their liberties, they should not commit them to the keeping of any man; but keep them under their own immediate care and protection. A wise man said, "eternal watchfulness is the price which the people pay for liberty." Sir, I warn them to watch, and that incessantly; if they do not, fearful will be the consequences. Mr. Chairman, the patronage of the Executive is already sufficiently large for the safety of our free institutions, and I am not willing to enlarge it. While on this part of the subject, I cannot refrain from recurring to the fact, that when General Jackson's protest to the resolution of the Senate, charging him with a violation of the constitution and the law, in the removal of the public deposits from the Bank of the United States, was construed into a claim for the Executive of the actual custody of the public money, he immediately and indignantly repelled it in a short explanatory message. This bill gives that very custody which General Jackson indignantly repelled, as desired by him. Mr. Chairman, I trust I shall be excused for recurring to my own State, for I assure the house I do not mean it as in the slightest degree invidious. But, sir, Virginia has always been jealous of the exercise of the powers of this Government, and of the increase of Executive power. From time to time, she has raised her voice against it. Even while this constitution was under discussion in her convention, many of her patriotic and distinguished sons resisted its adoption from jealousy of the overwhelming power and influence which it would impart to this Government, and the Executive branch of it. Henry, with the thunders of his eloquence, denounced the constitution as tending to absorb all power into this central Government. Pass this bill, and you take the most important step towards the fulfilment of his predictions. You at once, to use his language, arm the Government with the power of the "sword and the purse," which, I fear, will ultimately prove too strong for the liberties of the people. What might not an ambitious aspirant for despotic, uncontrolled, and unlimited power, nor do with such means in his hands? Sir, if he wants money, he has only to demand it at the hands of its-keepers. If they refuse, he has nothing to do but to exercise his constitutional power of removal, and then every obstacle is withdrawn. And what security have we, that, in the course of time, some such man may not, in the hour of popular infatuation and delusion, be elevated to the Executive chair? None, sir; for history affords the important lesson, that every tyrant, who has ever overthrown the liberties of his country, has done it under the hollow professions of the good of the people, and have often made the people the deluded victims of their own destruction. It is enough for me to see this bill places in the hands of the Executive, powers which may be easily perverted to the most dangerous purposes. To oppose it, although those who propose and those who advocate it, may not have, and I am sure entertain no such design. But, sir, one of the panaceas held out for the dangers which I have adverted to, is the reduction of the expenditures of the Government to its actual economical wants. Sir, this measure has been often read to this body; yet, as often as it has been read, the expenditures of the Government have as often departed to the true principle of economy. From some cause or other our expenditures constantly increase. For these

extravagancies in expenditures, I do not hold Executive responsible. I hold Congress responsible. It has almost uniformly appropriated largely beyond the Executive recommendations. Upon the subject of appropriations, a large number of the friends of the late administration voted for appropriations, at war with its opinions; but whether sanctioned by the Executive or not, these appropriations have been, and will, I fear, continue to be made; and the expenditure, of course, placed in the hands of the Executive, so that the effect is the same, as far as the question of patronage is concerned.

Mr. Chairman, I conclude this part of my argument, by referring to the following extract from Gen. Jackson's message of December, 1835, in which he says:

"IN THE REGULATIONS WHICH CONGRESS MAY PRESCRIBE RESPECTING THE CUSTODY OF THE PUBLIC MONEY, IT IS DESIRABLE THAT AS LITTLE DISCRETION AS MAY BE DEEMED CONSISTENT WITH THEIR SAFE KEEPING, SHOULD BE GIVEN TO EXECUTIVE AGENTS. No one can be more deeply impressed than I am with the soundness of the doctrine, which restrains and limits, by specific provisions, Executive discretion, as far as it can be done consistently with the preservation of its constitutional character. In respect to the control over the public money, this doctrine is peculiarly applicable."

In every word and every sentiment of which I most heartily concur, and shall give earnest of my concurrence by voting against this scheme, which is directly at war with it.

But, Mr. Chairman, in the message of the President, and the report of the Secretary of the Treasury, the dangerous political influence which a connexion between the Government and the banks may exert upon the integrity and liberties of the country, is urged as a reason for discontinuing the connexion which has existed from the foundation of the Government to the present hour. Sir, I am not only surprised at this reason, but the source from which it comes; for, sir, practice disproves the danger, and it is directly at war with the opinions of the late Administration, and those previously expressed by these high public officers. This argument is directly at war with the argument of Gen. Jackson's message of December, 1834, upon this subject, in which he says:

"The attention of Congress is earnestly invited to the regulation of the deposits in the State banks, by law. Although the power now exercised by the Executive department in this behalf, is only such as was uniformly exerted through every administration from the origin of the Government up to the establishment of the present Bank, yet it is one which is susceptible of regulation by law; and, therefore, ought to be regulated. The power of Congress to direct in what places the Treasurer shall keep the moneys in the Treasury, and to impose restrictions upon the Executive authority, in relation to their custody and removal, is unlimited; and its exercise will rather be countenanced than discouraged by those public officers and agents on whom rests the responsibility for their safety. It is desirable that as little power as possible should be left to the President or Secretary of the Treasury over those institutions; which, being thus freed from Executive influence, and without a common head to direct their operations, would have neither the temptation nor the ability to interfere in the political conflicts of the country. Not deriving their charters from the national authorities, they would never have those inducements to merge in general elections, which have led the Bank of the United States to agitate and convulse the country for upwards of two years."

Also, his message of December, 1835, in which he says:

"By the use of the State banks, which do not derive their charters from the General Government, and are not controlled by its authority, it is ascertained that the moneys of the United States can be collected and disbursed without loss or inconvenience, and that all the wants of the community, in relation to exchange and currency, are supplied as well as they ever have been before."

These sentiments were concurred in by the late Secretary of the Treasury, (Mr. Taney,) by the Committee of Ways and Means, of 1834, in their able reports; and by the present Secretary of the Treasury. I would now inquire what new developments have transpired to change these decided and unequivocal opinions? What political intrigue has the banks been engaged in? what elections have they interfered with? what political influence have they attempted to exercise? and when? and has it been since the last session of Congress? I know of none, and I have heard of none. If the opinion is merely speculative, then experience leads to an opposite conclusion. Mr. Chairman, let us simply refer to facts, and draw from them the most rational and direct conclusions; and every man must be convinced that this reason is not sufficient to justify a resort to the system now under consideration: the officers of the banks hold their place at the hands of the directory; the directory, of the stockholders; and the stockholders, at the hands of the State Governments. The bank officers, directors, and stockholders, none of them

hold their place at the discretion of the Federal Executive. The only influence, then, which the Executive can exercise over these institutions, will arise out of the profit which may be derived from the use of the public money, which may, from time to time, be deposited in their vaults: this profit, with but one or two exceptions, will not be sufficient to benefit the banks to hazard the displeasure of the State Governments—always overlooking their operations—and to draw them into any of the corrupt purposes of this Government. Under the system proposed, the tenure of all the officers holding the public money will be at the discretion of the President, without any counteracting influence whatever. Let any man, then, judge where there is most danger of Executive influence, with the banks or the Executive officers. The response is not doubtful.

The next objection which occurs, to my mind, is, that the system proposed, will exert a hostile influence upon State institutions, and be subversive of State rights. Mr. Chairman, no member has intimated the idea, that, for a long period of time of war, the country can divest itself of a paper circulation; if the soundness of the circulation is preserved, there must be some harmony of action. The natural war which paper wages against specie, and specie against paper, must be avoided. This bill, which strikes at the credit of the banks, by excluding their notes from payment of public dues, and thereby necessarily narrows the boundary of their circulation, and lessens their profits, will necessarily produce a counteracting policy on the part of the banks; that policy will be the resort to small note issues, for in this way alone can they drive specie out of circulation to enlarge their own, and thus add to the embarrassment of the country. But, Mr. Chairman, this is not the most serious objection to this bill: it will engender jealousy and hostility, on the part of the States, towards the Federal Government; a state of things greatly to be deprecated, and pregnant with great evils to our institutions. Mr. Chairman, do you think that the States will be passive under the operation of a system which is so blighting to institutions created, nourished, and matured by them; and to which they are so much indebted for their present flourishing condition, and their rapid march in science, wealth, internal improvements, and general prosperity? Will they see these means of their future prosperity sapped and destroyed? I think not. Pass this bill, and then arm this Government with the power of a bankrupt law, in relation to these banks, by which a board of commissioners, appointed by Federal authority, may discontinue any of these institutions, and you at once place them at the mercy of this Government. This, sir, I cannot consent to do.

Mr. Chairman, every State of the Union, I do not doubt, has some interest in the preservation of the credit of its banks. The State of Virginia has invested in stock, in her various banks, one million six hundred and seventy-two thousand dollars. They are the depositories of her internal improvement fund, and her fund for the education of the poor. Think you, Mr. Chairman, she will stand quietly by and see these banks discredited and impaired, to the hazard of these immense funds, and their successful employment, and surrender her systems of improvement and education? I think not. How gentlemen have arrived at the conclusion that the people generally are opposed to the banking institutions of the country, I am at a loss to discern. These institutions were all chartered by the representatives of the people in their respective State legislatures—representatives who are annually elected, and whose conduct is strictly scrutinized. How many have been repudiated by the people for incorporating banks? Few, very few. How many would obtain re-election after voting for their destruction? Not one, I dare believe. This fact alone, sir, conclusively proves, that the people sustain these institutions, however much they may be disposed to correct, and no doubt will correct, abuses. Mr. Chairman, there is another aspect in which I view this subject as highly important, and which I am bound to consider. Sir, none of us can so far look into the vista of time as to see what even to-morrow may bring forth, although every feeling our hearts may linger around this Union with the deepest filial regard and solicitude; yet, on the tide of time, and amidst the storm of events, it may be shivered into atoms. It is prudent, at all times, to be prepared for events, which we most ardently deprecate, but which may,



by possibility, occur. To meet any contingency, then, which coming events may produce, should not the States strengthen their internal resources, improve their strength, and cherish those institutions which might, in coming events, be indispensable to their safety? The States entertaining these views, will not be disposed to submit to any system which may impair their strength and dry up their resources. Mr. Chairman, when in the progress of our history, I saw this Government claiming the constitutional power to charter a national bank, to construct a system of internal improvements within the jurisdiction of the States, and the power of taxing the country for the protection of domestic manufactures, my fears, that all the powers of Government would be concentrated into this great central power, were greatly aroused. But, Mr. Chairman, when the Government not only seeks to disconnect itself from these banks, and then, in the form of a bankrupt law, hold over them a power, which, in its exercise, may destroy every one of them, my jealousy is increased. Now, Mr. Chairman, I deny to this Government the power in this way to interfere with institutions chartered by the States, having the clear and decided constitutional authority to do so. Sir, can it be that this Government is invested with power to impair, or, in any way, embarrass, the operations of the clear constitutional powers reserved to the States? If it has, where is the limitation? What institution may it not reach? What power may not be impaired? These views, Mr. Chairman, have brought my mind to the conclusion, which many of the distinguished friends of the Administration formerly entertained, that this war upon the State banks is a war upon *State rights*. I speak of it as the tendency, not as the design of this proposition.

Mr. Chairman, the Committee of Ways and Means have referred us to the examples of France and England as worthy of imitation in the receipts, safe-keeping, and disbursements of their revenues, and to enlighten us upon this subject, have had a view of their systems printed and laid upon our desks. Sir, their systems are essentially ours, for in their whole fiscal operations the banks are the principal agents. But, sir, I shall look to the monarchies and despotisms of Europe for examples in so regulating the fiscal agency of this Government as to secure the liberties of the people and our free institutions. Sir, the actual custody of the public money in Europe by the governments, is accompanied with the employment of immense standing armies, who suppress and keep down liberal sentiments, and keep unbroken the fetters with which the oppressed people are bound down. Sir, it was left for republican America, for a free people, to devise a plan by which the public purse can be so kept as to be accessible to the Executive for all legal disbursements, and yet so withheld from its actual custody as to place it beyond the power of abuse. Such has been the effect of the system heretofore—such, I fear, will not be the effect of the proposed system if adopted.

I have thus, Mr. Speaker, presented my objections openly and fearlessly, and upon my responsibility to my constituents. I may be mistaken, and time may expose the error; yet, sir, until the fallacy of these objections are made manifest, I must respectfully to all with whom I differ, but firmly and decidedly oppose the plan recommended by the Executive.

Having thus, Mr. Chairman, attempted to prove the safety and capacity of the State banks as fiscal and commercial agents, shown their present solvency, vindicated the propriety and necessity of their course in suspending specie payments, and urged my objections to the *sub-Treasury scheme*, I will now offer to the committee a few brief remarks in support of the proposition which, by the kind indulgence of the house, I have had the honor of laying before it.

The scheme which I have presented is substantially the "currency bill" which passed both houses of Congress at the late session of Congress, and which was retained by the late President under the apprehension that its construction might require the intervention of the judiciary, on account of some supposed ambiguity in its language. The substantial features of this bill, requires the notes of all *specie paying* banks to be received in payment of the public revenues, whether derived from foreign importations, public lands, or any other source, and restricts any distinction between different branches of the revenue, and for the purpose of enlarging the specie circulation of

the country, by such a gradual process as to prevent any shock in the business and commerce of the country. It provides that the notes of no specie paying banks shall be received which shall not immediately discontinue the issue and circulation of all notes under five dollars, and at given periods thereafter, all notes under ten and twenty dollars. It also provides for the continuance of such of the present deposit banks as are sound and in good credit, as depositories of the public money, upon the condition of affording such collateral security as the Secretary of the Treasury, in the exercise of a sound discretion, may prescribe. This bill only presents the general features of a scheme which may be matured by amendments adapted to the present embarrassed and emergent condition of the country.

This bill also proposes a restriction of the number of State banks to be continued as depositories of the public money within such bounds as to make it their interest to adopt the measures of reform in the currency which experience has proved to be necessary for its extension, its credit, and its soundness. This number will be in the discretion of Congress. This plan had the countenance, and was recommended by the late administration, as well as by the present Secretary of the Treasury. It was earnestly and repeatedly urged, and many of the States have adapted their legislation to its principles, and that there is now no just cause for its abandonment—nor has the present state of things stripped it of any of its advantages or benefits. I think I have satisfactorily proved, unless it be necessary to the correctness of the system, that banking institutions should be *infallible*, and conducted by *infallible* men, which is unattainable.

In presenting this scheme, I have done it under the impression which seems generally to prevail, that the banking institutions of the country would not be abandoned, and that their notes, under those modifications and restrictions which experience might from time to time prove to be necessary, would constitute a material part of the currency of the country. If this impression be true, and notes of banks shall continue to constitute a material part of the currency of the country, I regard it as strictly proper, and indeed necessary, that the Federal Government should so regulate its actions in reference to the currency, which the States, in the exercise of their sovereign rights, have thrown into circulation, as to give to it as much credit and soundness as possible, because by such a course the intercourse between the States will be more regular, more uniform, more harmonious, more convenient, and more cordial. But it is said by some that Congress has no constitutional power to legitimize bank notes so far as to compel the Government to receive them. Sir, this notion is of modern origin, and is opposed to the principles upon which this Government has acted from almost its foundation. It is true this Government has no power to emit paper money; it can make nothing but metal "*money*," for that is the standard of value of the world. But there is a material distinction between *coining* money and receiving public dues. I do not see any constitutional restriction upon the Government in receiving a promise to pay in a bank note, or in a merchant's bond. I do not doubt the power of the Government to receive its dues in any thing it may deem most expedient, and such has been its constant and undeviating practice.

The bill which I have submitted, proposes also to enlarge the specie circulation of the country, by gradually retiring the notes of smaller denomination, and introducing in their stead a metallic circulation. This, sir, I propose step by step to do, until the metallic circulation shall be so enlarged, as to confine the material paper circulation to their *legitimate sphere*—commercial transactions. And, until the metallic basis shall assume such a relation to the paper circulation as to secure, without difficulty, the convertibility of the paper into specie. It is an admitted principle, that notes and coin of the same denomination will not circulate together. The superior value of the coin makes it a subject of commerce, and it always seeks distant employment, when there is a local and less valuable currency to supply its local circulation. The plan which I propose, seeks to prevent this effect by restricting the circulation of notes to an amount above the denomination of any coin in circulation, so as to that amount, to render coin indispensable; and if by the operation of this plan it shall be found expedient still farther to restrict bank notes: it can be done by the aid of that

experience, which the progress of the plan will unfold, which will be a sure guide to truth. In the discussion of this subject, I shall not find it necessary to do much more than refer to the experience of two of the most commercial nations of the world, Great Britain and France, and the opinions of some of the most distinguished statesmen and financiers of Great Britain and the United States. The Bank of England in 1793, became seriously and alarmingly embarrassed, on account of the immense reduction of her bullion, and the heavy demands of depositors, the result of which was a suspension of specie payments; up to this time, the bank was not authorized to issue notes of less denomination than five pounds, to prevent driving from circulation coin of small denominations. The suspension was legalized by act of Parliament, and the bank, to supply the vacuum created by the withdrawal from circulation of small coin, which had been exported to the continent, was authorized to issue notes of £1 and £2 denominations. These notes were issued to a large amount, and circulated to a great extent; the result was, what always will be, the expulsion from circulation of nearly all coins of the same denominations. Such were the effects of this act in enlarging the issues of the paper medium of England, and expelling its bullion, that after many efforts, in 1826, this law was repealed, and the bank required in 1829, to restrict its paper to the issue of £5 notes and over. The effect of this repeal, has been so to enlarge the specie, as to secure the convertibility of the paper circulation. The Bank of France is prohibited from issuing notes below five hundred francs, about \$93 of our money. This bank was chartered in 1800, and the restriction imposed in 1804. From that time to the present, notwithstanding the calamities of war, two invasions, and several commercial revulsions, the currency of France has remained sound and uniform, and the paper of the bank in good credit. Austria and Russia, who are making vigorous exertions to enlarge their commerce, have adopted the Bank of France as a model for their imitation, and have incorporated banks upon the same principle. It would seem to me, that with such examples before us, there could be little doubt of the correctness of the principle of the bill, which I propose. But, sir, I will add to this evidence, by citing the opinions of some of the most distinguished statesmen and financiers of Great Britain, who were witnesses of the operation of the bank restriction in England, and its injurious effects upon the currency of the country. The celebrated Edmund Burke, among the last letters which he ever wrote, in one addressed to Mr. Canning, upon the subject of the issuing of small notes, said: "*Tell Mr. Pitt, that if he consents to the issue of one pound notes, he will never see a guinea again.*" This prophecy was well nigh being fulfilled, and was probably only prevented from fulfilment by the repeal of the restriction. Mr. Huskisson, one of the purest and one of the ablest of statesmen, and one of the most skillful financiers of this or any other age, in a speech delivered in Parliament, on the 15th day of February, 1822, upon the agricultural distresses of Great Britain, said:

"In England it still formed a considerable part of our circulation, there being then no circulating paper under five, and only to a small extent, under ten pounds. The first effect of this restriction was, to add to the paper circulation by enlarged issues, not only from the national banks of England and Ireland, but also from all the country banks. This addition continued gradually to increase, and especially in the notes under five pounds. Every increase for the first two or three years was a *diminution* in the value of money, but not a *depreciation*. Why? Because the gold left the country, as the paper became its substitute, and by this process, the exchanges were kept at or near *par*. The effect of this exportation of our coin was every where to lower the value of money, and by so doing, to keep it upon a level with its diminished value in this country."

"In the progress of this operation the United Kingdom was drained of all its gold. There would, however, have been no real depreciation of the paper substituted in its stead, if, by imposing proper limits upon the issues of that paper, the *par* of exchange with foreign countries (which is necessarily equivalent with the standard of the gold coin in this country) had been made the criterion of its value. But the issues of paper not being confined within those limits, depreciation took place."

"The consequence, therefore, of the bank restriction was two-fold;—first, a diminution in the value of money generally, but without depreciation; and secondly, a depreciation specially superadded in this country, the degree of which, at any particular period was the difference between the standard and the market price of gold. By the first result, the price of commodities, including of course all the raw productions of the soil, was raised generally. By the second, this general rise of price, was carried still further in this country, in proportion to the depreciation. The actual depreciation, therefore, as it was not the sole cause of the rise of prices (speaking now of that rise only in as far as it was influenced by changes in the value of money) during the war, so it cannot be taken as the measure of the fall of prices since 1819, unless we could have got rid of the depreciation without recalling into our own use a part of

the gold which had been exported, or in any degree diminishing the extent in which credit had become a substitute for actual payments. That fall must be still greater, if, instead of importing gold for circulation here, the greatest part of it has been withdrawn from circulation in other countries, to be buried in the vaults and cellars of the bank. The proportion of the rise of prices generally during the war, and of fall since the peace, not in England only, but in all other countries, from these alternate operations, may be difficult to estimate; but it must be considerable; and the more so, as other countries, as well as England, had also a depreciated paper, and have since endeavored to replace it by a metallic currency.

In a speech delivered by him on the 10th day of February, on the bank charter bill, he said:

"If they wished for a proof of the value of a steady, unchangeable currency, they had it in the example of France. That country had been twice invaded; twice had her capital been taken possession of; and she had been compelled, in 1816 and 1817, to pay large sums to foreign countries for corn. But she had a steady metallic currency; and however such visitations might have effected the great—however the extensive contractor might have been injured or ruined—the great body of the population remained unmolested. The storm which uprooted the forest tree, had passed over without injuring the humble reed; and this was mainly to be attributed to the permanent footing upon which the currency of the country had been placed.

"If the plan of his right honorable friend was carried into execution, he was satisfied it would have the effect of making the country banker as sensitive on the subject of the exchanges, and as watchful of any unfavorable turn which might take place in them, as the Bank of England now was. He would carefully watch the circumstances which were calculated to bring gold into, or send it out of, the country; and this caution being timely impressed upon him, the danger would, in a measure, be passed. There would then be no fear of any agitation or convulsion in the country, as the interest of every banker would compel him to provide himself for any coming emergency; in other words, every country banker would feel an equal interest with the Bank of England, in watching the state of the currency, and guarding against its fluctuations.

"If, then, it was necessary, for the best interests of the country, that the currency should be established on a sound and solid foundation, and that the country bank should be prevented from drawing the metallic currency out of the kingdom, by the issue of these small notes, the next question was—whether this was a proper time for carrying the measure into execution?—But before he touched upon this, perhaps it would be proper that he should make one preliminary observation respecting the country banks. He was far from being hostile to these banks. On the contrary, he thought they would be of great service to the country, provided they were placed under proper regulations. He wished to save the banks themselves from the consequences of their own proceedings—from the liability of each to be ruined by the failure of the others. But, to effect this, they must be prevented from issuing paper, and also as the highest denomination of the metallic currency of the country. They must not be permitted to issue their one-pound notes—corresponding with the sovereign—the highest denomination of metallic currency. To give them the privilege of making such issues was, in fact, to permit them to assume the powers of the prerogative. Let them continue to issue paper, and to extend an act upon their credit; but let them not issue their small notes, and thereby trench upon the prerogative."

In the same debates these opinions were concurred in by many other distinguished men, and finally prevailed. This bill, as I before remarked, is in strict accordance with the recommendations of the late President, Mr. Taney, Mr. Woodbury, the Committee of Ways and Means of 1834 before referred to, and in fact was the leading policy of the late Administration. To prove this and supply arguments of more force and weight than I am capable of urging, I quote from General Jackson's message of 1834.—Speaking upon this subject, he says:

"These institutions, [the State banks.] have already shown themselves competent to purchase, and furnish domestic exchange for the convenience of trade, at reasonable rates, and not a doubt is entertained that in a short period, ALL THE WANTS OF THE COUNTRY IN BANK ACCOMMODATIONS AND EXCHANGE, will be supplied as promptly and cheaply as they have heretofore been by the Bank of the United States. If the several States shall be induced gradually to reform their banking systems, and prohibit the issue of ALL SMALL NOTES, we shall, in a few years, have a currency as sound, and as little liable to fluctuations, as any other commercial country."

In his annual message of December, 1835, General Jackson said:

"It is also ascertained, that instead of being necessarily made to promote the evils of an unchecked paper system, the management of the revenue can be made auxiliary to the reform which the legislatures of several of the States have already commenced in regard to the suppression of small bills; and which has only to be fostered by proper regulations on the part of Congress, to secure a practical reform, to the extent required for the security of the currency, to the constitutional medium. Severed from the Government as political engines, and not susceptible of dangerous extension and combination, the State banks will not be tempted, nor will they have the power which we have seen exercised, to divert the public funds from the legitimate purposes of the Government. The collection and custody of the revenue being, on the contrary, a source of credit to them, will increase the security which the States provide for a faithful execution of their trusts, by multiplying the scruples to which their operations and accounts will be subjected. Thus disposed, as we find from interest as the obligations of their charters, it cannot be doubted that such conditions as Congress may see fit to adopt respecting the deposits in these institutions, with a view to the gradual disuse of the small bills, will be cheerfully complied with; and that we shall soon gain, in place of the Bank of the United States, a practical reform in the whole paper system of the country. If by this policy, we can ultimately witness the suppression of all bank bills below twenty dollars, it is apparent that gold and silver will take their place, and become the principal circulating medium in the common business of the farmers and mechanics of the country. The ATTAINMENT of such a result will form an era in the history

of our country which will be dwelt upon with DELIGHT BY EVERY true friend of its liberty and INDEPENDENCE. It will lighten the great tax which our paper system has so long collected from the earnings of labor, and do more to revive and perpetuate those habits of economy and simplicity which are so congenial to the character of republicans, than all the legislation which has yet been attempted."

This plan will so imperceptibly retrieve the paper and introduce the metallic circulation as to produce not the slightest shock or embarrassment in the commerce and business of the country, or reduction in the value of property. Property, the value of which has been regulated by the present currency, will retain its existing standard, and the country gradually recover from its depressed and ruinous condition.

It may be argued that the full excess of paper circulation will be kept up by the enlarged issues of notes of the larger denomination—this cannot be so. The commerce and business of the country can only bear a fixed amount of circulation—all excesses must and will be reduced—a fixed amount of money can only be necessary to the commerce and business of the country. Of that fixed amount, as specie is enlarged so must paper be reduced, and as specie is reduced so must paper be enlarged, as the plan which I propose requires a mixed circulation of metal and paper; I propose to reach such a proportion of the metallic, as will make certain the convertibility of paper into specie, which will always secure a sound currency. These are the objects which I have in view, and I confidently believe the scheme which I have offered, will effect it.

Mr. Chairman, this bill I firmly believe, with the aid of some provisions which may be attached to it, adapted to the present emergency, is well calculated speedily to remove the embarrassments of the country. Sir, as I have argued, confidence is all that is necessary to enable the banks in a short time to resume specie payments; this bill extends that confidence, holds out to them a strong inducement to resume, and promises a restoration of their fiscal agency on that resumption. This, sir, is better than all your penalties and all your divorces.

Mr. Chairman, I well know that to effect the objects of reform which all desire, the aid of the State Governments must be invoked. This aid I do not doubt will be afforded, not only from considerations of patriotism, but of interest; for every State is deeply and importantly interested in securing a sound currency; both as relates to their own domestic concerns, and their commercial connection with the other States. They cannot flourish—they cannot prosper without it, and this is a guarantee that as the errors in their systems develop themselves they will correct them. Sir, I do not doubt that they will perform their duty to themselves and to the nation.

Mr. Chairman, I have heard much play, and much emphasis upon the term divorce of Bank and State. It is calculated to call up those feelings of abhorrence against the union of Church and State, out of which so much mischief to the lives and liberties of mankind has grown, which the people of the United States so justly entertain. Sir, are not these institutions the very creation of Government? Did not Government impart to them form, substance, and action; and now we are to divorce the Government from them! I know, sir, that these institutions were created by the State Governments; yet, sir, unless all their powers are buried in the powers of this Government, they were created by Governments having the power to do so. This political connexion, so much desecrated and abhorred in these latter days, is as dangerous to the State Governments; as to this: yet the State do not find it necessary to destroy their banking institutions; and I am sure, will defend them against the reckless war now waged against them. Sir, this term divorce will not take—you had as well talk of a divorce between man and wife, while they are indisposed to it.

One word more in relation to the suspension of specie payments by the banks, to show the propriety and wisdom of the measure. When the suspension took place, it was supposed by many, perhaps by most persons, that upon its being known in England, there would be an immediate prostration of the commercial credit of the United States, and, as a consequence, the destruction of the houses in England, commonly known by the name of the American houses. But no such thing happened. Confidence was not diminished, but improved. They saw the thing at once in its true light—they saw it was a measure of relief to the merchants of the United States, which would give them time to gather

in their resources, and finally make good their payments in England: whereas, if the severe pressure necessary to continue the payment of specie by the banks, had been kept on, they must have been ruined and through them the people who were in debt.— This was a sound view of the subject. In addition to this, the States continue to use them as depositories, and to receive their notes in payment of their taxes. Why, then, should there be so much alarm here?

Mr. Chairman, I admit that there are serious evils connected with our banking system. I admit that there are crying and grievous abuses, which require to be corrected; and I will go as far as any man in applying the knife and cutting these abuses off. Nor, sir, am I disposed, in the slightest degree, to countenance the refusal of the banks to resume specie payments in a reasonable length of time. While the country may be disposed to endure this state of things as long as it is necessary and proper, it will not—it ought not—to bear a wanton and unnecessary delay. The foreign debt is rapidly extinguishing; the elastic energy of the country is rapidly increasing, and overcoming all embarrassments; soon, very soon, all pretext will be removed for continuing the suspension, and the banks will merit the stern and withering rebuke of every patriot, if they persist in their refusal. Sir, my course upon the present occasion is not dictated by any interest which I take for the banks, separate and apart from the people: I only look to their interest and their security, as connected with that of the people, so deeply involved with them. I consider the interest and welfare of the people as deeply and materially concerned, and their prosperity endangered.

I have thus, Mr. Chairman, presented to the committee my views of this deep, this vital, this interesting question to this nation. I have exhibited the opinions entertained by the late Administration, and the prominent friends of the present; and, having done so, confidently and fearlessly appeal to the American people, to determine whether I deserve to be stigmatized as a traitor, or shot as a deserter. Sir, if an adherence to the opinions heretofore entertained by the friends of the Administration, notwithstanding they have abandoned them, is desertion, I am guilty, and I will meet the fate which awaits me without murmur. My opinions are unchanged, and no fear of personal consequences shall change them. My constituents are unchanged, so far as I have learned; at any event, they have not instructed me to vote contrary to my former opinions, and until they do I will vote against your sub-treasury scheme, in spite of denunciation, or any other consequence which may follow. I regard that scheme as containing the elements of destruction to the purity of the Government, the rights of the States, and the liberties of the people. Sir, so obnoxious is it to me, that although there is no constitutional objection in the way, I would infinitely prefer resigning my seat here, to voting for it. I do not call into question the sincerity of gentlemen who have changed; but I protest, that because I cannot change also, I should be denounced.

Mr. Chairman, if I am to be tried on a charge of desertion, the Administration shall not judge me; its friends on this floor shall not judge me—I will be tried by my constituents alone—they know what opinions they sent me here to sustain—they know which I have deserted, and which I have maintained. I will meet them and let them pronounce the judgment; and if that judgment shall be, guilty, they alone shall be my executioners—to them, by their confidence, I came here—by their command I am ready to retire. To them and their justice I commit myself. I will say to them, that,

Bound by no party's arbitrary sway,  
I'll follow truth, wher'er it leads the way.

## APPENDIX.

Comparative statement of the condition of the Farmers' Bank of Virginia and Branches, on the 1st and 8th days of June, 1837, and on the 1st day of September, 1837.

Bills discounted at—	1st June.	1st Septem. 1837.
Richmond	\$2,510,000	\$2,580,766
Norfolk	845,765	767,091
Petersburg	602,299	576,571
Fredericksburg	497,975	526,818
Lynchburg	576,577	584,162
Winchester	119,799	418,500
Danville	492,211	450,129
	\$5,949,763	\$5,477,933

25th Cong....1st Sess.

Making public officers depositories—Mr. Mason.

H. of Reps.

Showing an aggregate decrease of \$372,330, in the outstanding bills discounted between the 1st day of June and the 1st day of September, 1837.

The specie on hand, on the 1st September, 1837, was \$425,234  
On the 8th day of June, it was 412,672

Showing an increase of specie 12,562

The notes of other banks on hand, on 1st September, 1837, was 218,841  
On the 8th of June, 1837, they amounted to 127,842

Showing an increase of 90,999

The aggregate balances due by the other banks, was, on 1st September 45,074  
On the 8th June, they amounted to 20,267

Showing an increase of 24,807

The notes in circulation, on 1st September, 1837, were 2,196,604  
The deposit money, at same time, was:  
Individuals 900,533  
Treasurer of the United States 118,173

\$3,215,610

The liabilities on 8th June, 1837, were:  
Notes in circulation \$1,963,942  
Individual deposits 1,500,076  
Treasurer of the United States 297,047

3,761,065

Showing a diminished liability equal to 545,455

The contingent fund, to cover losses, was, on 1st September 369,771  
It was, on the 8th June 277,412

Increase 92,369

The whole bad and doubtful debts, on 1st September, 1837, were estimated as follows:

At Richmond 59,398  
Norfolk 226,036  
Petersburg 6,100  
Lynchburg 0,000  
Fredericksburg 3,950  
Winchester 17,526  
Danville 1,000

In all 321,010

While the contingent fund is, as above stated 369,771

From the foregoing, the following statement may be made, showing the increased active means, and the diminished liabilities of the Bank, viz:

Increase of specie \$12,562  
of notes of other banks 90,999  
of debts due by other banks 24,807  
of contingent fund 92,366  
Decrease of notes in circulation, &c. 545,455

Making, in all 776,192

Against which, the loan from the Commonwealth, under the act of 24th June, 1837, may be made an offset.

Condition of the Boston banks, omitting Massachusetts, Franklin, and Lafayette Banks, at the close of business, September 16, 1837, agreeably to returns made to the standing committees:

Capital \$21,400,000 00  
Circulation 1,935,326 00  
Individual deposits 6,327,561 17  
Specie 1,048,318 00  
Real estate 653,523 15  
Amount of loan 33,350,510 93

General state of the Bank of Virginia, on the 15th day of August, 1837.

Loans and discounts \$7,764,968 77  
Stocks 368,181 56  
Real estate 303,565 25  
Due from other banks 821,918 76  
Specie 426,429 76  
Other investments, (balances due from offices) 399,710 69  
Expenses 9,750 85

\$10,094,555 64

Capital stock \$3,240,000 00  
Contingent fund 580,357 40  
Discounts received, profit and loss, &c. 65,696 47  
Deposit money, Treasurer of the United States \$395,060 64  
Treasurer Commonwealth 141,903 33  
Other deposits 1,373,579 55

1,950,854 52

Due other banks 393,308 77  
Circulation 2,812,088 31  
Other liabilities, notes payable to Bank of the United States \$279,252 83  
Bond to Commonwealth 325,000 00  
Balances due to offices 437,967 29

1,042,220 17

\$10,094,555 64

## Variations.

	On 1st June, 1837.	On 15th August, 1837.
Loans and discounts	\$8,064,141 22	\$7,764,968 77
Circulation	2,735,870 60	2,812,088 31
Deposites	2,361,714 60	1,950,854 52
Specie	449,783 33	426,429 76
Due to other banks	18,033 61	
Due from other banks		428,609 99
Contingent fund, discounts received, and profit and loss	706,509 59	656,082 47
		50,427 12

\*Reduced. †Increased.  
†Reduced, besides paying the dividend of July last, \$97,200.

Since the statement of the 1st June, so far as the President and Cashier are informed, nothing has been added to the bad and doubtful debt. The greater part of the increased suspended debt has been satisfactorily secured, and the residue is in a train of adjustment.

A. ROBINSON, Jr., Cashier.

City of Richmond, to wit:

On this 21st day of September, 1837, Anthony Robinson, Jr., Cashier of the Bank of Virginia, personally appeared before me, a Justice of the Peace for the said city, and made oath that the foregoing statement is truly compiled from the several statements returned from the different departments of the said Bank, according to the best of his knowledge.

Given under my hand on the day and year aforesaid.  
EDWARD BAILEY, J. P.

## SPEECH OF MR. MASON, OF VIRGINIA,

In the House of Representatives, October 11, 1837.—On the bill imposing additional duties, as depositories in certain cases, on public officers.

The bill being under consideration, Mr. MASON said:

Agreeing, as I most cordially do, in the several measures which have so far been presented by the Committee of Ways and Means, for the consideration of this House, it is with the utmost reluctance that I am now brought to differ with those with whom I have heretofore acted.

This difference, however, I am pleased to consider, is at least but one of mere expediency, and in itself contains nothing which should sever those who are united otherwise in the preservation and support of those great and leading principles, which actuate political parties.

Differences of opinion necessarily pertain to deliberation; it is against the constitution of our nature that it should be otherwise; intelligence, reason, and sound judgment, are alike hostile to entire unanimity, nor would our representative government be any thing more than a mere formal acquiescence in the will of some ordained superior; if the doctrine were allowed to hold, that party discipline exacts an unconsidered sanction to every measure, which brings a recommendation from the Executive chair.

Such is certainly not the spirit of our institutions; nor should it be the spirit of any party that would act safely and wisely, or even successfully, in the administration of the Government committed to their charge.

Having thus premised, I will proceed at once to state my objections to the bill under consideration.

Those who have brought it in, address its claims to our favor, as a measure simply intended to provide for the safe keeping of the public money. It is said that the former depositories, the State banks, having proved either inadequate to the duties required, or unfaithful to the trust reposed in them in this branch of the public service, it is necessary that Government now should take care of its own interests; and that this will be most effectually done by a return to what is called the legal currency of the country, and by constituting certain fiscal officers of the Government the keepers as well as the disbursers of the public money.

The machinery is certainly very simple, and if the only end to be attained were, in truth, the safe keeping of the public money, however I might dissent from the expectations of those who have planned its operation, I could not see in it those insuperable objections, which impel me now to remonstrate against it.

The evils, sir, which we are expected to remedy by some adequate law, lie far deeper in the public

mind than any alleged insecurity of the public money—evils for which no remedy is provided by this bill, but which will, in my judgment, be fastened upon the community by its passage—I mean the present degenerate condition of the currency.

What is now the currency of the country? I ask not what ought to be, but what actually now is the sole currency? the only medium having exchangeable value, by which the business of the country is carried on? It consists entirely, from one end of the confederacy to the other, of irredeemable bank paper; every payment that is made, every debt that is collected, every transaction of every kind, whether large or small, into which money enters, is carried on and effected by paper that has been issued by the State banks, and which they no longer redeem with gold or silver. These metals have passed entirely out of circulation; they form no longer any portion of the money of the community; treating money as that only, which, for the time being, serves as the symbol of exchange, of things having merchantable value.

This condition of the currency, is the true and great evil of the times; it affects the people in their business, precisely and in the same manner as it affects the Government in the conduct of its affairs; and there can be no remedy, at all adequate to relieve the Government from its embarrassments, which shall not, at the same time, and to the same extent, relieve the people from theirs.

In considering this subject as I propose to do, it is unnecessary to go at large into an examination of the causes which have operated to bring about this state of things. I do not know that I am, nor do I at all profess to be, equal to this duty. And yet, were I to attempt it, I should certainly differ very widely from those who trace these causes no farther than to a redundant issue of bank paper. That each issue has been to a great extent auxiliary to the present embarrassments, there can be no doubt. But it has been auxiliary only; and I freely admit, that in my very humble judgment, a well founded objection to our banking system, lies in this very thing: that banks of discount, organized as our American banks are, yield the facilities of credit too readily and amply to the demands of trade, without a power of discrimination between such as arise from the extension, or accidental vigor of healthful commerce, and such as have their origin in a wild and gambling spirit of speculation.

Commerce requires credit. From the day that men passed in their dealings beyond the first simple stages of barter, credit, in some form, entered into the affairs of trade. Its agency soon came to be understood, and the winds are not more active in circulating the common air, than credit now is, all over the world, in circulating through every land the productions of every soil.

Trade and commerce then, becoming drunk with prosperity, have drawn too lavishly upon the credit offered them through the banks; or, if you will have it otherwise expressed, the expansible character of bank credit has offered too great temptations to commercial enterprise, and we are now suffering under the consequences of over-action, as well on the part of those who used this credit, as of those who gave it.

In this reasoning, I am borne out by the message of the President; he says—"that our present condition is chiefly to be attributed to over-action in all the departments of business; an over-action deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper, and by other facilities for the acquisition and enlargement of credit."

I have entered into the subject thus far, only that I may invite you to a more enlarged view of the difficulties to be met than are presented when our inquiry is confined simply to a consideration of the safest custody that we can provide for that portion of the people's money which is to pass into the public coffers.

My great objections to the measures proposed in this bill are, that they are not at all commensurate with the exigencies of the times. They do not meet the real difficulty. The bill simply ordains that the Government, after a limited time, will re-



ceive nothing but gold and silver in payment of public dues, and will intrust its keeping to its own officers alone. Now, if there were a creative power in our law, if by this simple enactment the bank paper could be driven out of circulation, back whence it came, and the precious metals substituted in sufficient quantities to meet the wants of society, as well as the demands of the revenue, the chief ground of my opposition would be at once removed. I can well see, from the experience we have had of the evil tendencies of the banks to excessive issues, (and such, at present, are my decided impressions,) that, whenever the currency is placed in a condition to bear the tribute, the true policy of Government may be found to be to exact its dues altogether in coin; and to withhold its revenue while resting between its collection and its disbursement, from the use of the banks, as a fund to increase their discounts. My reasons for this I will give hereafter, when treating of the proper position which the Government may ultimately assume toward the State banks.

The bill is to operate upon the currency as it now is, for we have not only no guarantee that it will be found in an improved condition at the end of twelve months, (the limited time,) but it is susceptible almost of demonstration, that one necessary consequence from the proposed law, will be to continue the currency in its present debased condition.

The precious metals, all will agree, are now banished from circulation. They are in the country, I grant you, and in sufficient quantities, perhaps, to answer their accustomed duty of circulating in those channels, below the reach of bank paper. But they no longer pass from hand to hand as a medium of exchange. Their former exchangeable value has been converted, by the course of trade to which I have alluded, to a value exclusively marketable; and thus they have fallen back, and are entirely merged in the common and general mass of merchandise. Specie, whether in coin or in bullion, is now merchandise and not money; and those who require it for any purpose, must go into the market and buy it at market rates, as they would do any kind of merchandise whatever. How long, then, is this state of things to continue? How long will this marketable value attach, which detains the coin from its most appropriate function as current money? And by what process can it be restored to circulation?

The answer to the two first inquiries is very simple. Specie will continue to be merchandise, so long as there exists any demand for it greater than that which would invite, or retain it in circulation. It was driven out of circulation by the demand for exportation, after the business of the country had realized the fact, that our exports were insufficient to pay for our imports. The balance must be met, and the precious metals were called out of circulation to answer this new demand. It is a necessary and fundamental law of currency, that where you have two media, of which either answers all the purposes of exchange, and one of them, besides those purposes, will answer another purpose as a subject of trade, the latter will fly at once, to meet the new demand, and leave the duties of currency exclusively to its fellow.

So it was between the paper and the specie, when, by the exigencies of trade, the latter was suddenly called off to meet the new demand created by the necessity in commerce, of extinguishing the balances against our importers. There is no mystery in all this. Imports are to be paid for from those two sources alone. By the produce and labor of the importing nation, or by gold and silver; and whenever the former is found inadequate, the precious metals must make up the deficiency.

Thus stood the country when the banks suspended the payment of specie. They had an agency, and a large agency, I grant you, in bringing that necessity about; pampering, as they did, the pride of commerce. They met all its demands, honored all its drafts, as well in the rage for importation, as in those extravagant speculations to which the apparent prosperity of the age gave immediate birth. But the banks are not alone to blame in this. It is due to the occasion, and will aid us in searching out the true remedy against a recurrence, to admit, candidly and fairly, that the Government itself

saw as little the mischiefs that would follow from the extension of their credit, as the banks did themselves. It is a part of the history of the times, and should be recorded on the same page, that when the deposits were given to the State banks, they were expressly instructed, to make them the basis of new incentives to commercial enterprise.

I do not speak this at all, sir, in the spirit of rebuke; far, very far from it. I adduce it only to show that the Government itself, against whom, as some have said, the banks have committed the unpardonable sin, was itself actively instigating them to that very extension, now so zealously condemned. How far the banks might have gone in extending their discounts, upon the immense deposits thus cast upon them, without this authoritative hint, none can easily tell. But it is fair and reasonable to infer, that this license in advance, did not pass unimproved.

Having stated thus the actual condition of the currency, and briefly traced the causes which have led to it, let us inquire next what will be the probable operation of a law, that takes no account of its enfeebled state, but peremptorily demands, after a given day, that the entire revenue, amounting to some twenty millions of dollars per annum, shall be paid up in gold and silver. One necessary consequence, in my apprehension, would be, effectually to place it out of the power of the banks to resume the payment of specie within any reasonable time. How can it be otherwise? They suspended payment, because of the new demand for coin created by the exigencies of trade. They have not yet resumed, because although that demand has entirely diminished, as shown by the rate of foreign exchange, yet there is still demand enough to warn them of the consequences of an attempted resumption, before the trade of the country is in a fit condition to bear it. Sir, the country is recovering fast from the violent and sudden convulsion into which it has been lately thrown. It cannot otherwise be, when we consider the immense resources of this vast continent, wielded, as they are, by a people whose industry and enterprise acknowledge no other limit than the very bounds of the earth. But the Government must keep its hands off; time must be allowed for the system to re-act, before any new or additional pressure can be borne.

If the necessities of circulation are not strong enough now to bring specie into general use, as part of the currency, because of the existing collateral demand in trade, does it not necessarily follow, that any new demand will have an additional effect in retarding that operation?

You create this new demand by the bill under consideration; pass it, and you at once increase the premium that specie already bears over the ordinary currency; you give it increased value in the market, to the extent of such new demand; and to that same extent, you postpone the day when it can return into use as a part of the circulating medium. Until that day comes, it is impossible for the banks to pay out specie upon their notes; they never can do so, until the demand upon them is reduced to a naked demand for circulation. If I am correct in this reasoning, the best that could be hoped for, under the proposed law, would be, that it should remain a dead letter upon the statute book.

I think I have shown that we could have no return to a circulation of specie under its auspices; and, if this be so, do you believe, does any man believe, that the law could be carried into effect?

What, sir, that the Government alone should be paid in silver and gold, while those who have the payments to make receive nothing but irredeemable paper? How vain and idle it is to expect any such thing. If, by any chance, or lucky accident, over-ruling those stern necessities to which all human affairs are subject, the exigency of the times should have passed by, before your policy begins, then it might thus chance-favored be that the scheme could be carried out. But it becomes us not to legislate upon such improbable contingencies. I want no better evidence of what the Government would be twelve months hence, under the operation of this law, than what is now daily passing before our eyes. There are, it is said, (and I presume with an approximation at least to the

truth,) now in this country, eighty millions of dollars in coined metal. By the existing law, (as there is no bank paper convertible into specie,) Government can now receive nothing but coin in payment of any part of its revenue. I ask confidently, is any part of that revenue so paid? With all this abundance of the precious metals, fully three times as much as we have had at any former period, do we not all know, that none whatever is paid into the Treasury from any source of revenue. I mean none, when compared even with the lowest necessity of the public service. The mint, it is true, does furnish a small supply, barely sufficient, if at all, to meet those demands, which coin alone will satisfy. But this does not come in any shape of revenue; far from it. It is purchased by Government, at market rates, and a premium paid upon every dollar that is brought in. Such is the present state of things, under the operation of a hard money law, while the only money of the country is in irredeemable paper; and such must ever continue to be your condition, under the operation of any laws that you may pass, so long as the money which you require is banished, by whatever cause, from the channels of circulation.

I lay down, then, this position, and defy any refutation. That the Government must, as a permanent necessity, deal in that currency in which the people deal; it is the law of its creation, and inseparable from its condition. It must receive what the people receive, and pay what they pay; a necessity from which Government cannot escape if it would; and ought not, if it could.

I speak of this as a permanent necessity, distinguished from the necessities of immediate want. It is struggling now against this very want, and precisely as any large capitalist might equally do, by using the resources of its credit to supply the temporary absence of revenue. Have we not just passed a law, authorizing an issue of ten millions of treasury paper, for this very purpose? I mean for the single purpose of reserving the Government from the necessity of coming down at once to the irredeemable paper of the banks. And this only to answer the present emergency; for it will certainly follow, unless that medium can be restored, in which alone the Government is allowed to deal, that we must issue at least ten millions more, before we return home from the ensuing session. Sir, I went cordially with you in this use of Government credit; and I will do so again should the emergency continue. But I tell you fairly and candidly, and I tell the people, too, that this treasury issue is all that saves the Government now from coming down at once to bank paper. I say this, sir, because your revenue laws, exacting gold and silver, are not and cannot be enforced. If you collect any revenue, it can only be in that very paper, because there is nothing else to pay with.

Suppose, then, your law passed, and the currency remain, as under such policy it inevitably must, in the condition that it now is; what are you to do? If you could enforce the law then, I ask why do you not do so now?

Why do you not now compel your debtors to go into market and buy specie, in order to replenish the treasury? So far from this, we have a bill now before us, and which it is admitted on all hands must pass, to save the Secretary from the necessity of so idle an attempt. With more than four millions of dollars now due in New York alone, so far from exacting payment, we are about to give further time on all bonds due, and to become due, between this time and the next session of Congress.

I say, then, confidently, pass what law you may, you cannot have your revenues paid in specie, so long as it remains at a premium; and that the very first effect of this law, by creating a new demand, would be to increase the premium, and thus render permanent the very exigencies to which your legislation is now actually yielding.

But take another view of the subject. Suppose the law carried out, what then would follow? The importer, besides all other charges for freight, insurance, duties, &c., is required to pay five or ten per centum for specie to pay the duties. Certainly this latter would be added to the price of the commodity; and thus the whole effect of your policy

would be to tax the people to this extent, in order that Government might deal in gold, while they were left to struggle on, unaided, against all the ills of worthless paper money.

My view of the subject, then, is, that by passing this law now, you postpone to an indefinite period, the resumption of specie payments by the State banks; that until they do resume, the law must be inoperative, and the treasury supplied by loans; or, if enforced, besides creating a new and heavy tax upon all foreign merchandise, the sole effect will be to enrich the office-holders; and all who feed upon the public crib, at the expense of the rest of the community. I know, sir, that this last objection has been scouted as mere slang, as part of a mere "rabble," and unworthy of notice. But I tell you it has never been met, and that it cannot be overthrown. I do not believe (and that disbelief is founded on the experience of the present day) that such a law could be carried out. But if it were, the host of Government dependants would grow rich under it. They would have money worth five or ten dollars more in the hundred, than the money used by the people; and the people would be taxed to the extent of this five or ten dollars in the hundred, to furnish the former with the better currency.

Now, sir, in all this, my sympathies are with the tax payers, and not with the tax gatherers. I go for the interest of those who are to pay, and not for those who are to receive. I cannot agree to any policy which might, and I believe would, lead to these results. It is unwise, unjust, and unnecessary; and it could not, and ought not, to stand one day after those results are ascertained.

I may express myself strongly, but I do not mean to do so harshly. I see mischief and disaster without end, in any attempt to legislate now, as you would have us do by this bill; and it is to save ourselves from utter defeat and shame, that I beg you to pause with me, and consider the consequences of such an attempt.

Let me, before leaving this part of the subject, present another view, which, to my mind, increases the difficulties to be encountered by the proposed law. I have, so far, considered only the demand arising under the accruing revenue, as that which is to retard the resumption of specie payment. But the revenue *in arrear*, that of which we are to postpone the payment, will come heavily in aid, to increase this demand, at the very outset of the new law; to what extent we do not as yet very certainly know, but reasoning from what we do know, the promise is sufficiently appalling. The duty bonds to be postponed, amount in New York alone to more than 7,000,000 dollars, computed to January next, and, including the other cities, to more than 10,000,000 dollars, constituting, to such extent, whatever it may be, an obstacle at the outset, over and above what is to be encountered in its ordinary course.

I have heard it said, however, that this very demand to be created under the law, will have the effect of bringing in specie to meet it; and thus it is alleged that the demand will occasion the supply. I do not deny this, in the least degree. There is nothing more certain in every branch of political economy, than that there will be a supply for the demand. But regard for one instant only what this demand is, and the fallacy of the reasoning will appear at once. It is a *market demand* which is to produce this supply. It is an increase only of the same demand, which has already banished coin from circulation; now it is purchased for exportation, then it will be purchased for Government, and the effect will be precisely the same in both cases. To give a marketable value to specie as merchandise, in lieu of the exchangeable value which it would otherwise have as money. None will pretend that, because Government will pay it out again, it will thereby circulate, unless they can find the term circulation fully satisfied in a constant round from the custom house to the broker, and from the broker to the custom house.

If it be true, then, that Government cannot command the precious metals through its revenue, until they return back to circulation, the inquiry remains to be answered, how that end is to be attained? I would answer first, it will be attained

even before a very long time, if matters are allowed to remain, as far as Government is concerned, precisely where they now are.

Let us keep our hands off, and the banks will resume as speedily as reviving trade will allow; within that period I will not profess to answer: but their course of dealing since the suspension, evinces the strongest purpose to do so, at the earliest practicable day. The Secretary of the Treasury tells us, in his report, that since the suspension of specie payment, "the policy pursued by most of them, has been favorable to an early discharge of their engagements to the Treasury and to a resumption of specie payments." And again, in proof of that position, he says, speaking of the deposit banks, that "since the 1st of May, their discounts, as a whole, have been reduced about \$20,388,776; their circulation \$4,991,791; and their public deposits \$15,607,316, while their specie has diminished less than \$3,000,000." Such is the encouraging account which the Secretary himself gives us, of these institutions. We have already seen the great reduction in exchange since our session began, evidencing the rapid extinguishment of the foreign debt, and the effects manifested by the approaching market for the southern staples. Even the presentation of the bill for an issue of Treasury paper, had an effect, in bringing down exchange. Putting all these things together, we may safely argue, that the evil day is passing by; and all that I urge upon you is, to keep hands off, and let very well alone.

The resolution of 1816, now in full force, had the effect, at that day, of bringing about a general resumption of specie payment by the banks. It will do so again, if its operation be unaffected. I have shown you already the promise under it. But the bill proposes to repeal that resolution, as the first step in the policy of the new law. Then, the attitude of Government towards these institutions was one of encouragement and confidence: It offered inducements to them to resume, and invited back the confidence of the community. The wisdom of that policy was manifested by the result. Now, the very reverse is to be attempted; in lieu of confidence, we present discredit; for encouragement, menaced destruction. I need not add, that the same end cannot be obtained by such opposite means.

But again, sir, there is in this bill an entire departure from the great and leading principles of the administration, on the subject of the currency. It looks no further than to a supply of specie for the Government and its dependants. There is no account taken of the more important object, of infusing specie into circulation for the common use of the people. Then, the great effort was to enlarge the specie basis, by the suppression of small notes. The Government, as the greatest creditor of the banks, sought to effect this by the control incident to its large deposit. The banks were encouraged in every way to co-operate; and the States were appealed to for their aid in the common duty of a reform in the currency.

Many of them, where there was a bank issue under five dollars, met the appeal at once, by a direct prohibition to that extent.

But the State of Virginia went farther. She had long since realized the benefits of a specie circulation below five dollars, by a prohibition of all paper under that amount; and on the very first occasion when the charters of her banks would be reached, so recently as during the last winter, the prohibition was extended to ten dollars, and to take effect at an early day.

These were the measures then contemplated for the improvement of the currency, and begun to be carried out by the powerful aid of State legislation. Why are they to be abandoned now? It was admitted then, and it is beyond all question true, that specie, either in gold or silver, will not circulate by the side of paper. If experience of this were wanting, it is abundant in Virginia, in reference to small notes; as soon as they were expelled by her law, silver took their place. And there is no doubt that if her policy could be carried out, by the expulsion of all paper under twenty dollars, that gold would flow at once into the vacant channels. All this can yet be done, by a simple adherence to the

original plan. But your policy is in utter disregard of all such intent.

The great forcing process now in contemplation, will work the very reverse of what was then so strenuously urged. It will put all our golden dreams to flight, of the halcyon days of hard money, and the States will be compelled, from sheer necessity, to license once more the very lowest issue of bank paper. Seeing these things, as I clearly do in prospect, under the operation of the proposed law, I can have no choice but to raise my voice against it.

As to so much of the bill as constitutes the collectors of the revenue, with the mint and its branches, depositories of the public money, I have but little to say. It is certainly subject to very strong objections, not the least of which is, the very great increase of patronage to which it must give rise; and a patronage of the most dangerous influence, as being so immediately connected with the public money. Neither is this objection at all answered, when it is said that the patronage will be less than that exercised in the intercourse between the Government and the deposit banks; because, by the simple substitute of a special for a general deposit, all patronage will be at once taken away; and on the score of safety, the difference is incalculable.

Whether I regard, then, the pernicious influence which this bill must exercise upon the currency, if now enacted into law, or the inadequacy of its provisions for the safe-keeping of the money, I am equally constrained to withhold my assent. In the first aspect, it has never been submitted to the country, and has had very little consideration here. The innovation is too great, the transition too violent, from all previous usage, to be thus suddenly met.

The people are too deeply interested in the consequences which may follow, to have this usage changed, without the most matured consideration. For myself, sir, I want to go home from this whole subject, *reinfected*. It is a new proposition, presented, for the first time, in an imposing form by the late message, and, before adopted, should be well and thoroughly canvassed before the country. The President himself, in proposing it, invites, and the subject is well worthy of, the fullest deliberation.

Let it be discussed, then, as it will be, and as all great public measures ought to be, by the people themselves in their primary assemblies, and through the press, before it is enacted into law.

No inconvenience can possibly arise from this postponement; first, because the time must necessarily be short, as Congress will be again in session, within six weeks from the adjournment. And, secondly, because the whole system proposed is now, under the late orders of the treasury, in as full and complete operation, as if specially ordained by the law under consideration. The Secretary has already adopted it, in the exigency of the occasion, under the discretion given to him, by the law organizing the Treasury Department. There is no occasion, then, for this great haste, and there is every reason why we should forbear.

We are told, however, by an honorable member from South Carolina, (Mr. Pickens,) that by our opposition to the present bill, we are strengthening the interest of that party which seeks the re-establishment of a national bank. This suggestion, sir, has come from a very remarkable quarter. I do not allude now to the member from Carolina, but to a distinguished statesman from the same State, in the other wing of the Capitol. The sub-treasuries, it is said, must be obtained at once, as the only safeguard against the restoration of a great national banking institution; and this ratiocination seems to be thrown out as a sort of bugbear, to frighten us into instant submission.

Sir, in my humble sphere at home, or in the halls of our State legislature, my opinions on the subject of a federal bank, need no new confession. I have ever been an uncompromising foe to any such institution. I believe the existence of such a bank is inconsistent with the purity, and dangerous to the safety of popular government. I have ever opposed it in every form, on grounds of expediency; and, what is above all, to fix and con-

firm that opposition, I entertain no doubt whatever, that it has no sanction, either in the spirit or the letter of the constitution. Strongly committed, then, to such opinions, and having uniformly acted up to them in every time of trial; in the removal of the depositories, through the panic era, and the Executive veto, I am not to be frightened from what I have taken as the path of duty, by the new born fears, even of so distinguished a proselyte.

I distrust the quarter, sir, whence the denunciation comes. I have no confidence in that counsel which springs from the zeal of recent conversion—opinions that are hastily taken up, are as speedily laid aside, and are worthy of no reliance whatever.

No, sir, in my humble judgment the danger of recurrence to a national bank, is to be looked for in the very opposite quarter. In the immature conception and hurried execution of this sub-treasury scheme. I do not mean to predict it, because I would not be understood as disparaging the judgment of those who confide more readily than I do. But suppose they should fail; suppose it should be found impracticable to carry out the new scheme, that the currency should grow worse; that bank paper should continue irredeemable; and the people become wearied out, with your rigid exaction of coin from them, while nothing but paper is paid to them. I ask you, and I put it to the serious consideration of the country, what remedy would then be found? You could not fall back upon the State banks. They had just been divorced, and common decency would forbid the new espousal. Where then would you find refuge? Why, sir, as was done once before, in the arms of a national bank, and no where else.

I am not at all answered in the objections thus advanced, when I am told that my apprehensions of this failure are without foundation. You relied as confidently when the public money was transferred to the State banks, that they would not fail. Every official report and every state paper was replete with their commendation. We were told that they were equal to every emergency, in the fiscal operations of the Government, and furnished its best and safest reliance. And yet, within two short years, the whole system is denounced as an entire failure. What better assurance can you give us now, than you offered then?

Why may not your new scheme fail? I believe that it must, inevitably must, if attempted now. And when it does fail I can imagine no possible resource left, but that which our new convert so earnestly deprecates. I pray you to excuse me, then, if I do not see with his eyes.

Sir, in attempting these sub-treasuries now, the Government, if I may so express it, is retreating to the citadel at once, in the great battle with a national bank. I see nothing but danger in the attempt—opinions differ amongst your best and ablest advisers, whether you can now make the position good; and if you do not, there is no escape, no choice, but in unconditional surrender.

One word more, sir, to the honorable member from South Carolina, and to those to whom this portion of his address is directed. I understand him as making an appeal to the democrats of the north, to rally around this sub-treasury scheme, as their surest and safest protection against the oppression of northern capitalists. He tells them that they are looked upon as the natural allies of the south, because their labor holds the same position to capital in their country, that our slaves hold to their owners at the south.

How these northern democrats may relish the doctrines of their new ally, I need venture no prediction. I doubt whether they can be brought to rally around the standard of a leader, who denies them any place, even in the common scale of humanity.

Is it upon principles such as these, that the northern democracy is invoked to lend their aid to the measures contemplated by this bill? These are they, I presume, who are appealed to in the occasional addresses of certain newspapers, as the "democracy of numbers," contradistinguished we find now from any democracy of MEN—who hold no place in the thinking, acting part of the community, but are classed as mere dead weight, to be thrown at will into either scale of the political balance.

If there be any such party in our favored land, I thank Heaven that it is unknown in the quarter of the country from whence I come. We have there, sir, I am proud to say, as honest and sturdy a race of democrats as ever the sun shone upon. Of intelligent, thinking, independent, and free men; each doing and acting for himself in all questions of public interest. Having perfect equality of right, and participating to the fullest extent of a free citizen, in the direction and control of all public affairs.

This, sir, is the character of the democracy with which I am familiar; nor I apprehend are our true northern democrats of a texture any whit inferior. But I desire my constituents at least to know to what sort of democracy the merits of this bill are addressed by its friends. Not to intelligent and thinking men, but to a class who are counted only by their numbers, and are estimated to have no influence in public affairs, save as a mass, holding a certain position toward capital.

[Mr. Pickens here asked the floor, and was understood to say, that he did not lay down the proposition as broadly as was stated by Mr. Mason. He meant only to say, that the tendency of the institutions at the north was to organize capital, and to make labor tributary to it; and unless such tendency were checked, would finally reduce labor there to a state of vassalage.]

Having thus given my objections to the passage of any law at this time, which has not for one of its principal objects a reformation of the currency, or, I should more properly say, which will not by its operation, lead back the banks to a resumption of payment, I proceed briefly to suggest what my opinions are of the ultimate attitude which the Government should assume towards these institutions. I have no expectation or belief, notwithstanding the cry which has been raised against the banks, through the press and otherwise, that by any action of this Government these institutions can be destroyed. It is not in your power to do so, sir, if you would; and, if attempted by any means, direct or indirect, every effort that you could make, would eventuate in defeat. They are created by the States—are incorporated, and have life given to them by their separate law—for their being they lean upon the States, and are as entirely independent of you, as you can ever become of them. Most of the States have a large moneyed interest in their stock, and participate largely in their management by the immediate appointment of directors.

Virginia has an immense fund invested in her banks, the income from which is appropriated to education, to internal improvement, and to other favorite objects of her State policy. Besides all which, the banks of each State furnish to each the entire paper circulation within its borders—a source of profit in which the States themselves largely participate. For good or for ill then, these banks are so closely interwoven now, in all their relations with State interests, that they cannot be eradicated, even by the power upon which they depend for existence.

They enter largely into, and influence to a great extent, all the elements which affect the trade of the country; and thus, whether you are connected with, or divorced from them, whenever trade or the course of exchange (in which they largely deal) is deranged or injured, your finances will be immediately affected. You may be divorced from them *a mensa*, and *a vinculis*, and should a period ever occur again, when there is a general suspension of specie payment, your treasury will stop payment in unison with the banks, precisely as it has done now; and the only difference between you will be, that they will stop payment as a measure of precaution, and you from necessity.

I say, then, emphatically, that the present embarrassed condition of the treasury is not owing to its connexion with the banks. You have not now money enough to the credit of the Government, in all the banks north of the Potomac put together, (the quarter where the principal revenue is collected), to carry on the Government for two weeks. The treasury is without money; not because the banks have stopped payment, but because its supplies are cut off. Its revenue is stagnant in the

hands of its debtors, and not in the vaults of the banks. There is money enough due to you, but you can't get it in, and so it is precisely with the banks. You and they are both obliged, being operated upon by the same causes, to give time to your debtors, and to wait for the reaction of trade, the revival of commerce, before you can again get afloat.

Neither is this reasoning at all weakened by the fact, that you have some five or six millions yet on deposit, in the southern and western States, which is styled "unavailable"—meaning that you can't command it for use. You can't command it, simply because you have no use for it in the place where it is. In the northern and eastern States, where you had use for money, you have withdrawn it rapidly since the suspension, and so you would have done, from those south and west, could you have used the money at the place where it was. Suppose then, that this money, instead of being on deposit in the banks, was locked up in sub-treasuries in gold and silver. Five or six millions of bullion, is too large a sum to be suddenly transferred from one quarter of the country to the other, without producing very serious effects upon the trade and business of those places whence it is taken; and yet you would have no other resource whatever, in order to make it "available," but to bring it away in bulk, transporting it at heavy cost across the country, from the place where it was collected to the place where it was wanted.

You could not command a dollar by means of exchange, for the very causes that now make your deposit "unavailable" there, has run up exchange to rather more than the expenses of transportation. And thus that whole fund, even if now in gold and silver, and in sub-treasuries, to boot, would be just as unavailable to Government, in the present condition of the country, as their deposit is, in the banks mentioned. Government would not attempt to bring away the metal. The country would not allow itself to be thus drained—or if it were done, the very operation would open the people's eyes to the working of the machinery, and all would cry out against it. No, sir, if this whole "unavailable fund" in the south and west, were now locked up there in gold and silver, sooner than encounter the cost and risk of transportation, and the clamor that would be raised against it in those States, we should go quietly to work, as we are now doing, and issue treasury notes to answer in its place, until the restoration of trade to its accustomed channels would allow its being made available, by the use of bills of exchange.

Treating the banks, then, as they certainly are, institutions dependant for their being upon the States alone, and yet exercising so important an influence upon the trade and business of the country, it becomes us next to inquire what is the best and safest relation in which the Government can place itself toward them, to avoid, as far as may be, a recurrence of the evils under which we now labor.

In the first place, I see no *prior necessity*, either as regards the welfare of the Government or the banks, for any connexion between them whatsoever. A sudden and violent separation, such as is contemplated by this bill, I have already said, would, in my judgment, be impracticable in the present condition of the country. I believe the transition (from the state of things which such a "divorce" would create,) would be a national bank, as inevitably as from anarchy and confusion, a people always seek relief in despotism.

The process of separation must be gradual after it is commenced. And its commencement must await the entire recovery of trade, accompanied as such recovery will be, by a sound and healthful currency; that is to say, a currency, so far as it is paper, convertible into specie at will.

The Government may, I think, under such circumstances, and at such time, confine its receipts to gold and silver; and withhold its revenue while resting between collection and disbursement, from all use, whether of banks or others.

I am aware that strong objections hold to keeping so much money idle, as would remain permanently on hand, under any system that may be adopted. But my decided impression is, neverthe-



less, that the patronage and political influences, with which its use by these corporations must be attended, together with the great incentive which it offers to overreaching, are objections far stronger. And from such inaction of the public money, I should look for another great practical good. It would invite, in the most urgent manner, as a fixed policy, a scale of revenue reduced to the lowest standard of the most economical administration.

And again by confining its receipts to gold and silver, the collection of the revenue would exercise a salutary control over the issue of the State banks. It would do so, by presenting at their doors, to the extent of that demand, always an inexorable creditor; a curb sadly wanted by the banks in their late career. The receipt by Government of gold and silver only, after the paper medium becomes freely and immediately convertible into coin, presents nothing inconsistent with the position that Government must deal in the same currency in which the people deal, because coin, and paper, immediately convertible, are substantially the same.

But I can see no advantage, and on the contrary, a fruitful source of mischief, in making Government officers the keepers of the cash. Place about them what guards you may, in the shape of commissioners, inspectors, or whatever else, speculation will be endless. There is no security in it, and it will involve heavy and unnecessary expense. The chief and over-ruling objection, however, is the endless source of patronage to which it would give rise. Make the machinery as simple as you may, and open to view, wherever money is, temptation will creep in, and corruption in every form following at its heels. But the money can be safely kept, under the most ample security, and freed from every objection of patronage or political influence, by a simple system of *special depositories* in the State banks—remaining always in specie, the *separate property* of the Government, and paid out in kind, upon drafts from the treasury.

I have thus, sir, stated my objections candidly and fairly to this bill. They go more to its peculiar machinery, and to the time at which it is brought forward, than to its general scope, as a measure of State policy in the subject which it is intended to affect. There is no sufficient reason, as I have already declared, satisfactory to my mind at least, why it should be passed now, at the close of a short and hurried session. And I take leave of it, therefore, in the confident hope, that this great subject of the relations between bank and State will, at a future day, be presented in such form as will unite those counsels which are now so unhappily divided.

### SPEECH OF MR. BAYARD, OF DELAWARE.

*In Senate, October 2, 1837*—The bill imposing additional duties, as depositories of the public moneys, on certain officers of the Government, being under consideration—

Mr. BAYARD of Delaware addressed the Senate as follows:

Mr. President: No one can be more deeply impressed with a sense of the importance of the subject now under consideration than myself, considering, as I do, that it involves in its consequences the welfare of the whole community. In the course of the debate which has taken place, many collateral matters have been introduced, which have diverted the attention of the Senate from the real question, to which I wish again to draw its attention.

The bill now before us proposes three measures; the first of which is, to dissolve all connection with the banks; secondly, to substitute the agency of certain officers, thirteen or fourteen thousand in number, for that of the banks, in keeping the revenues of the Government; and thirdly, to receive, after a certain period, nothing but gold and silver coin in payment of Government dues. The objects which are said to be contemplated as the results of these measures, are, first, to secure the Government against loss in the keeping of its treasure; and, secondly, to provide a currency of gold and silver coin, which is declared to be the constitutional cur-

rency. The measures themselves have nothing to recommend them beyond their supposed tendency to accomplish these objects. Before proceeding, however, to the discussion of these matters, it is necessary to have a just and precise conception of the objects, the accomplishment of which is said to be contemplated.

The first, which respects the fact of security against loss in keeping the public treasure, is easily understood; but the other, and favorite object, of providing a currency of gold and silver coin, requires some explanation. It has been supposed, sir, and I confess I entertained the same opinion, that some of those who advocate these measures were bent on procuring a purely metallic currency for the country, to the exclusion of all paper; while others were aiming only at a larger infusion of the precious metals into the circulating medium, being perfectly satisfied that a considerable part of it should still consist of convertible paper. I am convinced, however, from a closer attention to what has heretofore passed on this subject, that the views of all of us are directed merely to the enlargement of the metallic portion of the currency, by changing the ratio of the mixture of paper and coin, as it existed before the suspension of specie payments. The case is not, therefore, rightly presented by the Senator from Missouri, (Mr. Benton,) when he states it to be a contest between opposite systems of paper and coin; but, in fact, whatever difference of opinion exists in relation to the currency is merely as to the relative proportions in which paper and coin should compose it.

No one, at least to my knowledge, Mr. President, has professed to countenance, much less to recommend, an inconvertible paper medium, except, indeed, the Senator from South Carolina, (Mr. Calhoun,) who seems to think that a Government paper is the only safe one. I shall proceed, therefore, to show what are the different views entertained on this subject, and the probable effect which the different propositions heretofore made for the suppression of notes of a low denomination would have upon the currency. The Senator from Missouri, (Mr. Benton,) who has taken the lead upon this subject of metallic currency, may very fairly be taken as the exponent of the views of those who are most partial to the precious metals. His proposition is to suppress all notes under one hundred dollars, as appears from the speech delivered by him on the 27th January, 1837, on the resolution to rescind the Treasury order, in which he cites his speech on the subject of the District banks, in the preceding session, as containing his views on the subject. The following is an extract from that speech:

"Mr. Benton said that the proposed limit of twenty dollars for the minimum size of bank notes was not an arbitrary assumption or a fanciful designation; but was a limit ascertained by experience, and proven by results to be the lowest that would suffice to accomplish the ends intended; these ends are: 1st. To re-establish the gold currency. 2d. To make gold and silver the common currency for all the small dealings of the country. 3d. To extend and enlarge the specie basis of the paper circulation. 4th. To save the laboring and small dealing part of the community from the effects of contractions and expansions from bank issues. 5th. To save them from the impositions of counterfeiters, from losses when banks fail, and from bearing the whole burden of the wear and tear of small notes. 6th. To save hard money enough in the country to make it safe to have such paper currency as commerce and large dealings may require. These are the objects to be accomplished, and less than \$20 will have no adequate effect. Far better would the limit be of \$100, as it is nearly in France, and where that limit ensures a circulation of nine-tenths gold and silver and one-tenth paper."

It thus appears, Mr. President, that the most zealous advocates of a hard money currency do not contend for the entire expulsion of paper, but desire a larger infusion of precious metals into the circulating medium. We are all agreed as to the odious and unconstitutional character of a mere paper currency, for a mixed currency of coin and

convertible paper can not be denominated a paper currency. The different views, then, which are entertained as to the ratio of this mixture of paper and coin in the circulating medium, may be reduced to three classes: first, of those who, with the Senator from Missouri, (Mr. Benton,) are in favor of a suppression of bank notes under \$100. Secondly, of those who, with the Senator from Virginia, (Mr. Rives,) are in favor of a suppression of all notes under \$20; and thirdly, of those who are of opinion that the suppression of all notes under \$10 will be sufficient to ensure a due proportion of coin in the circulation. Before proceeding to my argument, I think it important to the perfect comprehension of the matter, that we should first settle, as nearly as practicable, the effect which would be produced upon the actual currency of the country by the adoption of either of the above suggestions. Fortunately, sir, we are not without the means of doing so. The report of the Secretary of the Treasury upon the condition of the State banks, made at the last session of Congress, in that part of it which relates to the banks in the State of New York, furnishes some data for that purpose. I take the instance of the New York currency, because it is the only one, the component parts of which are stated, and I presume that those facts which are found to be true in relation to the paper part of that currency, will be found to be nearly so in relation to the paper part of the currency of the whole country, although it is very probable that a difference, more or less considerable, may be found to exist in the currency of some particular States. But so far as my argument is concerned, it is of no consequence whether the statement be precisely accurate or not; the object being to give some definite idea of the practical effect of those views. In that report the entire paper currency, on the 1st of January, 1836, of the State of New York, is stated to be \$21,123,089, which, with the sum of \$4,000,000, the probable amount of the coin in circulation, would make the entire currency of paper and coin about \$25,000,000. It appears from that report, that the whole number of bank notes in circulation of the denomination of \$100 and upwards, amounted to \$5,230,200, which is about one-fifth of the whole currency; that the whole number of notes in circulation of the denomination of \$20 and upwards, amounted to the sum of nearly \$8,000,000, or about one-third of the whole currency; and that the whole number of notes in circulation of the denomination of \$10 and upwards, amounted to the sum of \$12,265,765, or about one-half of the entire currency. It will follow, then, that to suppress all notes under \$100 would give four parts of coin, and one of paper, of the whole currency; while the suppression of all notes under \$20 would give two parts of coin and one of paper, and the suppression of all notes under \$10 would give a currency one-half of coin, and the other of paper.

It is of no consequence to my argument whether these ratios be exactly correct; it is sufficient if they be an approximation to the truth. Let us then apply them to the whole currency of the United States, and observe the result.

The Secretary of the Treasury, in his annual report on the state of the finances, made at the commencement of the last session of Congress, estimated the entire currency of the United States on the 1st of December, 1836, to be \$148,000,000, of which \$120,000,000 were paper, and \$28,000,000 coin. As it is necessary to take some specific amount for the purpose of calculation, we will take that to be the actual amount of the entire currency of the country. The effect upon that currency, of the proposition to suppress all notes under \$100, would, from the analogy of the New York currency, be to give us \$118,400,000 of coin, and \$29,600,000 of paper, as the relative proportions. The proposition to suppress all notes under \$20 would give nearly \$99,000,000 of coin, and \$49,000,000 of paper; while that to suppress all notes under \$10 would give \$74,000,000 of coin, and \$74,000,000 of paper. This view of the matter is entirely distinct from the question of how much coin it is proper for the banks to keep in their vaults as the bases of their paper circulation,

and which experience would seem to indicate to be about one-third.

Now, sir, I propose to show that, whether the object be to increase the ratio of the mixture of coin in the whole circulation as it existed on the 1st of December last, or to provide an exclusive metallic currency, the measures now proposed by the bill before us will not only not promote that object, but defeat it altogether. To do this, it is only necessary to advert to a few simple principles, which are established laws of currency. The purpose of a currency being to effect the aggregate payments of the nation, a given amount in value, less than the amount of those payments, but having a proportionate relation to them, is necessary for that purpose. It is also true that gold and silver are the standards of value over the whole world, and are, at the same time, objects of commerce and materials of currency. From these facts results a law of mixed currency, that paper will expel the coin unless it be restrained in its numerical amount and denomination. Of this fact abundant evidence may be found in the history of every civilized nation. But, sir, I will not trouble the Senate by referring to the elementary writers as authorities upon that point. I shall content myself with authorities nearer home. I mean to forage in the enemy's country; and I will cite one, which I presume will be satisfactory, not only to the Senator from Missouri, (Mr. Benton,) but to those also who are most zealous on the subject of the gold and silver coin, being no other than the speech of that Senator upon than the District banks, delivered in the session of 1835-36, to which I have before referred, and from which I now read the following extract:

"The great evils of a small paper currency are, 1. To banish gold and silver; 2. To encourage counterfeiting; 3. To destroy the standard of values; 4. To throw the burdens and the evils of the paper system upon the laboring and small dealing part of the community. The instinct of banks, to sink their circulation to the lowest denomination of notes which can be forced upon the community is a trait in the system universally proved to exist wherever banks of circulation have been permitted to give a currency to a country, and the effect of that instinct has always been to banish gold and silver. When the Bank of England was chartered in the year 1694, it could issue no note less than £100 sterling; that amount was gradually reduced by the persevering efforts of the bank to £50; then to £20; then to £15; then to £10; and at last to £5; and, finally, to £2 and £1. Those denominations were not reached until the year 1797, or until one hundred and three years after the institution of the bank; and as the several reductions in the size of the notes and the consequent increase of paper currency took place, gold became more and more scarce; and, with the issue of £1 and £2 notes, it totally disappeared from the country. This effect was foretold by all political economists, and especially by Mr. Burke, then aged and retired from public life, who wrote from his retreat to Mr. Canning, to say to Mr. Pitt, the Prime Minister, these prophetic words: 'If this bill for the £1 and £2 notes is permitted to pass, we shall never see another guinea in England.' The bill did pass, and the prediction was fulfilled; for another guinea, half guinea, or sovereign, was seen in England for circulation until the bill was repealed two-and-twenty years afterwards."

The report of the New York bank commissioners, made on the 23d of January, 1836, is to the same effect, showing that the practical experience of our own country corresponds with that of England. The commissioners say:

"The measures adopted at the last session of the Legislature for the suppression of the small bank notes have, so far as they have yet gone into operation, occasioned as little inconvenience as was to have been expected. The effects of the change were not sensibly felt until about the 1st of September, and since that time a large amount of specie has been put into circulation, which will be very much increased after the issues of the three dollar notes shall have ceased. Our Canadian neighbors, however, circulate a very large amount of small bank notes, which are taken as freely on the adjoining

frontier of this State, as our own notes or specie. In a considerable portion of St. Lawrence county, where the intercourse of the inhabitants is chiefly with Canada, the law is entirely disregarded. It is more or less so in the counties bordering upon Vermont, in the extreme western counties, and in the city of New York. It will be found impossible, we apprehend, to enforce the law effectually, so long as the small notes are issued by the banks of the adjoining States."

There can, therefore, I think, sir, be no doubt upon this point, that it is the inflexible law of a mixed currency of paper and coin, that the cheaper material supplants the more costly one, and that the only mode by which you can secure a proper admixture of coin is by the suppression of the small notes. I am thus particular as to this practical truth, because upon it is based the whole structure of my argument. I have before stated that the whole currency of the country is assumed to be what it was on the 1st of December last, as appears from the Secretary's report, \$148,000,000, of which \$28,000,000 was coin, and \$120,000,000 bank notes. The Government furnishes the coin; the banks furnish the paper part of the currency. We are all agreed that, to constitute a sound currency, there should be a larger admixture of the precious metals. Those who are in favor of the suppression of notes under \$10, wish, as I have shown, to raise the amount of coin in circulation from \$28,000,000 to \$74,000,000; those in favor of the suppression of notes under \$20, to raise the amount of coin to \$99,000,000; and the Senator from Missouri, and all who think with him, that all notes under \$100 should be suppressed, wish to raise that amount to \$118,000,000. And yet, sir, what means do they now propose to take in order to accomplish this purpose? Why, sir, to separate the Government from the banks! To divorce the Government from the banks! To leave the banks to themselves! The Senator says, they have fallen into the sea, and he will not assist to angle them out! And this, too, after we have been told by the Senator himself, and the proposition is undoubtedly true, 'that the instinct of banks to sink their circulation to the lowest denomination of notes which can be forced upon the community, is a trait in the system—and the effect of that instinct has always been to banish gold and silver.' No sir, you can not leave the banks to themselves; you can not divorce the Government from them! You must watch over and regulate them, if you mean to accomplish the object which you profess to have in view, namely, the improvement of the currency.

But it is said that, by requiring payments to the Government to be made in coin, you will compel its circulation. Well, sir, to what extent do you compel that circulation? To the extent only of the amount that is absolutely necessary to effect those payments. The President tells us in his message that the amount of coin which would be necessary for that purpose is about \$10,000,000. Then, I say, in the event of the non-resumption of specie payments by the banks, your currency would consist of \$138,000,000 of paper, and, what is worse, of inconvertible paper, without a limit to its extension; and of \$10,000,000 of coin, and that coin would be confined to the channel of Government receipts and Government payments. The currency would submit to the force you put upon it, just to the extent of that force, and no further. Your action would resemble in its effect a proviso to a general law, which is a restraint only to the extent of the proviso; and your coin would circulate only in the channel which you had dug out for it. If, on the other hand, the banks should resume specie payments, and the currency should be again composed, as it was on the first of December last, of \$28,000,000 of coin, and \$120,000,000 of paper, then I say, sir, that as there would be specie, more than enough, in circulation, to answer the payments of the Government, the measure of demanding payment in coin would have no tendency whatever to increase the amount. The reason of all this is apparent, and is to be found in the fact which I have stated, that paper will banish coin from circulation unless restrained, and will always do so up to the point of that restraint.

But it is not necessary to resort to any speculative reasoning in proof of these positions. You have now, sir, in the present state of things, the most positive proof of their truth. Does not the Government at this moment demand payment of its dues, of its duties, its postages, and its sales of public lands, in coin? And yet does that coin enter into the general circulation? Is it not confined entirely to Government debtors and Government creditors, to those who consume the revenues and those who pay them? I say, then, sir, that the result of your measure is this, and this only, to secure coin as the currency for the Government, and leave paper as the currency of the people. It is no unusual thing, Mr. President, to see those at the head of the Government profess one thing and do another.

I come now to the consideration of my second proposition, which is, that Congress is bound to furnish a sound currency of coin and convertible paper for the people of the United States. To any one read in the history of this country, and in the text of the Constitution, it would seem strange that it should be deemed necessary to formally propound such a proposition, much more so to prove it. But the peculiar tone of the Message, and the doctrines of some of the supporters of the administration on this floor, would lead one to suppose that the Constitution had been formed, and the Government created, for no other purpose than to take care of itself. Is it then true, sir, that this Government was created merely that MARTIN VAN BUREN might be President, and enjoy the dignity and emoluments of his office; that you, sir, should be Vice President, and we Senators of the United States, with the privilege of franking our letters and receiving a per diem of eight dollars in gold and silver? Was that the end and purpose of all the anxious deliberation of that band of patriots who assembled in Philadelphia to form the Constitution, and of the session, in that instrument, on the part of the States, of almost all the high attributes of sovereignty? I had hitherto thought the object had been "to promote the general welfare of the people of the United States." I was taught to think that the powers of this Government were trusts for the benefit of the people, and that the end and object of the Constitution was to promote their welfare. It seems, however, sir, that those who administer the Government read that instrument differently, and have come to the enlightened, profound, liberal, and statesmanlike conclusion, that the Government was created merely for their benefit, and that the people have no part or lot in the field of its operations. Let us, then, examine for a moment the soundness of this opinion, so far at least as the currency is concerned, that being the matter immediately under consideration.

Every one familiar with the history of the revolutionary war, knows that we came out of that conflict with a ruined commerce and a debased currency of inconvertible paper; that the States refused to confer on the old Congress the power to levy duties on imports, and were unable to enjoy the benefit of that indirect mode of taxation themselves. That if New York, for instance, sought to raise a revenue from her commerce, New Jersey interfered and defeated her plans by throwing open her ports. That, in the same manner, the commercial regulations of Pennsylvania were at the mercy of the State of Delaware, and were, in fact, frustrated by the legislation of that State; and so of the other States. In the hopeless imbecility of commercial enterprise which grew out of this condition of things, the people saw the necessity of a General Government, which should have the power to regulate commerce, and provide a uniform and sound currency for the country. The main and immediate inducement for the formation of the present form of Government was the desire to escape from these distresses and embarrassments which, from their all-pervading character, could only be cured by a National Government. Hence we find that the express power is given in the Constitution to regulate commerce, as well as the express power to regulate the standards of value and quantity, which are the legs of commerce.

I shall not, sir, after the luminous and powerful argument of the Senator from Massachusetts, (Mr.

Webster,) upon this power to regulate commerce, attempt to say any thing in illustration or support of it. I would not be chargeable with attempting "the wasteful and ridiculous excess of adding perfume to the rose, or gilding refined gold," but will content myself with remarking, that one might fairly conclude that, as commerce in modern times is no longer carried on by barter, but is conducted, in its minuter details, by means of money, and, in its larger operations, by the commercial currency of bills of exchange and promissory notes, the power to regulate commerce gives the right to regulate the means by which it is conducted. I proceed, therefore, to consider other provisions of the Constitution. My proposition is, that Congress is bound to furnish a sound currency of coin and convertible paper for the people of the United States. I say of *coin and convertible paper*, for I consider the latter as equivalent to coin in the matter of currency. If, therefore, any one should be of opinion that Congress is bound to furnish an entire metallic currency, that opinion does not weaken the strength of my argument, the views which I am about to present being applicable to both positions.

In the first place, the power is given to Congress "to coin money." For what purpose is money to be coined? Not that it may be melted down, and manufactured into plate; nor that it may be exported, and pass into foreign mints, to assume some other form, or receive some other impression; nor that it may be hoarded as a matter of curiosity or avarice; but that it may be used for the purpose for which coined money is used, namely, the currency or circulating medium of the country. I say of the country, because, as the power is a trust for the general welfare, its execution must have reference to the end of its existence. In the second place, Congress is authorized to punish the offence "of counterfeiting the current coin of the United States." In the third place, the States are prohibited from coining money; and, in the fourth place, nothing "but gold and silver coin" can be made a tender in payment of debts. As the great business of currency is to pay debts, and Congress has the exclusive power of furnishing the coin in which alone those debts can be legally paid, it follows that it is their constitutional duty to furnish such currency of coin, or, what is equivalent, of convertible paper; for, if they do not furnish it, no other power can; and the whole business of society must be suspended. The purpose of currency is to make the aggregate payments of the country, and its amount in value has reference to the amount of those payments. At the same time, every payment pre-supposes an antecedent debt, though it exists but for a moment; and it is Congress alone that can furnish the legal means of making those payments.

What, then, sir, is the consequence of the existence of this power, and this constitutional duty as regards the existing condition of the currency of this country, composed, as it is assumed to be, of coin furnished by the Government, and paper furnished by the banks? What, I ask, is the consequence of the existence of that duty on the part of this Government? Why, sir, clearly, the obligation so to regulate the issues of paper by the banks as to ensure its convertibility at all times into coin, and thus to provide a sound currency of coin and convertible paper for the people. If it be the duty of Congress to furnish either a metallic currency, or a mixed currency of *coin and convertible paper*, which is equivalent to a metallic currency for the purpose of business, then it is bound to guard against whatever may tend to defeat the performance of its duty; and I have already shown that it is the tendency of banks to extend their issues of paper, which has the effect of banishing the coin from circulation. If Congress does not regulate the issues of bank paper, then the banks control the power of Congress over the currency, and involve it in the violation of a constitutional duty. You can not, then, abandon the banks to themselves without being recreant to that duty. You must watch over them, and regulate their issues of paper, or else they defeat one of the great purposes for which this Government was created. As matters stand at present, you are bound to cause them to return to specie payments, and afterwards, by your

parental care, to guard against another suspension. This duty I have expressed in the phrase "to provide a *sound currency*,"—that is, a currency free from the danger of degenerating into inconvertible paper. As to the question of the proportion of the precious metals which may be necessary to ensure that result, some difference of opinion may and does exist. I have already explained the different views entertained on that subject; but all are agreed that for that purpose there should be a larger infusion of coin into the circulation than existed at the time of the suspension of specie payments.

Then, sir, I ask, if you must watch over the State banks and regulate their issues of paper, why not use them as fiscal agents? The Senator from Virginia (Mr. Rives) proposes to do so. I shall vote, Mr. President, for the amendment, though I am free to say I do not think it the best that could be offered.

It is generally conceded that the currency, whatever it is, should be of uniform value, since the Constitution provides that all taxes and duties shall be uniform; which could not be the case if that in which they are paid is not of uniform value. The plan of the Senator from Virginia (Mr. Rives) is defective in two particulars: First, that it does not secure uniformity of value to the paper part of the currency, from the fact of its not being able to command general confidence; and, secondly, that it does not control the issues of paper from all the banks. It attempts to persuade by insufficient inducements, instead of compelling the deposite banks to limit their issues of paper money by suppressing all notes under a certain denomination. But its radical defect is, that its operation is confined to the deposite banks; instead of reaching all the banks of the country. For, sir, I have already shown from the report of the New York Bank Commissioners, that the measure of suppressing the small notes, with a view to the improvement of the currency, will always be ineffectual, unless it be general. That if any banks are suffered to issue small notes, they will circulate and exclude the coin, notwithstanding other banks may be prohibited from doing so. To perfect his plan, a Bank of the United States is indispensable to give that uniformity of value to the paper part of the currency which can result alone from general confidence, and is proper as the milder means of regulating the issues of bank paper.

From what has been said, it is apparent that it is the constitutional duty of Congress to regulate the issues of bank notes, which can only be done in one of two ways, either by means of a Bank of the United States, or by means of a stamp duty on the notes. As to a Bank of the United States, it is out of the question at this time, and I am free to say, sir, that I consider it altogether inexpedient, in a political point of view. For I hold it to be extremely unwise in a Government constituted like ours to attempt to force public opinion. No system can be successfully administered which is repugnant to the public will; and it is sufficient for me, in this instance, that there is strong reason to believe that the majority of the people are opposed to a national bank. I have no constitutional scruples on the subject; on the contrary, I believe that it is necessary and proper as a fiscal agent of the Government, and the most gentle and effectual means of furnishing a *sound and uniform* currency to the country, composed, as I have before stated, of coin and convertible paper. But, sir, I will not consent to vote for such an institution, until I am satisfied that it is not repugnant to the wishes and feelings of the majority of the people. There is no other mode of suppressing the small notes, in the absence of a Bank of the United States—I mean, of course, by the action, direct or indirect, of this Government—than a resort to the taxing power, by imposing a stamp duty on them. To this there can not, I presume, be any constitutional objection, as it is an *express* power, justified in its use by the great object of promoting the general welfare, but in this instance used to sustain and enforce another express power and high constitutional duty, of supplying the country with a *sound currency of coin or its equivalent*.

In advocating the now favorite measure of the

Government, its supporters, who were lately such zealous friends of the State banks, lauding them for their fidelity, and magnifying and blazoning the extent of their services, have now become their bitter adversaries, villifying them with opprobrious epithets, and denouncing them in the most harsh and unmeasured terms. Why this hostility to their recent friends? In his last message to Congress, in December, 1836, President Jackson uses this language:

"Experience continues to realize the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government, at the time of the removal of the depositories."

After stating the amount of transfers made by the banks for the Government, he proceeds to say:

"These enormous amounts of money first mentioned have been transferred with the greatest promptitude and regularity; and the rates at which the exchanges have been negotiated, previously to the passage of the deposite law, were generally below those charged by the Bank of the United States. Independently of these services, which are far greater than those rendered by the United States Bank and its twenty-five branches, a number of the deposite banks have, with a commendable zeal to aid in the improvement of the currency, imported from abroad, at their own expense, large sums of the precious metals for coinage and circulation."

Mr. Secretary Woodbury, in his report at the same session, speaking of the deposite banks, says:

"It is a source of high satisfaction to be able to add, that while so selected and employed, not a single dollar was lost to the Government by any of them, nor a single failure occurred to transfer promptly and pay out satisfactorily the public money entrusted to their custody. Nor is it believed that the domestic exchanges of the country were ever lower or more regular than during that period."

What is principally wanting in every young country is capital, by which alone its resources can be fully developed, and the want of which, for a long time, caused the subjugation of the infant manufactures of this country by those of Great Britain. It was its vast capital, manufacturing and commercial, which enabled Great Britain to contend, single-handed and successfully, against the gigantic power of Napoleon, whose wild and lawless ambition sought to place its yoke on the neck of the civilized world; whose imperial standard was planted amidst the orange groves of the South and the snows of the North, and whose cormorant appetite for dominion would have gorged not only provinces and kingdoms, but whole continents. It was to the indomitable spirit and vast resources of that great and magnanimous nation that the continent of Europe was indebted for its emancipation from the thralldom of universal monarchy; and it is to its all-pervading capital and industry that Great Britain is now indebted for its control over the commercial exchanges of the world.

These banks, which are now so much abused, have supplied, to an immense extent, that want of capital in this country, and at this moment furnish, for the employment of its industry and development of its resources, more than \$200,000,000. The actual capital paid in, according to the report of the Secretary of the Treasury on the state of the banks, was, on the first of January, 1836, \$251,857,292, while their loans and discounts amounted to \$457,536,089; making, for all the purposes of business, an effective increase of capital to the extent of the difference between those amounts, namely, \$205,648,788. This immense sum, at an average commercial profit of ten per cent. would yield to the country an annual income of more than \$20,000,000.

The deposite banks themselves, which are denounced as having been guilty of the grossest treachery towards the Government, have done wonders. According to the report of the Secretary of the Treasury, presented at this session, they have, in the space of five and a half months, between the first of March and fifteenth of August, collected from their debtors the sum of \$40,689,862; and, in the same time, paid off



\$26,792,006 of public deposits; while their immediate liabilities do not bear to their immediate means a much larger ratio than two and a quarter to one, leaving the entire debt due to them from the community for loans and discounts as a security for the difference.

Banks, Mr. President, are not the authors of commercial distress, although it is true they may, and often do, feed that appetite for speculation which leads to it. Nor, sir, is commercial distress ordinarily connected with the quantity or nature of the currency of the country; it results from the want of capital for the time being, not from the redundancy or from the want of currency, much less from the nature of that currency, whether metallic or mixed. It occurs in all countries, with every description of currency, paper, metallic, and mixed. It is the result of that love of gain which stimulates the enterprise of the merchant, and broods over the projects of the speculator; which leads the one to search in foreign climes for those subjects of commerce which are to be distributed for consumption, and causes the other to dam up the streams of supply, with a view to the augmented profits of an unsatisfied demand, which prevails most where there is most freedom of thought and action, and which ends in those commercial orgasms which, with periodical occurrence, prostrate for a time all commercial energy, by impairing all commercial confidence.

The President, in his late Message, with a sort of twilight perception of the truth, speaks at one moment of the redundancy of credit, and at another of the redundancy of circulation, as the cause of the present commercial embarrassments. There can be no redundancy of circulation where the paper of a mixed currency is convertible. If the paper is not wanted for the purpose of currency, it is returned to the banks. That the fact is so, the elementary principles of the science of political economy would teach us; but we have daily and abundant evidence of its truth in the bank reports. Thus we find, by the reports of the Secretary of the Treasury at the last session, upon the state of the finances, that while, on the 1st day of January, 1836, the gross amount of notes issued by the banks was \$140,000,000, the amount in circulation was only \$108,000,000; making a difference of 32,000,000, which had been returned to them, and remained in their hands. Here I might advert to that inaccuracy in matters of fact which prevails in the President's Message, and which has been so fully and ably exposed by the Senator from Georgia, (Mr. King,) in other particulars, and which is manifested likewise in relation to this very matter of the currency. The Message states the amount of paper circulation to have been \$140,000,000 on the 1st of January, 1836, when, in truth, that was the amount of notes issued, but of which \$32,000,000 had been withdrawn from circulation. The error is the more inexcusable, because the Secretary of the Treasury, in his last annual report on the finances, made at the former session, in that part of it which treats of the mint and currency, explicitly states the fact, and distinguishes between the gross amount of notes issued and the actual circulation. The present commercial distress, the first symptoms of which were exhibited in New Orleans, in the failure of several commercial houses there for an immense amount, owes its existence, without doubt, to the wild spirit of speculation which was prevailing throughout the country, and to the employment of the banking capital of the country in enterprises which were not of a commercial character, but, being in their nature permanent investments, were, in effect, dead loans, and therefore hostile to the interest and purposes of banking. The case of the planters of Mississippi is a complete illustration of the whole subject. They were in the habit of receiving, on loan, large sums of money, with which they purchased lands and negroes, and pledged their crops for the gradual repayment. This was done by drawing bills of exchange on the merchant in New Orleans; and these bills, being accepted, were afterwards discounted by the banks. The planters, from the fall in the price of their great staple, cotton, were unable to furnish the merchant with the means of paying these bills when they came to

maturity, and the merchant, on his part, not having capital enough to carry on his other operations and meet these demands, fails; which disaster deranges and mars the whole web of commercial affairs.

When people engaged in large commercial operations, and enjoying a vast and almost unbounded credit, suddenly fail, a shock is given to public confidence in all men of business, which for a time breaks the charmed circle of credit, and the commercial world falls into a sort of syncope, from the suspended action of the great principle of its vitality, *commercial confidence*. It may be true that the great increase of banking capital led to this spirit of speculation, and to these enterprises and employments, which, not being of a commercial nature, ought not to have been undertaken on the faith of banking capital. Yet who, I ask, is responsible for that increase of banks? Who but the past administration, that, in its lawless act of the removal of the deposits, and the subsequent destruction of the Bank of the United States, gave at once an apology, as well as treated a seeming, if not real, necessity for the creation of new banks in every State of the Union? Let it never be forgotten, that in the year 1830, the second year of the administration of Andrew Jackson, there were but 330 banks, with an estimated capital of \$145,192,268, as appears from the Secretary's report at the last session upon the subject of the banks; and that, in the last year of his administration, on the 1st of December, 1836, there were 677 banks, with 146 branches, and an authorized capital of \$378,421,168.

The immediate cause of the suspension of specie payments, which commenced in New York, the great commercial emporium of the country, was, no doubt, the unfavorable condition of the foreign exchange, growing out of the debt which had been incurred to Great Britain, of forty or fifty millions of dollars. Not possessing the means of paying that debt in the products of the country, nor being able to procure a postponement of its payment, the specie of the country was required for that purpose, as the only article of commerce, which, having universal value, is the only one which is every where exchangeable for all other commodities; and the banks, as the largest depositories of that article, were called upon to furnish it. But what was their condition? They had been crippled in their resources for the supply of that article by the drain which had been made on the east towards the west, by the last measure of the administration—the Specie circular—which had the effect, as was most ably and satisfactorily established by the Senator from Georgia, (Mr. King,) of removing it, contrary to all the laws of trade and of common sense, from the place where it was wanted, to the place where it was of no immediate use, and from whence, in the nature of things, it must be forced ultimately to return. But in the mean time the mischief is done. The banks of New York, not being able to supply the demand thus created, and perceiving that it must end in the abstraction from their vaults of every dollar of their coin, which would have been attended with a compulsory suspension of specie payments from absolute want of means, and accompanied with the entire prostration of their credit, they determined, by an immediate suspension of specie payments, to save that credit, and avoid the stock which its destruction would have given to the whole community. Their suspension, in the nature of things, led to the same measure throughout the country. It is thus, I conceive, sir, most apparent, that if the commercial distress of this country be owing to the increase of banks and banking capital as the proximate cause, the past administration has been the remote cause, the *causa causans* of the whole difficulty; and that it is equally clear, that if the immediate cause of the suspension of specie payments was the state of foreign exchange, and the demand for specie, the remote cause was the Specie circular of General Jackson. We might here be tempted to exclaim "*quam parva sapientia regitur mundus!*" The people of this country have had a lesson, and a severe one, in the throes and convulsions to which it has been subjected under the past administration, never again to trust the helm of Government to the hands of any man

who is not possessed of the competent attainments and training of civil life; and that it is not sufficient that a man should enjoy the reputation of honesty and common sense to entitle him to claim from the American people the important trust of presiding over their welfare, without any familiarity with the complicated interests of a commercial and civilized community.

But why, sir, I ask again, this hostility to the late deposit banks? Why this new experiment? I will tell you, sir. There must be some new rattle, some new straw, to please and tickle the grown children of this nation. I recollect once hearing it said that when the Count Surville, the brother of the late Emperor Napoleon, was introduced to President Jackson, the latter distinguished individual said to the Count, "I have always, sir, taken your illustrious brother for my model in war." This, to be sure, was very modest; and if one should be disposed to think that there was some difference between the campaigns of Italy and those of a Creek or Seminole war, between the invasion of Russia and that of Florida, yet it should be observed that the remark does not import equality, but merely imitation; and we all know that a copy may be more or less humble, according to the means and abilities of the artist. But let us see whether this admiration of the great original may not have led to the adoption of some of his maxims of civil government. I remember, sir, once coming across a passage in one of the works of that celebrated woman, Madame de Staël, which gives a slight sketch of the character and policy of the Emperor; and I remember, too, that upon recently reading it, I was struck with some points of resemblance in the character and policy of the two men. The friends of the late President, who knew him best, will judge how far the resemblance holds; but it seems to me that the passage may be regarded as a sibylline oracle of the events of the last eight years. It may be found in her little work entitled "Ten Years' Exile," and runs thus, in the English translation of that work:

"While we have seen the Christian Kings take two confessors to examine their consciences more narrowly, Bonaparte chose two ministers, one of the old and other of the new regime, whose business it was to place at his disposal the Machiavelian means of two opposite systems. In all his nominations, Bonaparte followed nearly the same rule of taking, as it may be said, now from the right and now from the left; that is to say, choosing alternately his officers among the aristocrats and among the Jacobins. The middle party, that of the friends of liberty, pleased him less than all others, composed as it was of the small number of persons who, in France, had an opinion of their own. He liked much better to have to do with persons who were attached to royalist interests, or who had become stigmatized by popular excesses. He even went so far as to wish to name as a counsellor of state a conventionalist, sullied with the vilest crimes of the days of terror; but he was diverted from it by the shuddering of those who would have had to sit along with him. Bonaparte would have been delighted to have given that shining proof that he could regenerate as well as confound every thing. What particularly characterizes the Government of Bonaparte is, his profound contempt for the intellectual riches of human nature: virtue, mental dignity, religion, enthusiasm—these are in his eyes the eternal enemies of the Continent, to make use of his favorite expression; he would reduce man to force and cunning, and designate every thing else as folly and stupidity. The English particularly irritate him, as they have found the means of being honest, as well as successful—a thing which Bonaparte would have us regard as impossible.

"I do not believe that when Bonaparte put himself at the head of affairs, he had formed the plan of universal monarchy; but I believe that his system was what he himself described it, a few days after the 18th Brumaire, to one of his friends: *Something new must be done every three months to captivate the imagination of the French nation; with them, whoever stands still is ruined.*"

We observe, sir, in the course of the late administration, the same system of fusion. First a little

democracy, and then a little federalism, until we are served up in the end with a ragout of both, but so artfully compounded and seasoned, that the original ingredients are no longer to be discovered. This leads me to say a word or two as to the origin of this piebald party. It took its rise more from individual interests and private views—from partialities and antipathies, than from any other cause.

The old parties into which the country had been so long divided had ceased to have any practical existence under the administration of Mr. Monroe. All the great measures of federal policy had been adopted by their opponents. The navy, a Bank of the United States, internal improvements, the system of light-houses and harbors—all had become favorite measures with the dominant party; and there remained little to struggle about but abstract doctrines of construction, which had not sufficient interest with the multitude to sustain the zeal of party warfare. Notwithstanding this, the federalists, as a body, were proscribed, and the demagogues of the day were disposed to keep alive the ancient animosity, that the favors of Government might be confined to a smaller number of persons; very wisely considering that, as the days of miracles had gone by, and the loaves and fishes could not be made to feed the whole multitude, it was better to limit the number of mouths to be fed. In this state of things, Gen. Jackson's pretensions to the Presidency were brought forward; and as he had proposed, in his celebrated letter to Mr. Monroe, to destroy the monster, party spirit—for it seems there were monsters in those days as well as at present—and had recommended to that gentleman to act as the President of the nation, and not as the President of a party; and to make his appointments indifferently from the good men of both parties, he enlisted at once the sympathies of the federalists in his favor. They hoped, through his means, to obliterate the ancient party names and distinctions, and come in for their share of the honors and emoluments of the Government. Besides, many of them felt a peculiar repugnance to his opponent, Mr. Adams, from the fact of his having left their party; and it was believed that if he should even desire to act liberally towards them, the peculiarity of his position as a convert would not suffer him to do so. It was thus that General Jackson was enabled to substitute for the old parties of the country, one which was founded on mere personal considerations, upon private motives, private partialities, and private resentments, which, while it was quite as intolerant of dissenters as the former dominant one had been, required, at intervals, from lack of any settled principles of conduct, some new toy for its amusement, something to captivate its imagination, and inflame its zeal.

Here, then, sir, we have the solution of those various topics which have been thrown out as riddles to the community. First, *retrenchment and reform*, which ended in augmented disbursements, and increased patronage of the Executive. Secondly, *the payment of the public debt*, which was continued to be represented as the peculiar merit of his Administration, although the natural result of a system which had been organized before he came into power; and to give color to the pretension, the fortifications were neglected and public improvements abandoned, that an event might be accelerated which must speedily occur, and the postponement of which, for a few years, could in no degree affect the real welfare of the country. Thirdly, *the removal of the Indians*, which was conducted without any regard to the laws, accompanied with every variety of fraud and oppression, and has ended in a disgraceful conflict which has brought desolation and ruin upon a large district of country, and absorbed millions of the public treasure. Fourth, *the war on the Bank of the United States*, which has led to the creation of between three and four hundred State banks, now denounced as an evil. Fifth, *the removal of the depositories*, which, in its accompanying circumstances, was a gross violation of the law, and of the spirit of the Constitution, and was followed by the highest commercial distress and individual ruin. Sixth, *the gold currency*, which was to give to labor a solid

reward, instead of an empty promise to pay; and, Seventh, *the State bank system of fiscal agency*, which was to furnish the country with a better currency, and both which latter measures have ended in the disappearance of all coin, and the substitution of an inconvertible paper as the circulating medium; and now, Eighthly, this Footstep Administration proposes the *sub-Treasury scheme*, which is to restore us to the halcyon days of our prosperity; and which, in my opinion, will open the door to more fraud, corruption, and national loss, than any other that could be devised; and will, in its turn, be abandoned for some other novelty, if the People of this country do not in the mean time see fit to dismiss these experimenters from their service.

There have been some minor incidents in this drama, thrown in to heighten the effect, such as the quarrel with the Vice President, the dissolution of the Unit Cabinet, the difficulty with South Carolina, the contest with the Senate, and the rupture with France. The great principle of the party has been blind obedience, and the discipline of the camp was introduced into the cabinet. Indeed, so passive has been that obedience, that the party may lay claim to the encomium which the barber passed upon his parrot. Gentlemen, said he one day to some persons in his shop, my parrot is a bird of uncommon intelligence. I will give you a specimen of it. Pretty Poll, who is the greatest man in the world? Answer—General Jackson. And who is the next greatest? Answer—Pretty Poll. And what does General Jackson say? Answer—Damn the bank. And what does Pretty Poll say? Answer—Damn the bank. You see, gentlemen, said the barber, my parrot understands General Jackson's politics quite as well as he does himself.

I come now, sir, to consider my last proposition in relation to the measure now before the Senate; which is, that this Sub-Treasury scheme is less safe and less convenient and more liable to abuse than the agency of the State banks. Upon this point I have the authority of the Secretary of the Treasury, in a report of his, made during the session of 1835-6, and also the authority of the Senator from South Carolina, (Mr. Calhoun,) who does not appear, in the year 1834, to have been as much enamored of the scheme of individual fiscal agents and specie payments to the Government as he does at present. In his speech, delivered here on the 21st March, 1834, upon Mr. Webster's motion for leave to bring in a bill to continue the charter of the Bank of the United States, he expresses himself explicitly: the point which he is urging is the necessity of restoring the equilibrium between the specie and the paper which composed the currency, and the question is as to the means of doing so. After rejecting the taxing power as odious and unconstitutional, and stating that the mere coining power would have but a limited control over the currency, he suggests that some other must be used, and then states that the most immediate and obvious is, the exclusion of every thing but specie in the receipts of the Government. He then proceeds to express himself as follows:

"But there is, in my opinion, a strong, if not an insuperable, objection against resorting to this measure, resulting from the fact that an exclusive receipt of specie in the Treasury would, to give it efficacy, and to prevent extensive speculation and fraud, require an entire disconnection on the part of the Government with the banking system, in all its forms, and a resort to the strong box, as the means of preserving and guarding its funds—a means, if practicable at all in the present state of things, liable to the objection of being far less safe, economical, and efficient than the present."

Such, sir, were the opinions of that Senator in the year 1834, when he seems to have considered a disconnection between the Government and the banks as an evil to be dreaded, not a measure to be approved; and a resort to the strong box as being liable to the objection of being far less safe, economical, and efficient than the present.

[Mr. CALHOUN here desired to know whether the Senator from Delaware read that extract from his speech for the purpose of convicting him of inconsistencies in his opinions and course of conduct on this subject; for he wished to observe that he could

not admit that his opinions were to be gathered from one extract from a single speech, when he had delivered several others, which, if all taken together would show that his opinions were unchanged in relation to the propriety of disconnecting the Government from the banks.]

Mr. BAYARD replied that it was no part of his purpose to convict the Senator from South Carolina of inconsistency in his opinions; that to do so would not assist his argument, nor be agreeable to the private feelings which he entertained towards that Senator; that if there was any apparent inconsistency, he regretted it; but that he cited him as authority upon the particular point now under consideration, namely, the comparative safety of the public treasure in the two modes of keeping it.

Mr. BAYARD then proceeded. The President of the United States, in treating this part of the subject, does not present the matter fairly; he speaks of the amount of the public funds likely to be on hand at any one time, as presenting an average of not more than thirty thousand dollars in the hands of any one officer. But, sir, it is not a question of average. The receipts of many individual officers will be ten, twenty times that sum, in a very short space of time; and the amount in their hands may accumulate, by delays in payments or transfers, greatly beyond that sum, or twenty times that sum. The President further treats this question of safety as if it were one which depended on the relative strength of the vaults that were to be employed for the safe keeping of the public treasure; whereas the real question is as to the confidence reposed in the officer, and his official fidelity. No one fears open depredation on either. But no reasonable man will pretend to say that there is any comparison between the safety of funds entrusted to a single individual, checked only by his sense of duty, and the penalty of his official bond, and the safety of the same funds deposited in the vaults of a bank under the check of daily supervision and accountability on the part of its officers, and secured by its entire means, the greater part of which could not be the subject of depredation or fraudulent abstraction. But, sir, I am not disposed to be satisfied with any vague conjectures on this subject, or flimsy reasoning about probabilities. I appeal to experience as the only true guide; I call in its light, and I ask what are the lessons which we derive from it? Let me for a moment draw the attention of the Senate to the case of the Receiver at Fort Wayne, in Indiana, reported to the last session of Congress, as furnishing an illustration of the manner in which money may accumulate in the hands of a public officer by a slight neglect of his instructions, and the kind of reasons which may be given for not complying strictly with them.

It appears, then, that this officer, instead of a sum of \$30,000, which the President supposes is the average amount which would be in the hands of any officer at any one time, had accumulated in his hand, between the 7th of March and the first of June, the sum of \$601,380; and that he made no deposits, as in duty bound, from the 7th of March to the 15th of June. That both he and his relative had been in the habit in the office of shaving money; in other words, exchanging money which could not be received for public lands, at a rate of discount varying from three to five per cent. and that he was in the habit of taking in five dollar notes, contrary to his orders; for doing which he received a premium. All this is clearly established by the document to which I refer. Under these circumstances, we find a late Senator of the United States writing to the Secretary of the Treasury in relation to this officer, in the following strain: That he is reputed to be an honest and honorable man, and that the Senator did not think he had intentionally done wrong. And then proceeds to express himself as follows: "It would to some extent produce excitement if he were removed, for he has many warm and influential friends, both at Fort Wayne and in Dearborn county, from which he removed to his present residence. Better let it be."

At a subsequent period we find this officer assigning to the Secretary as a reason for not going to deposit funds in his hands, that his democratic friends thought he ought not to leave the place

until after the Presidential election which was to take place eleven days afterwards. The letter is as follows:

"RECEIVER'S OFFICE,  
"FORT WAYNE, Oct. 27, 1836.

"SIR: This is to inform you that I have forwarded to the deposit bank one hundred and four thousand dollars in silver, there to remain until I arrive with the gold and paper.

"My democratic friends think that I ought not to leave until after we hold our election for President, on the 7th of November, which I have concluded to await, and shall leave on that evening, or the next morning, to deposit, with all the funds on hand up to that time."

Now, sir, it may be asked, why the gold and paper was not forwarded at the same time that the silver was despatched. But without going further into the case, what has been stated is sufficient to show the manner in which the greatest abuses might take place under the proposed system of making the public officers the depositories of the public funds, and the inducements which may exist to practise those abuses, although the officer may be honestly disposed. In this case I do not know that the Government ultimately lost any thing by this officer; but if it did not, that only shows his individual honesty, but does not prove that the system, which would make him not only the receiver but the keeper of the public treasure, is not liable to the abuses I have pointed out. Not only would the officer have to resist the importunity of friends in moments of the greatest necessity and distress, and the temptations of avarice on his own part, but the solicitations of his political friends, in moments of party strife, when his office and means of subsistence might be at stake; and he would be told that his democratic friends required a little pecuniary assistance; that a loan to A, and another to B, and a third to C, would help the cause; and that success would secure him from discovery; or, if discovered, from reproof on the part of his superiors. And, sir, let me add, that if, yielding to the prompting of avarice, the claims of distress, or the solicitations of political friends, he should become a defaulter, we should have some Senator or active partisan hinting to the Government that his removal or punishment would produce excitement, and the matter had better be let alone. Suffer me now to draw the attention of the Senate to the reports made at the last session, of the balances due from the collectors, the receivers, and the postmasters, all of whom are, by this bill, to be made fiscal agents; and let us see what lessons are to be drawn from them. And, first, as to the collectors: there are twenty-seven cases reported, four of which exhibit balances of upwards of \$30,000 each—one case of \$58,000, one of \$80,000, and one of \$109,000. So much for the President's average of \$30,000. As a sample of the practical results of such cases, take the following:

"Andrew Erwin, Tennessee, \$53,397 28. Suit ordered March 17, 1829. Judgment, October Term, 1830, for \$92,635. Execution issued October, 1830. In the marshal's report for November, 1830, he remarks as follows: 'reported insolvent.' In a letter dated January 30, 1837, from the district attorney, he advises that upon the strictest scrutiny of proof by him in this case, he is satisfied that it would be a useless undertaking to file a bill of discovery, as all the responsible parties had previously, in the case of private creditors, denied any indebtedness or liability to Colonel Andrew Erwin," &c.

I will cite one other case:

"Robert Cochran, Wilmington, \$109,232 49. Suit ordered September 10, 1821, for \$143,922 68. Judgment May Term, 1823, for \$145,361 90. Balance reduced by subsequent settlements up to July, 1835, to \$109,232 49. The district attorney advises that he obtained a decree of the court at November Term, 1828, against Wm. Watts Jones, trustee of Cochran, for \$9,725 05, with interest from the 7th of February, 1825, till paid. Balance of claim desperate."

In the instance of the receivers, there are twenty-eight cases reported, of which five are upwards of \$30,000, and one of \$110,000; the details are gene-

rally insolvency of principal, sureties not to be found, or indulgence granted to sureties, and judgments with a return of no property. In the instance of the postmasters, there are 144 octavo pages filled with the names of defaulters, numbering, probably, little short of 2,000; for, sir, I had not the patience to count them all, but estimated the whole from the contents of a few pages. The amounts due from them, respectively, are not generally large, for many of them receive very little, but exhibit an aggregate of \$209,398 40, of which \$110,400 84 is admitted to be "not collectable." This class of officers, too, are to become fiscal agents, and having shown a disposition to keep for their own use the small amount of public money they have heretofore been able to collect, are now each to be entrusted with keeping, for the public, the President's average of \$30,000 of the public revenues. But, sir, there is one case among these which I cannot suffer to pass without more particular notice, exhibiting, as it does, a curious feature in the details of official vigilance. It is that of Francis P. Blair, the editor of the *Globe*, who was the surety of Samuel B. Crockett, of Frankfort, Kentucky. The balance due from Crockett on the 1st of April, 1822, was \$1,395 54, and the following note is appended to the case:

"Suit ordered, and judgment obtained, May, 1824, for \$1,827 01; credited by \$431 47; penalty remitted by Postmaster General, leaving balance as stated; application for relief refused by the Department, December 30, 1825; *fiat* issued and returned, March, 1826; no estate found; information was sought by the Department relative to the parties, November 30, 1835; referred to the district attorney, December 30, 1835; also wrote to him, February 13, 1837."

So that it seems, Mr. President, here is a case originating in 1822, more than fifteen years ago, in which judgment was obtained more than thirteen years since; and we are gravely told that, on the 30th November, 1835, the Department was seeking information relative to the parties; when one of those parties, Francis P. Blair, the surety, was living under the very eyes of the Government, in habits of daily social and political intercourse with the President, and with the head of the Department, and receiving thousands of dollars as the printer to the House of Representatives; and yet the official eyes of the Department could not see him. Such, sir, will be the results of this system, if carried into effect. I do not mean longer to trespass on the patience of the Senate, but allow me, in conclusion, to say, that if this system is adopted, which has nothing on earth to recommend it but its novelty as an experiment, and which defeats its alleged objects in relation to the currency, there will be exhibited a scene of fraud, speculation, and political corruption, which has never been witnessed before in this country, and seldom, perhaps, in any other.

## SPEECH OF MR. HOWARD, OF MARYLAND,

In the House of Representatives, October 3, 1837—  
On the Mississippi Election.

I am not disposed, sir, to repeat arguments which have been already urged with great effect by those who have preceded me in this debate. The points involved in the case have been fully stated, and, indeed, the speech of the honorable gentleman from Virginia, (Mr. Pennybacker,) a member of the Committee of Elections, left but little original matter to be urged by those who might be inclined to follow him upon the same side of the question. The fairness with which he stated the case, and the logical comments which he made as he passed its different branches under review, almost exhausted the argument, and only a little gleanings can be found, here and there, lying upon the field which he traversed. He has reversed the example of the benevolent Jew in scripture, and instead of purposely leaving an occasional handful to be picked up by the humble and industrious gleaner, as a reward for patient toil, he has scarcely left enough to make, when collected, a single sheaf. Unwilling to seize upon the produce of another

man's labor, by appropriating to my own use an entire shock, as is too often done in this House, I should have remained a silent spectator of the scene, if it were not that I have been induced to explore, for myself a corner which has hitherto escaped observation, the result of which inquiry I will bring particularly to your notice, after some general observations upon the subject.

The facts in the case are few and admitted. The Legislature of Mississippi omitted to provide by law for holding an election for members of Congress, in case a special session of that body might be convened by the President before November, and the Governor ordered an election to be held, directing that the persons chosen should retain their seats until the recurrence of the regular election in November, and two members are now in their seats in this body under that proceeding. Are they members of the entire Twenty-fifth Congress, or for a part of it, or is the whole election void? These are the questions which we must consider, and reply to one or other of them in the affirmative. There is no other choice. We must select out of the three positions any one that we prefer, upon which our judgment can rest with the greatest degree of satisfaction. But although we are presented with three opinions, (not concurring in the propriety of the phrase, *three alternatives*, I will not use it,) yet it is remarkable that when we come to vote, we must discard one, and choose between the remaining two. A majority of the Committee of Elections have reported a resolution declaring that the election is valid, and that the members chosen under it must hold their seats for the entire term of the Twenty-fifth Congress; and a minority have reported a resolution declaring the election to have been totally void. No one has proposed to amend either one, so as to obtain a vote upon the proposition that the sitting members are entitled to their seats until November, and no longer; and until some one shall offer such an amendment, there is no basis upon which those who hold such an opinion can express it by their vote, and the House, therefore, must select, according to its best judgment, one of the only two propositions before it. The gentleman from Vermont, (Mr. Slade) who has just addressed the Chair, showed a desire to rest his vote upon this theory, but abstained from drawing it forth from the shadowy obscurity in which it now lies, by presenting it in the form of a distinct proposition. It is not difficult to account for his reluctance to adopt the report of the minority. The high authority of one of the most distinguished jurists that our country has ever produced, and who was known to be a favorite politician with that gentleman, is directly in his path; and I am not at all surprised that his respect for the character and attainments of the late William Wirt was too strong to permit him to run counter to the recorded opinion of that distinguished man. I shall have occasion hereafter to refer particularly to that opinion, and only allude to it now to show its power in driving from a concurrence with the report of the minority all those who attach any value to his construction of the Constitution, even although they take refuge in a theory so unsubstantial that no one will call upon the House for a vote upon it. It is not worth while to consume time by attacking a hypothesis in which its own friends do not appear to have the slightest confidence; but I must be permitted to remark, that the doctrines which would break up the constitutional term of service of the members of this House, into any number of long or short periods, according to the humor or policy of every State, seems to be as new as it is visionary. For wise purposes, which it is easy to see, the framers of the Constitution directed that we should perform the duties appertaining to our stations here, for two years, and we have taken upon ourselves the high responsibility of executing these important trusts in the face of the nation, anxiously watching every step that we take. The obligation rests upon every State in the Union to be represented here, and it can not fulfil it by instalments, by portioning out the debt which it owes to its sister States, and discharging a little at a time. The whole House has a right, the whole nation has a right, to the benefit which the experience of even some months may confer upon the members of this



body. The measures which may be proposed and discussed, must be decided upon by the same individuals who have assisted in proposing and discussing them. We come in together, and must go out together. We resemble, in this respect, the changes of horses in a stage coach; and the idea that a part of us can serve but for a portion of our legislative journey, then to be superseded by fresh comers, is as unfounded as it would be ridiculous to stop a coach at every mile to change a single horse in the team. But, as I have already remarked, whilst members upon this floor are using this theory in debate, no one has sufficient reliance upon its correctness to call for a vote of the House upon it. I will therefore dismiss it from further consideration.

Whilst listening to the arguments by which the friends of the two propositions before us sustained their respective opinions, there was one reflection which pressed itself upon me. It was this. Both sides agree, as they ought to do, in attaching primary importance to the wishes of the people of Mississippi, and profess themselves desirous to carry that will into effect, if they can only find out what it is. One expression of their wish is admitted on all hands. All agree that the people of that State intended to be represented here at this extra session, and made every effort in their power to be so. Those who advocate the report of the minority, and are willing to declare the election totally void, of course intend to shut the doors of this hall upon the sitting members from the moment that the resolution passes. If we adopt it to-day, they can not come amongst us to-morrow, and Mississippi would have no representatives here. So far, then, as the people of that State have expressed a clear desire, about which there is not, and can not be, any controversy, to have a share in the important decisions of this extra session, just so far must we allow that expression to have controlling influence in the vote which we may give, provided that vote be regulated solely by a regard to their wishes. What then is the attitude of the two parts of the House? Let us see how they stand as to the observance of the will of the people of Mississippi. Two gentlemen present themselves here on the first day of the session, having filed their credentials with the clerk, and offer to be sworn in, as usual. No opposing claimant appears. No petition is presented from a single man in Mississippi, contesting their seats. The day upon which Congress was to meet was notorious, known probably to every voter in the State; and yet no voice is heard from that quarter, casting a suspicion upon the integrity of the election. A member of this House, actuated apparently by a greater zeal for the preservation of the elective franchise and laws of Mississippi than was felt by any citizen of that State, rises and interposes an objection to those two gentlemen taking their seats; and that, too, before the facts in the case were known, or could be ascertained by any impartial tribunal, owing to the imperfect organization of the House. The people of Mississippi were supposed to be so indifferent to their own rights, or so incapable of asserting them, that it became necessary to assume a guardianship over them to protect their injured innocence. The House, however, rejected this monstrous interference, and wisely reserved the consideration of all questions that might grow out of the election, until the facts could be settled by a committee. The business of the session went on. Still no competitors for the seats appeared. No petition was presented contesting the election. The people whom these two gentlemen claimed to represent, seemed to be satisfied, as far as silence can be construed into acquiescence; and in these days of freedom of speech, men are not apt to remain silent, where they think there is cause of complaint. At the request of these members themselves, the Committee of Elections were directed to look into the matter, and up to this moment of discussing the two reports which they have given us, not even a half-stifled hum has been heard in Mississippi, expressive of discontent with the election: and yet this spontaneous guardianship continues to be exercised for the protection of the rights of those people, and we are urged, out of great tenderness towards them, to declare an elec-

tion void which they have made, lest, forsooth, we may violate their will by confirming it. Do the gentlemen who thus argue feel with Bassanio, when he is addressing Portia, that they are inclined

"To do a great right, do a little wrong,  
And curb this cruel devil of his will."

Are they dissatisfied with the manner in which the election has resulted and would gladly seize upon any reason for trying it over again? I will not suppose it; but it is a singular coincidence that every member of this House who has addressed it upon this subject, who is of different politics from the two members returned from Mississippi, is in favor of setting aside their election. I can readily understand how there should be a difference of opinion upon the constitutional point involved in the case, upon which I mean to touch presently, but I can not consent that they should place the vindication of their course upon a desire to carry out the popular will. Suppose, sir, that we adopt the resolution of the minority of the committee and declare the election void; and suppose that the people of Mississippi could interrogate us why we had done so. If we answered that we had paid respect to their will, they would reply that their will was to be represented at this important extra session, and that we knew it; for we do know it, and all admit it. If they pressed the inquiry still further, and asked why we had destroyed the political existence of those to whom they had shown themselves wedded, would it do to reply as Richard does to Lady Anne, when she upbraids him with destroying her spouse, that he "did it to help her to a better husband?" Are gentlemen such devoted friends and lovers of the people of Mississippi, that they would put out of the way the object of their choice, in order to give them a chance of making a better selection? I think that they would not be as placable was the lady. They would be apt to reject the doubtful friendship of their self-appointed guardians, who, from a nervous apprehension lest those people may be injured in their rights, at once disfranchise them; and, from a morbid sensitiveness lest their free suffrage may be endangered, turn the acknowledged members of their choice out of this Hall for the remainder of this extra session. Whether we may remain here for a longer or shorter period of time, makes no difference in the argument. It is certain that we shall have to decide some important questions which will be closely contested, and the absence of two members may decide the fate of measures to which the whole country is looking with deep anxiety; and, besides, the question of time can have no bearing upon the point which I am now considering. I am endeavoring to show that inasmuch as it is admitted, upon all hands, that the people of Mississippi have clearly shown their wish to be represented here during this extra session, and those who sustain the report of the minority which sets the election aside, are, of course, for ejecting the sitting members forthwith; it will not do for them to rest the justification of their proceeding upon the ground that they are anxious to carry into effect the will of that State. They are committing the very act which they profess to be anxious to avoid. Whilst they are urging upon us their extreme care to follow the popular will, they are forcibly divorcing the people (as the use of this word finds its way into every subject at this session) from the object of their choice; and, as gentle dissuaves will not succeed, they apply the figurative wedge and sledge-hammer violently to separate those who are living voluntarily in close alliance. Sir, let the supporters of the minority report rest their arguments upon a refined and technical construction of the Constitution, but let them not assume the untenable position that they are acting in conformity with the will of the people of Mississippi. But it is said, that, although it is admitted that an election was held for the present extra session, yet there is no evidence that there was any intention on the part of the people that the term of service of the sitting members should continue any longer than that time. I grant that it is not easy to ascertain how this is; but still there is enough from which to draw a satisfactory conclusion. One of the sitting members has publicly declared, in his place, upon his responsibility as a member of the House, that, during the canvass, no other opinion

was expressed from any quarter than that the election was for members of the 25th Congress; that the candidates and voters universally so considered it. We know, also, that the presses upon both sides spoke of it in the same way; and we have a still stronger evidence of what the public opinion was, and is, in the fact, that at this moment there is only a single candidate in the field for the November election; and his is rather a continuance of the former canvass than the institution of a fresh one. If the general belief was that the sitting members would hold their seats only until November, it is impossible that such a degree of languor should now prevail. On the contrary, the parties who fought so fiercely in August would have already buckled on their armor for another battle in November, more particularly when the victors were enjoying, not their spoils, but their well-earned honors, at this distance from the theatre of action, and when their absence must necessarily paralyze, in some degree, the efforts of their political friends. I rely upon these evidences, slight as they may be regarded, with the more confidence, as no evidence at all is offered to maintain the opposite position, except the mere proclamation of the Governor, the effect of which upon the formation of public opinion is nothing but conjecture. In all cases of contested election, this House has very properly endeavored to ascertain what the intentions of the people were, and has disregarded technical objections as to mere forms. If the two questions of "what did the people mean to do," and "what have they done," can be satisfactorily answered, the decisions of the House have invariably corresponded with those intentions and acts. In this case, therefore, we may sum up the points thus: If we adopt the report of the majority, we place the sitting members in their seats for the extra session, which the people of Mississippi clearly intended, and confirm them in their seats for the residue of the Congress, about which some doubt may exist as to the intentions of the people, and, of course, it becomes a question of evidence. If, on the other hand, we adopt the report of the minority, we eject these members from their seats forthwith, which the people of Mississippi clearly and admittedly did not intend, and put those people to the trouble of another election, respecting their desire for which great doubt must also exist, as it too is a question of evidence. In the former course we are perfectly certain of conforming to their will as to a part of our decision, and in the latter we are equally certain that we violate it. If, therefore, we are guided solely by a regard for their will, can we hesitate which to adopt?

But I concede that there is something more in this case than the single point which I have been considering. My object hitherto has been to show that the ground assumed by the friends of the minority resolution will not bear them out as far as that point is concerned. Let us see whether any other position is stronger.

The Legislature of Mississippi, by some unaccountable oversight, omitted to vest the Governor with the power which all other Governors possess under the laws of their respective States, of ordering an election for members of Congress, where a special session may be called for a day anterior to that designated in the law of the State, as the one on which the regular election is to be biennially held. The Governor thought that he found an authority for so doing in the Constitution of the United States, but thought also that his power under that instrument only extended to filling up the vacancy until the recurrence of the election at the usual time, and issued his proclamation and writ accordingly. As all the arguments of the friends of the minority resolution deny the existence of any power in the Governor, whether he had issued his writs for the entire 25th Congress, or only a portion of it, I shall not consume time in examining the precise effect of the writ which he actually did issue; because, by contesting his authority to order an election at all, the opposite side appear to attach no importance to the mode in which he exercised his power, and therefore seem to acquiesce in the conclusion to which the majority of the committee come in their report, of rejecting a part of his writ as surplage. The question is

then whether the Governor had any authority to order an election.

In the second section of the first article of the Constitution of the United States is found the clause which is the fruitful theme of this prolonged debate:

"When vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies."

It is agreed on all hands that this clause is not a dead letter, but that it confers some power of some kind upon the Governors of States; but it is argued that the power extends only to issuing writs of election to fill vacancies which "happen," and much subtle refinement is resorted to in order to draw the line of distinction between those which do, and those which do not, "happen." And it is further said that the term "vacancy" is not applicable to the condition of the representation from a State when the period of service of former members has expired, and before the election of their successors. With regard to the first position, I will not repeat the conclusive lexicography of the gentleman from Virginia, (Mr. Pennybacker,) but content myself with saying that it certainly has not been, or I believe attempted to be, answered. If the meaning of words is to be judged of by authority, the books which he has produced conclusively show that the word "happen" expresses a genus of which "chance" is only a species. No matter what may be the cause of the vacancy, whether it has occurred by "chance" or "design," or the expiration of a term of service, the generic word equally includes it; and those who framed the Constitution could not, by the most assiduous study, have discovered a word more comprehensive in its signification than the precise one which they adopted. I leave this branch of the argument where that honorable gentleman placed it, deeming it impossible either to make it more clear or refute it.

But it is said, also, that there was no "vacancy" in the representation from Mississippi; that a vacancy can take place only when a member elect dies, or resigns, or removes, and that it can not be created by the expiration of a term of service. For this limitation of the meaning of the word, no grammatical authority is adduced; but it rests upon the arbitrary assertion of those who so construe it. I should rather define "vacancy" to mean the absence of something which ought to be there. The limited meaning which is given to it is contrary to common sense; and indeed, no grammatical definition of it has been attempted to be given. All that is said is, that this case is not included within it. Let us suppose that the resolution of the minority should be passed to-day, and that, on to-morrow, when no person was in the occupancy of the chairs which are now so worthily filled by the two gentlemen from Mississippi, an inquirer should ask of the gentleman from Ohio, for example, where was the delegation from Mississippi; he would be bound to reply, as he has said in his argument, there is no "vacancy" in the representation from that State. But the incredulous interrogator would proceed: there is nobody in those chairs, and they are appropriated to the use of that delegation. Still my learned friend would be obliged to insist upon it, that there was no vacancy in that representation. It is true, he would say, that Mississippi has no members upon this floor in those chairs, or any where else; but I tell you there is no vacancy, because she elected members to the last Congress, and has not elected any to this; therefore, there is no vacancy. Do you not perceive, sir, that this is the inevitable result of the argument upon the opposite side? Because, if there was no vacancy when the Governor issued his proclamation, there is none now; and yet, see how impossible it is to convince the eyes of the truth of the argument addressed to the ears. I say, therefore, that this construction of the Constitution is contrary to common sense, however strongly it may be supported by technicalities, and I am no advocate for adopting refined and scholastic subtleties as the proper means of interpreting an instrument which was intended to be understood by plain men in regulating the business of life.

I wish, however, to refer you to the journal of

the Convention which framed the constitution, in order to show that the meaning which we now give to the clause which I have quoted, is the one which they attached to it, when it received the assent of that distinguished body. But before I do this, let me refer very briefly to the opinions of two gentlemen of acknowledged talents who have, at different periods, filled the office of Attorney General, as there is an entire harmony between the conclusions which they have drawn from a cautious inspection of the Constitution as it is written, and the designs of those who made it, as manifested by the history of their proceedings. I propose to touch very summarily upon these opinions, because other gentlemen have examined them more fully, and I desire to avoid the repetition of what has been already, and no doubt better, said. In October, 1823, and July, 1832, cases occurred in the administration of the Executive authority, which drew from those who occupied, at those times, the situation of Attorney General of the United States, elaborate opinions upon the construction of that part of the constitution which empowers the President "to fill up all vacancies that may happen during the recess of the Senate." It will at once be perceived that there is a strong analogy, although not a perfect identity, between the meaning of this word "happen," in this clause of the Constitution, and the one which we are considering; because, under both, the argument is, that a case where there is no incumbent in office, owing to the expiration of a term, is not included within either clause. But Mr. Wirt says, "The substantial purpose of the Constitution was to keep these offices filled, and powers adequate to this purpose were intended to be conveyed. But if the President (and the remark is equally applicable to the Governor of a State) shall not have the power to fill a vacancy thus circumstanced, the powers are inadequate to the purpose, and the substance of the Constitution will be sacrificed to a dubious construction of its letter."

He comes to the conclusion, that if the vacancy is found to exist, the constitutional power of providing for its being filled is immediately applicable, and adds:

"This seems to me the only construction of the Constitution which is compatible with its spirit, reason and purpose, while, at the same time, it offers no violence to its language; and these, I think, are the governing points to which all sound construction looks."

Mr. Taney, in 1832, concurred in opinion with his predecessor, without knowing, however, that Mr. Wirt had expressed it, because it was not until he had prepared his own, that an examination into the files of the office resulted in the discovery that Mr. Wirt had been called upon by the then President for an opinion in a similar case.

Mr. Taney says:

"The words used in the Constitution do not, I think, by any fair construction, require a distinction to be taken. It was intended to provide for those vacancies which might arise from accident, and the contingencies to which human affairs must always be liable. And if it falls out that from death, inadvertence, or mistake, an office required by law to be filled, is, in the recess, found to be vacant, then a vacancy has happened in the recess, and the President may fill it. This appears to be the common sense and natural import of the words used. They mean the same thing as if the Constitution had said 'if there happen to be any vacancies during the recess.'"

I propose now to show that the framers of the Constitution intended to attach this meaning to the kindred clause which is to govern our decision in the case before us, and this intention is to be drawn from the proceedings of the convention, which I examined for the satisfaction of my own judgment. If it had not been for the purpose of bringing this point before the House, I should not have interfered in the debate, as I stated in the outset of my remarks, but having once taken the field, I must go through the campaign, skirmishing with all those adversaries whom I may "happen" to encounter.

The convention which framed the Constitution, pursued the following judicious mode of proceed-

ing. They first settled general principles in committee of the whole, and then appointed five of their body to revise the style of the articles agreed upon, but without alteration of the meaning, and to arrange them under proper heads. This was the extent of their duty. The committee consisted of Mr. Johnston, Mr. Hamilton, Mr. G. Morris, Mr. Madison, and Mr. King, who reported the revised draft on the 12th of September, 1787, which contained the clause in the first article, word for word as we now find it in the Constitution, viz:

"When vacancies happen in the representation from any State, the Executive authority thereof shall issue writs of election to fill such vacancies."

The argument of the friends of the minority report of the Committee of Elections is, that this is a conditional grant of power or imposition of duty upon the Executive authority of a State, taking effect only when vacancies "happen," and not applying to a case where a vacancy is created by the expiration of a term of service, as it can not then be said to "happen," it not being the work of chance or accident. I find, on looking over the journal, that when the convention was employed in settling the principle which they meant to establish, on the 6th of August, they expressed it in these words:

"Vacancies in the House of Representatives shall be supplied by writs of election from the Executive authority of the States in the representation from which they shall happen."—*Elliott's Debates on Federal Constitution*, vol. 1, page 256.

Every one must see at once that the only difference between these two sentences is, that the latter excludes the construction which the friends of the minority report wish to apply to the former, and that this vexed article is made to express the very idea which Mr. Wirt and Mr. Taney contended should be applied to another clause upon the same subject, coinciding precisely with the interpretation which those who think with me allege should be placed upon it. Without resorting to a strict grammatical analysis, every unprejudiced mind would agree at once, as it seems to me, that the original draft meant to provide for filling up all vacancies, no matter from what cause, or when they might occur; and this inference is impregnable fortified by a closer examination. The word "when," which is considered as drawing after it a limitation of power, by admitting only a certain class of cases, and excluding others, is not found in the first draft; and the word "happen" is detached from the important noun "vacancies," whose comprehensive meaning it is said to control, and made to assume an humble and merely explanatory duty. I repeat that the idea intended to be advanced by the framers of the Constitution is found in the original draft; for I find that the committee of five were appointed "to revise the style of, and arrange, the articles agreed to by the House;" and I can not find that, in a single instance, they departed from this secondary duty. No fault appears to have been found with them on account of any aberration from the principles which the convention had previously adopted; and, in fact, they had only to paint and furnish the House which had been built, without interfering with the order of its architecture. I hold that, as statesmen, we are not only at liberty, but bound, to follow the intentions of those who prepared the Constitution, and think that they are sufficiently manifest, from the authority which I have adduced.

Whilst upon the subject of authority, I beg leave to refer to one quoted by the honorable gentleman from Ohio, (Mr. Mason,) who has read an extract from Judge Story's Commentaries on the Constitution. The part upon which he relied was the following:

"By 'vacancies' they understood to be meant vacancies occurring from death, resignation, promotion or removal. The word 'happen' had relation to some casualty not provided for by law."—*Story's Commentaries*, vol. 3, page 411, book 3, section 1,553.

I have too much respect for the learned judge whose opinion is thus brought before us, to pass it over without notice. But the honorable gentleman made only an extract from an entire passage,

which, when considered as a whole, will be found not to bear upon the question before us. He violently tore off a limb from the body; and I beg leave to replace and bandage it up, binding the bleeding fracture as well as my poor surgery will permit, in order to present to view the unmulatized subject in a perfect form. The entire passage is this:

"The language of the clause is, that the President shall have power to fill up 'vacancies' that may happen during the recess of the Senate. In 1813, President Madison appointed and commissioned ministers to negotiate the treaty of peace of Ghent during the recess of the Senate; and a question was made whether he had a constitutional authority so to do, there being no 'vacancy' of any existing office, but this being the creation of a new office. The Senate, at their next session, are said to have entered a protest against such an exercise of power by the Executive. On a subsequent occasion, (April 20, 1822,) the Senate seem distinctly to have held that the President could not create the office of minister, and make appointments to such an office during the recess, without the consent of the Senate. By 'vacancies,' they understood to be meant vacancies occurring from death, resignation, promotion, or removal. The word 'happen' had relation to some casualty not provided for by law. If the Senate are in session when offices are created by law, which have not as yet been filled, and nominations are not then made to them by the President, he can not appoint to such offices during the recess of the Senate. In many instances, where offices are created by law, special power is, on this very account, given to the President to fill them during the recess; and it was then said that in no other instances had the President filled such vacant offices without the special authority of law."

It will be observed that Judge Story referred to what he supposed to be the opinion of the Senate upon the point whether the President could appoint to an office then created for the first time—a question very wide of that now before us. The office of a representative from Mississippi was not to be created when the Governor issued his proclamation for an election. It had been created some years before, when that State was admitted into the Union, and had been often filled. The point which the judge was discussing, therefore, had no analogy at all to that before the House.

[Mr. ADAMS rose, and stated that it was a mistake in Judge Story, in saying that a protest had been entered by the Senate, in relation to the appointment alluded to. A Senator from Massachusetts had brought forward a proposition, declaring the appointment alluded to illegal and unconstitutional, and the subject was debated to the close of that session, without coming to any conclusion, and was again resumed at the commencement of the next session; and after as patient deliberation as the Senate ever gave to any subject, it was indefinitely postponed by a vote of the majority of the Senate; so that there never was any protest by the Senate against the appointment. And now, if he might be permitted to say one word, he would give his understanding of this word "happen" in cases of vacancies. He believed, in relation to offices, that every one happens to be vacant which is not full, and that he believed was the sense and meaning of the Constitution, whether the vacancy occurred from casualty, the regular course of events, expiration of term, or other cause. In relation to the offices of public ministers, they were not offices created by the laws or the Constitution, but were offices known to the laws of nations, and created by the laws of nations. Ministers were sent to every part of the world by the President, and whenever there is a necessity for the appointment of such minister, that office is vacant. This was what he understood by the term vacant, and he believed this was the understanding of every President of the United States.]

Mr. HOWARD resumed. I am glad, sir, that my remarks have drawn out this opinion from the honorable gentleman from Massachusetts, since his opinion on the subject of vacancies coincides with my own. Perhaps this interpolation may be considered by some as the best part of my speech. But

the honorable gentleman has also, by showing that Judge Story was mistaken as to the fact upon which he built his argument, totally demolished the fabric upon which the gentleman from Ohio (Mr. Mason) reposed in fancied security. It was swept away.

[Mr. MASON explained, and contended that the remarks of the gentleman from Massachusetts had not effected the argument he had used, or the authority he had referred to.]

Mr. HOWARD proceeded. It seems to me that if Judge Story placed dependence upon an opinion of the Senate, without even expressing his own, and if it now appears that the Senate had given no such opinion, there was very little left of the authority which the gentleman quoted with such emphasis. This is a matter for the House to decide upon. I dismiss the subject.

It appears strange, at first view, that this question has never arisen before; and that now, for the first time, a power was claimed on behalf of a Governor of a State under the Federal Constitution. The reason why the case has never happened before, is precisely that which most readily reconciles me to the acknowledgment of the power now. It is, that all State Legislatures have, of their own accord, conferred upon their Governors this very same power, except in the single instance of Mississippi, arising in this case, no doubt, from inadvertence and precipitate legislation. There is surely no ground to fear any unpleasant result, when our decision is in exact conformity with the laws of the States for forty years; when we are manifesting a beautiful harmony between the Constitution of the United States, and the feelings of the people of the States, as shown in their laws. If indeed we were about to curtail the power which the Governor claimed under the Constitution or laws of his own State, we might well pause. But our decision in this case will only place Mississippi precisely where the other States have voluntarily placed themselves, by conferring upon their Governors the power which we are about to admit.

The gentleman from Rhode Island who has just taken his seat, (Mr. Tillinghast,) has touched upon the only point which has caused any embarrassment to my mind. He has said that if a Governor of a State derives the power of ordering an election in a case like this, from the Constitution of the United States, which is the supreme law of the land, and of course paramount to all State laws, he can fix upon whatever time he chooses for the election to be held; and therefore, in every State where members of Congress have not been chosen upon the 4th of March, whether an extra session may be called or not, he can disregard the day which the statute may have designated, and thus overrule the laws. I state the objection as it has occurred to my mind, without recollecting whether I give it the exact shape which he did. I feel and acknowledge its force, and admit that it is difficult to escape from the conclusion; for, if this power is held by the Governor under the Constitution of the United States, no State legislation can take it away. But there are two reflections which disarm this argument of much, if not all, of its force. The first is, that the conclusion will not be found, upon examination, to be as unpleasant as it appears to be upon a cursory view; for it is not to be supposed that the chief agent of a State Government will, without any cause or motive, overthrow the laws of the people over whom he presides. Such an evil is not, in the natural order of things, to be feared; and, besides, these very laws have, in all the States except Mississippi, confided to this very officer the duty of selecting a day for the election in case of necessity. If the Constitution reposes this discretion in him, too, the mere anticipation of a flagrant abuse of the power can not be received as an insurmountable objection to the fair construction of that instrument. The second reflection is, that the Constitution intended to provide, in all cases where it was possible to do so, for its own perpetuation. The Federal Government was meant to be kept up, and so far as it springs from the people instead of the States, power was given to it to preserve its own existence. This House, as a vital part of that Government, was not intended to become lapsed from

a want of power to secure its continuance. I find in the Constitution, therefore, that, although the States are permitted to regulate the elections for members of this body, at their own will and pleasure, yet provision is instantly made for a defective execution of this power in the legislative branches, by throwing upon the Governors the clear and high responsibility of seeing that the members of this House are duly chosen, in the very clause which is the subject of all this debate; and lastly, by way of meeting every conceivable emergency, if the Legislative and Executive branches of a State should both fail to discharge their duty, an ultimate power is reserved to Congress to regulate for itself the elections to this House. Taking these different parts, and deducing the spirit which emanates from them all conjointly, I am led to believe that no vacancy in this body was intended to be long tolerated. In the physical world there is no vacuum. Nature is said to abhor it. Just so in our political system: those who created this artificial state of being equally abhorred a vacancy in this House, and they therefore imposed a pressure upon every point where that pressure could tend to fill it up. This consideration leads us to the very structure of the Federal Government, whether it was meant to be a loose and disjointed fabric, or one firmly knit together, so as to be lasting. This House is bound to the people of the United States by an indissoluble tie. If any one State chooses to loosen the knot, Congress can fasten it again. This is the way in which I read the Constitution, and I shall not be deterred from coming to a conclusion corresponding with this interpretation, by a misplaced fear that Governors of States will rush madly from their spheres for no other purpose than to introduce confusion and disorder. I shall, therefore, vote to sustain the report of the majority of the Committee of Elections.

## SPEECH OF MR. BOND, OF OHIO,

*In the House of Representatives, September 26, 1837*  
—On the bill to postpone the payment to the States of the fourth instalment of the surplus revenue.

Mr. BOND, of Ohio, said he felt constrained to protest against the proposed bill, which, if passed, would not only disappoint the hopes of his constituents, but he feared must greatly affect the interests of the State which he had, in part, the honor to represent. In doing this, he said, it was not his purpose to detain the committee long.

Ohio, with other western States, had participated but very little in the benefits of that vast expenditure of public money which had characterized this country for some few years past. The system of internal improvement by the General Government had been abandoned, except in such shape as to render it odious. Mr. Bond said he was free to confess that he would sooner see that system utterly abandoned than retained with that alarming feature which surrendered the exclusive regulation of it to the President. Sir, said he, it has been the studied policy of the party in power, for the last eight years, to strengthen the Executive arm! All means, and every construction, both of the constitution and law, have been seized in aid of this power, whilst a deceitful reluctance to use it was avowed. Internal improvements were tolerated, if of a general nature: but who decided this? The President. A tariff was lawful, if judicious; but the President alone could determine whether it was judicious or not.

Add to this the unqualified right of removal from office which is claimed for that officer, and I appeal to you, Mr. Chairman, if, in these latter days, there is not a fearful concentration of power in one man! His will, his *sic volo sic jubeo*, controls all the great measures of the country.

Coming into power with professions of economy and reform, as the present dominant party did, does it not occasion just surprise to see a system of appropriations adopted, extravagant in amount beyond all former history, and exceedingly partial in their operation? The interior States, and those in the west in particular, have enjoyed but few of these favors. One object alone in the city of New York, I mean the custom-house, involves an expenditure of about two millions of dollars.

But, sir, in despite of this unexampled system



of extravagance, our Treasury, in the year 1836, was overflowing; and it became a question of interest to decide how, even after meeting all the vast expenditures of the Government, we should dispose of the surplus. I was among those who thought it should, in some way, be placed, in just proportions, at the disposition of the States.

We thought it unsafe to leave it in hands already too powerful, and that it might be safely and beneficially employed by the several States. This measure was proposed; but how was it received by the Administration? Again and again it was denied that any surplus existed. The Chairman of the Committee of Ways and Means (Mr. Cambreleng) boldly asserted on this floor that the exigencies of the country required every cent of the public money; and so hostile was he to any division of the surplus among the States, that he declared he preferred seeing it sunk in the mighty deep.

I need not remind gentlemen of the reiterated opposition of the Administration print in this city (the Globe), which, at this time, poured forth violent editorials, condemning the measure, coupled with studied denials that any surplus would exist.

In another part of the Capitol, a distinguished Senator from New York (Mr. Wright) declared, in his place, that the Treasury would not be more than adequate to the demands of the Government. I find, sir, among the publications of that day a speech of that gentleman, in which he arrayed, and presented in solid column, as if to alarm the timid, a most imposing category of all the different bills which the extravagance of the party had presented for consideration at that session, in either House. It was, indeed, a fearful list, and furnishes an apt commentary on the pretensions of those who came into power on that deceitful and greatly-abused hobby of economy and reform! One of these bills, I recollect, was introduced by a committee, whose chairman said, on this floor, in reference to it, that it was so universal in its provisions as to have some appropriations in favor of the district of almost every member of the house. I believe, sir, that it was never expected that all these bills would pass; but they were used as an available means of defeating the passage of the deposit bill.

Coupled with these measures, inquiries were gravely sent from the Senate Chamber to the different Departments, to ascertain the *maximum* which they could severally expend. Yes, sir, not how little, but how *much* of the people's money they could use. And another member of the Senate (Mr. Benton,) by way of finding employment for this money, proposed to institute a most magnificent scheme of military defence, which would have given but little to the west, and, in the end, might have entailed on this country, as one of its consequences, a large standing army, and subjected us to an odious and oppressive system of taxation. I rejoice, sir, that all these attempts to defeat the division of the public money were foiled. After appropriations enormous beyond all past experience, the Administration had finally to admit that there would be a residuum. But still they were unwilling to send it to the people.

Next in review, and from that same Senator, who was for absorbing the treasure in his array of bills before alluded to, we see a proposition to invest the surplus in stocks! Yes, sir, it was seriously and gravely proposed that these United States should turn broker, and enter into competition with certain gentlemen who have obtained for themselves the unenviable cognomen of *bulls and bears* of Wall street! What answer will be made to this by the worthy gentleman from Virginia, (Mr. Jones,) who addressed the House a few days since on this subject? He could not consent that the Government should now sell the bonds which it holds for the deferred instalments on the sale of its stock in the late bank of the United States, when it was the wish of "the party" to subdue the bank and bring it into public odium. It was openly declared that it was unsafe either to retain the stock held by the Government, or continue to make the deposits in that institution. A confidential friend of the President was empowered, by him, to investigate the state and business of the bank, with a view to action on these points. The agent was a highly honorable, intelligent, and just man, and, withal, a strong personal friend of the President. He made this examination without limit or restraint. The result was creditable to the bank, but disappointed its enemies. The attack was, however, renewed before Congress by message, and a verdict equally honorable to the bank returned. Regardless of all this,

the public money was withdrawn, and placed where the law never authorized it. That same party who had declared the stock held by the Government in that bank to be in danger, at length obtained a law for its sale, and then actually declared it to be worth, not only its par value, but fifteen per cent. beyond it, and sold it at that advance to the Pennsylvania State Bank of the United States, taking the bonds for its payment, to which allusion has been made. In despite of all the violent and harsh means taken to depress the institution, these bonds could be sold for cash, and without loss. If, then, the Government really needs money; but, above, all, if you are sincere in your avowed purpose to be clear of all connexion with banks, why not dispose of these bonds instead of issuing Treasury notes, or borrowing money? Why not do so, and apply the means to the preservation of your pledged faith to the States under the deposit law? The gentleman from Virginia (Mr. Jones) says he is unwilling to do so because it will subject the Government to the imputation of acting in the capacity of broker! I cannot see the occasion for this fastidious delicacy. In what does it differ from the sale it did make of the stock of the bank, or from raising money on its own scrip, as it has often done, or from what it now proposes to do on Treasury notes?

But if the objection of the gentleman be sound, it carries certain condemnation to the Senator from New York. These gentlemen are of the same political party, and seem to act with great identity of feeling in all the leading measures of the Administration. The proposition of the Senator in question not only subjected the Government to do the office of broker, but would have made a vast addition to the power and patronage of the Executive. Stocks were to be bought and sold, and the President, wielding, as he would have done, some forty millions of dollars, would have held the place of giant broker and unrivalled regulator of the stock market. The stocks of an offending State could be depressed, whilst those of a more subservient sister were elevated. But, sir, here again I rejoice that this monstrous project was defeated. During a long and protracted session of Congress the attention of the people was drawn to the subject, and a unanimity of feeling from all parts of the country demanded the division of the money among the States, and received the obedience of Congress.

The bill passed, sir, but it had not the willing support of the Administration—it was extorted by the united and loud acclamation of the people. It was, indeed, obstinately and to the last, voted against by those who so signally exerted themselves to defeat it. But, Mr. Chairman, strange as it may appear, the organ of the party, (the Globe,) the very instant afterwards, claimed the credit of the measure! Let us now see how it has been executed. The provisions of that bill are familiar to us all, and this house was informed at the last session, by the Secretary of the Treasury, that he had set apart, on the 1st of January, 1837, the sum of \$9,367,214 98, to be deposited with the States as required by that law. Each State has been expressly notified by the Secretary of her respective share of that sum, and of the time when the several instalments would be paid. The States have solemnly legislated on the subject, and have agreed to accept the money; they have done more—they have appropriated and pledged it to high and benevolent uses, at least many of them have. We, in Ohio, have done so: a leading object with her has been, to derive from this fund permanent means of securing general education to her rising and future generations. Engagements have been made upon the faith of this law, and this fund permanently pledged for these great and sacred trusts. The law has been partially executed; three-fourths of the promised sum has been already paid. And, Mr. Chairman, gentlemen may, if they please, refer to the letter of the deposit act, and say it was not intended as a measure of distribution. The manner in which the different States received that act, and the permanent uses to which they pledged that money by their legislation, give the best interpretation of the sense in which it was viewed by the people. But even in its execution the Secretary of the Treasury did, in my judgment, deprive the States of a part of the sum which, under that law, they were justly entitled to. In his late report, he says that the actual sum reserved in the Treasury on the 1st of January, 1837, was \$6,676,157 52. The deposit law only authorized him to reserve five millions; but he went beyond it, and thus deprived the States of more than one million six

hundred thousand dollars. The Secretary explains this by saying that he did not receive the returns from the banks until after the 1st of January. That may be; but still, when received, they proved the money to have been in the Treasury on the 1st of January, 1837, and he ought to have reserved it accordingly. The Treasury accounts must be greatly confused, if the amount referred to was omitted. These accounts are, it is true, rendered mysterious, and we are told by the chairman of the Committee of Ways and Means, (Mr. Cambreleng) that they have become a science, and that we must study them. Indeed, he adds, that after fifteen years' constant application on his own part, he still finds it no easy task! I fear that the chief difficulty in the whole affair results from the mystery unnecessarily thrown around these matters, rather than any intrinsic perplexity in the subject itself. The report of the Secretary was certainly designed by the law, requiring it to be so stated as to be easily understood.

But to return to the amount which the Secretary, from some cause, did not discover to be in the Treasury, though, in effect, it was there on the 1st of January, 1837. It was clearly embraced both in the spirit and letter of the deposit law, and it was the duty of the Secretary, the moment he discovered the omission, to have added it to the amount before set apart by him, and notify the States and Congress of the fact. My own belief is, sir, that he would have done so had he been a friend of the deposit law.

But, Mr. Chairman, I fear every occasion has been seized to defeat and disappoint the wishes and hopes of the friends of this measure. And not only was the sum of one million six hundred and seventy thousand dollars improperly excluded, as I think, but the Secretary has, without authority, used a large part of the fourth instalment now due, and urges the passage of a law withholding or postponing that entire instalment!

Sir, the Secretary of the Treasury had no right to use one cent of the money, which he had set apart for the States under the deposit law. That money was specifically and sacredly pledged and appropriated; no subsequent act of appropriation was designed or intended to conflict with that measure. Neither the letter nor spirit of any other law did conflict with it; and I cannot now discover any reason for postponing the payment of this fourth instalment to the States, unless it be that the Secretary, having improperly used the money, wishes to make good his retreat, and escape the censure of that act, by extorting the present bill from Congress, on the allegation of an exhausted Treasury. I am unwilling to afford him any such shield; he has transcended his power; he has seized the money of the people, and diverted it from those great and benevolent objects for which it was designed, and on him and the President let the responsibility rest.

It is admitted by the friends of this bill that it is their duty to assign reasons for its passage. What do they urge? They say the Government wants the money. Yes, sir, and so they said before the passage of the deposit law. But of what use will this fund be to them, admitting even that the Treasury is impoverished, of which, after all explanations, I do honestly doubt? The fund in question, I mean that poor pittance of it which the Secretary has not used, is not in a condition for immediate use by the Treasury, at least the Secretary says he cannot use it, because it will not be paid in what he calls "legal funds." How, then, will the passage of this bill aid the Treasury? This reason is deceptive; and it does seem to me to be highly inexpedient to disappoint the States in the fulfilment of their just expectations. Gentlemen may indulge themselves in believing that they do not violate a contract, and that the mere letter of the deposit law admits of the proposed bill.

The gentleman from New York (Mr. Taylor) admitted that the deposit act and its acceptance by the States did amount to a contract, so far as the same had been executed by the payment of the three first instalments. But he added, with some apparent exception, that, though he was no lawyer, it was clear to him that the law in question did not constitute any contract for the fourth instalment, that being yet unpaid. I mean no disrespect to the gentleman when I say that, in my judgment, the absurdity of this position confirms the fact stated by him, that he is no lawyer. The law is entire, and contemplates the payment of a gross sum, but divides it into four instalments. If valid as a contract at all, it is so for the whole. I cannot agree that, so far as we perform an engagement, we are bound,

but that we are discharged from the executory part by our own want of faith. I beg to enquire why the payment of this money to the States was provided for in instalments? Was it to accommodate the Treasury? By no means. The true secret is this, sir: The public money had been improperly withdrawn from the Bank of the United States, and placed in certain State banks. It was proclaimed that these banks would render the same, or even greater, fiscal aid to the Government than the Bank of the United States did. In the party newspapers of the day, and in the official papers of the then Secretary of the Treasury, these State banks were openly stimulated to discount on and lend the public money. When the deposit bill passed, it was admitted much of this money had been lent, and could not suddenly be recalled. As the Government itself had, in a great degree, prompted the use of the money, it was thought unjust to recall it suddenly. Hence, sir, the provision for the deferred instalments. If it could have been controlled, the whole amount would have been required to be paid on the passage of the law.

I will not dwell on the argument which, I think, fully establishes these laws as constituting a contract. It has been well illustrated and sustained by other gentlemen. Those who wish now to withhold this money from the States, may, if they please, rely on the technical letter of the law. I go for the spirit of the case, and for meeting the just expectation of the country. I call the attention of the House to the laws passed by the different States on this subject, by which the whole amount of each instalment has been appropriated in advance. It is said that the State of New York entered into solemn engagements for the disposition of this fourth instalment, which she must now in good faith keep, and, to do so, will obtain the means elsewhere, if you disappoint her in this payment. Ohio, too, my own, my favorite State, has, by her legislation, looked to this fund as furnishing permanent means of general education within her borders. Will you now disappoint the hopes of her people? Will you take from her the means of lighting the lamp of genius in the humble cottage? Is the demand for your countless and extravagant appropriations so urgent that this poor pittance must be withheld? Is it not rather a pretext seized by those who originally opposed the distribution now to defeat its execution? The uniform character of the legislation of the several States on this subject fully expresses the understanding which the people had of that law.

Do you suppose, sir, that the States would have thus acted, if they had imagined the money was to be recalled, much less if it was not even to be paid over to them? I wished then, as I now do, for an opportunity to vote on a proposition for its direct relinquishment. I am against any postponement of the payment. It is better to settle this question at once, than to reserve it in such manner as to bring a periodical debate into Congress. Gentlemen say they object to collecting money to be divided among the States, and allege that is but taking money from one pocket to put into another. Sir, I would not myself raise money for such express purpose, nor was this money collected with that design. The case is this: The States united in government for a common purpose, under one Constitution. On looking into their Treasury, they find that, under their system of finance, a greater sum collected than the wants of their Government require. Is it safer to leave this money where patronage is already too great, where it may lead to the abuse of power, and tempt to the violation of trusts; or shall it be divided among the States on some just principle of apportionment, and applied by them to great and benevolent objects, over which the General Government disclaims power? I preferred the latter. A few gentlemen, some forty or forty-two, came to the other conclusion; and you now find such of them as are here, desirous of establishing the propriety of their opposition to that bill by their zeal for the present measure. I, sir, am less inclined to credit the necessity for this measure, by the very circumstance that it emanates from, and is chiefly sustained by, the pertinacious enemies of the deposit law. It is well questioned, whether, if the true state of the Treasury were ascertained, this fund would be needed, even if not already pledged to the States. But, be the state of the Treasury what it may, I cannot pass over the inconsistency of the Secretary in invoking to his present aid a fund which he intimates is not in a condition to avail him. The Secretary tells you,

too, that this measure will disappoint the States. Then why do so, when you have not even the hope of relief to the Treasury to justify you? Besides, among other measures of relief now proposed, is the bill for the issue of Treasury notes. Why not, if you will pass such a bill, issue these to an amount sufficient for all purposes, and relieve yourselves from the imputation of violated faith?

And now that I have named the Treasury note bill, I will express my astonishment that, after such repeated professions of dislike for all paper money, the administration should itself be the means of giving it currency. Have you not promised the people that you would give them hard money—a gold and silver currency? Why issue notes, then? If your Treasury is exhausted, create a loan; borrow the money. The issuing of Treasury notes is but creating a loan by indirect means. Then why not do it directly? Advertise for a loan, to be taken in gold and silver, and thus let the people plainly see what you are at. The truth is, it is not designed to carry out what you profess.

Mr. Chairman, for what purpose are we now here? Why has the President convened us at an extra session? His proclamation gave us to understand that we were to have great and weighty matters submitted for our consideration. I knew, indeed, that the whole country had been overtaken by a common disaster, and was suffering; that its currency and exchange were wholly deranged; and that we had, by the measures of our own Government, been deprived of the most uniform and best circulating medium in the known world. I was aware that a sudden shock had overspread the land, and was willing to suppose that it had occasioned the very abrupt change of opinion in the President, who, in one short week after telling the New York committee that he saw no reason for an earlier convocation of Congress than the constitutional period, issued his proclamation, under which we have now assembled. I cannot, therefore, express my surprise at having offered for our earliest consideration, at such a crisis, the bill to which I have directed my remarks.

Is it true, sir, that this Congress has been assembled here a few days before the first of October, in order that they might withhold from the States the paltry sum which the Government had pledged its faith then to pay them?

Then comes the Treasury note bill, to which I have already adverted; next, the bill extending the time of payment on merchants' bonds; a bill in relation to the deposit banks; a bill affecting the banks in this District; and, lastly, a bill with a very innocent title, imposing additional duties on officers in certain cases, but which is your Treasury bank in disguise. These, I believe, are the leading measures proposed, and we have been required to confine our attention to them for a few weeks, and go home! These bills have been severally reported to us in broken doses, by the chairman of the Committee of Ways and Means, (Mr. Cambreleng,) and I am constrained to animadvert on the fact, that they have all been brought forward unaccompanied by any report. This has been the usage of that committee. No longer ago than the last session, when the gentleman just alluded to, proposed to reduce the tariff, by way of depleting the Treasury, and in utter disregard of the compromise act on that subject, we all remember what an elaborate and subtle report was produced and scattered over the land. But now, when the state of the country is such as to require a special session of Congress a studied silence is observed on all subjects reported for our consideration. See how the numerous memorials of the people on the subject of a Bank of the United States have been disposed of. A resolution of two or three lines puts them all at rest. Sir, though the committee may have come to the conclusion indicated by the resolution, they should have accompanied it with a report, which, however opposed to the prayer of the petitioners, would tend to show they had been heard with respect, and in its reasoning, perhaps, reconcile them to the refusal of their request. I beg not to be misunderstood. I do not propose a Bank of the United States; those in power, with the President at their head, say the people shall not have it. The people themselves, therefore, must come to their own relief. If they wish the country to have such an institution with a modified charter, improved by all the lights of past experience, they must speak out and demand it. I am now ready to vote, if the subject is presented for my consideration, and will always, if I can ascertain it, vote in obedience to the will of the

people whom I represent. But it would be in vain at this moment to urge before this Congress a Bank of the United States, especially as the President has already prejudged the case. If the people want it, they will in due time send those here, and with clear instructions, by whom it will be granted. Until this be done, I do not believe the country will be restored to a healthy state in all branches of its business, currency, and exchange.

The President in his message affects to believe that the Bank of the United States, chartered by the State of Pennsylvania, has even greater strength than the institutions of that name which expired in 1836. And assuming this position, he infers that the present evils of the country cannot be attributed to the absence of such an institution, because that bank did not avert them! In this he is uncandid and disingenuous. He well knows the Pennsylvania institution is but a mere State bank, and that it is not in the power of that State, or any other, to confer such a charter as the late Bank of the United States had. The power to establish branches throughout the United States, and the receivability of the paper of the bank for the revenue of the country, constituted the great means of controlling the number and inordinate issues of State banks, and of regulating the exchanges. The United States Bank of Pennsylvania has not those privileges. I will not stop longer to refute a position so evidently insincere.

But this subject of exchange which so intimately connects itself with all our commerce, foreign and inland, is now abandoned, in all its chaotic irregularity, on the pretext that the Government of the United States has no constitutional control over it! Washington thought differently; so did Jefferson; and so did Madison; and in fine, so did Jackson himself, and ever other President of the United States.

From the origin of our Government under the present constitution to this time, covering a period of fifty years, an anxious desire to regulate the currency and exchanges was cherished by each successive administration, with an admitted constitutional control over the subject. It remained for Mr. Van Buren to discover that all his predecessors had been violating the constitution, and that he alone sustained it in its strict purity! But it was unfortunate for Mr. Van Buren that an attempt was so recently made by the General Government to control and regulate exchange. If no power existed over it, why was the matter undertaken? I call the attention of gentlemen to the exultation felt and so vauntingly expressed in the Globe, and in the reports of Mr. Secretary Taney and his successor, the present incumbent, Mr. Woodbury, when they told the country that they had succeeded in their pet-bank system, and by it were giving to us an improved currency, and more moderate and uniform rates of exchange than we ever before had! But now, sir, when it is found they have deceived the country, and that by their tinkering nostrums they have reduced order to chaos, instead of having the magnanimity to confess their error, as they ought to do, and retrace their steps, they disclaim all constitutional power over the subject, but propose another experiment! The original and genuine democratic party did not act thus. That same patriotic republican phalanx, who, with the illustrious Madison at its head, sustained the country in the war of 1812, were brought by lessons of experience honestly to admit their error in refusing to reincorporate a bank in 1811; and they, sir, established the bank of 1816. The experiment has been again tried, and we are in the midst of its sad consequences: but the remedy prescribed is not that prompted by experience. It is yet proposed to test another wild and unknown experiment. The country, by means of its youthful vigor and strength, may sustain itself, but its prosperity will, I fear, be greatly retarded.

Mr. Chairman, I was utterly opposed to the management of our financial concerns through the agency of State banks. I could consent to it only as a choice of evils. I am not here as a defender of these banks. Indeed, I openly condemned many of them for indiscreetly lending themselves to the uncalled-for and unhappy measure of removing the public deposits from the Bank of the United States. They have now to "flee from the wrath" of their friends, the very democratic party by whom they were seduced from the even tenor of their way. Yes, sir, those who used them to pull down the Bank of the United States, and held them up to the people as trustworthy agents, now turn from them with uplifted arms, and cry "unclean! unclean!"

And in this way an attempt is made to create an

impression that we of the opposition are the exclusive bank party. After uniting the financial destinies of this country with the State banks, proclaiming yourselves their friends, and forming with them a solemn league and covenant, by means of which you robbed them of their virtue, you now abruptly demand a divorce, and wish to throw your cast-off victims upon those who forbade the banish. I will also refer to another evidence of that discrepancy between profession and practice, which has so signally characterized the partisan power for the last eight years. In New York, Virginia, Alabama, and perhaps other States, known to be governed by the self-styled democratic party, laws have been passed authorizing the suspension of specie payments by the banks, and releasing them from forfeiture of charter and other penalties. This is done by those who tell the people they are in favor of an exclusive hard-money currency, and against all banks. In Ohio, Pennsylvania, and Maryland, whose Executives are known to be opposed to Mr. Van Buren, it was determined to put the banks on their good behavior, and thus prompt them to a wholesome and prudent course, believing that the people themselves would extend any indulgence which the occasion called for, if the conduct of the banks was honest and prudent. And the proclamation of the Governor of Pennsylvania, assigning reasons for refusing to convene the General Assembly at the moment of alarm, will constitute an abiding evidence of his wisdom and forecast. Now, Mr. Chairman, which of these classes of States, judging by their respective measures just alluded to, is most in favor of the banking system?

I do not desire to discuss, at this time, the merits of the several bills reported for our consideration. It will be time enough to do so as they shall be called up.

But, I must declare my opinion, that they do not singly, or together, constitute a sufficient reason for the special convocation of Congress. Surely it was not necessary to bring us here to extend the time on merchants' bonds. As the President did extend this time three months, he could have done so for six, and that period would have found us here at the usual session.

I am equally incredulous as to the urgent necessity of the Treasury for money, especially as the Secretary informed us that he had and could, without public injury, suspend some fifteen millions of appropriations. With the admitted means on hand, and our current revenue, the operations of Government might surely have been continued until December.

As for the proposed bill adjusting the accounts with the deposit banks, that was not important enough to authorize the proclamation; for, the Secretary admits that he has already used a considerable part of all their balances; and, if they would not pay, the laws and courts were open to him, quite as wide as it is in the power of Congress to place them.

What measure remains? The famous act for the safe-keeping of the public money. We shall have no occasion for this law before December, if what the Secretary of the Treasury says is true, that the Treasury is empty!

I must, however, notice a single bill on the business of this District, for which Congress is a local legislature. It is proposed to forfeit the charters of the several banks in this District, if they do not resume specie payments in some very brief period from this time.

The people of the District do not complain to us of any grievance, but the Committee of Ways and Means, by their chairman, report a harsh and highly penal law. I do not mean to defend these banks, sir. I know nothing of them. But I cannot resist the comparative view of the legislation on the same subject in the State of New York, from which the chairman of the Committee of Ways and Means (Mr. Cambreleng) comes, and that which he now purposes for this District. We are to commence here, I suppose, to try the hard money experiment. This poor District is to be made the scapegoat to expiate the sins of the States; or, which is more probable, is to constitute the hapless subject for the experimenting doctors in this new system of Treasury finance to operate on. After the manner of the curious and cruel experimenters in prussic acid and other poisonous drugs, with a view to test what, if any, remedy will arrest their destructive powers, the poison is first administered to a dog or rabbit, for the future benefit of man. Just so here. The District of Columbia is to be made the experiment-

ing subject of the hard money theory. All its banks may be utterly ruined, and its people put to serious inconvenience: but, in the meantime, the party will have the benefit of all its political influence, and it will not cost any thing to the banks nor the people of the State of New York. Sir, we have gone far enough with these Treasury nostrums; it is now proposed to give No. 6. I am unwilling to see or consent to have it administered.

Finally, Mr. Chairman, I do sincerely believe that the President has not made to us the suggestions which he designed to submit, when he first issued his proclamation, and that they are withheld because he found he could not make them without at least partially admitting the past errors of his party, which he had not the firmness and magnanimity to do.

The bill on which we are now to vote does not deserve the primary consideration of Congress at such a crisis. I am unwilling to postpone the payment of any part of the money promised to the States even for a day; and, if it is now withheld, I trust the States will keep up "a continual claim" until this Government redeems its violated faith.

### SPEECH OF MR. TALLMADGE, OF NEW YORK,

*In Senate, September 22, 1837.*—On the bill imposing additional duties, as depositories in certain cases, on public officers.

MR. PRESIDENT: The bill on your table proposes to establish, for the reception, safe-keeping, and disbursement of the revenues of the Government, what is generally termed the SUB-TREASURY SYSTEM. This measure has been brought forward in pursuance of the recommendation of the President of the United States, in his recent Message to Congress. I do not flatter myself that I can add much to the arguments which have been so ably and so eloquently urged by my friend from Virginia (Mr. Rives) against this measure. But, coming from a State where its practical operation, for good or for evil, must be so sensibly felt, I deem it my duty to give frankly to the Senate the views which I entertain in relation to it.

Sir, I have bestowed upon this subject all that reflection which is due to it, from the high source from which it emanates. Every consideration, both personal and political, would incline me to its support, if my judgment could be satisfied that its adoption would promote the great interests of the country. Natives of the same State and of the same country, the President and myself have been, from my first entrance into political life, down to the present time, on terms of intimacy. In his political career, he has, on all occasions, received my cordial support. It has been my fortune to be placed in situations, at certain trying periods of his history, which have enabled me to render him, "some service." It is with no ordinary sensation, therefore, that I find myself constrained, by higher considerations than those of political attachment or personal friendship, to differ from him on the question now before us—considerations of public duty which involve the public weal. But I have the satisfaction to know that he neither expects nor desires me to support this or any other measure merely because it bears the stamp of an Executive recommendation. In submitting this Sub-Treasury system, the President has only obeyed an injunction of the Constitution, which he is sworn to support, and which declares that "He shall, from time to time, give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient." This is one of those measures: the President has discharged his duty in recommending it to our consideration, and I trust we shall discharge ours, by giving to it that calm investigation and free discussion which are so well calculated to produce correct results in regard to measures that involve the great and vital interests of the people.

The President himself anticipated much diversity of sentiment on this subject. He anticipated, also, that Congress might, in its wisdom, adopt some other system, and he gave the assurance of his co-operation in any other plan which might be "ultimately established." He says:

"With these views, I leave to Congress the

measures necessary to regulate, in the present emergency, the safe-keeping and transfer of the public moneys. In the performance of constitutional duty, I have stated to them, without reserve, the result of my own reflections. The subject is of great importance, and one on which we can scarcely expect to be as united in sentiment as we are in interest. It deserves a full and free discussion, and can not fail to be benefitted by a dispassionate comparison of opinions. Well aware myself of the duty of reciprocal concession among the co-ordinate branches of the Government, I can promise a reasonable spirit of co-operation, so far as it can be indulged in without the surrender of constitutional objections which I believe to be well founded. Any system that may be adopted, should be subjected to the fullest legal provision, so as to leave nothing to the Executive but what is necessary to the discharge of the duties imposed on him; and, whatever plan may be ultimately established, my own part shall be so discharged as to give to it a fair trial and the best prospect of success."

I trust, then, that the friends of the Administration will view this question as one of expediency, and not suffer any difference of opinion between themselves to become a difference of principle upon which they are to divide. If it be not so viewed, who will take the responsibility, and who will vouch for the consequences of a contrary course? It is a subject on which men may honestly differ; and it is for that reason, amongst others, that such difference should be expressed with perfect frankness, and with the utmost freedom. My mind has long been made up against it; and the reasoning of the Message, whilst it has not convinced me to the contrary, has only served to confirm my previous opinions. I am, therefore, bound to say, from a sense of the most imperative duty, that, in my judgment, this measure is fraught with more mischief than any scheme which has heretofore been broached in reference to the finances of the Government, and the currency of the country. In saying this, I certainly intend none other than the most profound respect for the distinguished individual who has, in an official form, brought it to our notice.

Neither is this scheme new to the democracy of the country. It has once been passed upon by them, through their representatives in Congress, and received their unqualified condemnation. It was brought forward in the House, in the session of 1834-5, by a member of the opposition. After an animated debate, it was most signally defeated. It was put down by every administration vote save one. It is, however, due to the opposition to say that it was received with so little favor by them as a party, that only thirty-three members could be found who were willing to record their names for it on the journal. The defeat of this measure, at that time, was a matter which every friend of the administration, from President Jackson down, had very much at heart. We all took a deep interest in it. We all looked upon it as calculated to undermine our free institutions; as subversive of the very principles of the party to which we belonged; as accumulating power and patronage in the hands of the Executive, to which we had always been opposed; as uniting in his hands the purse and the sword, about which so much had been said on a then recent occasion, and which we had repelled in a manner and with a spirit which became those who were honestly desirous of preserving the powers of the Government as they were originally intended to be distributed by the Constitution. "Nay, sir, we went further; we denounced it as a "proposition disorganizing and revolutionary, subversive of the fundamental principles of our Government, and of its entire practice, from 1789 down to the present day." We denounced it as a scheme which would "bring the public treasure much nearer the actual custody and control of the President than it is now, and expose it to be plundered by a hundred hands, where one can not now reach it." The party was never more unanimous on any occasion than this. Their abhorrence of the scheme was universal. So powerful were the arguments against it, both in and out of Congress, by the republican representatives and by the republican press, that it received no favor in any quarter. Even the opposition, notwithstanding they were



against the State banks as depositories of the public money, could not be brought to the support of this measure, although it was introduced and urged by one of their own number. So mischievous in its tendency, so unsound in principle, did they deem it, that they united with the friends of the administration to defeat it. But what do we now behold? Whilst they, as a party, are still against the measure, we, as the friends of the administration, are called upon to support the same proposition now which we, as friends of the administration, put down then; put down, did I say? which we denounced as "disorganizing and revolutionary," and as exposing the public treasure to be "plundered by a hundred hands, where one can not now reach it." The objections to it then were inherent in the system, and, being so, no state of things has since occurred, or can hereafter occur, which can remove those objections. Still, we are now asked to change our ground, and to adopt a proposition as a matter of expediency, which received our decided disapprobation, at that time, as a matter of principle. No question was ever better settled on principle than this; and no state of things can make that expedient now which was wrong in principle then.

Sir, at that time, the adoption of the State banks as depositories of the public money was the favorite measure of the administration. Whilst the contest with the Bank of the United States was going on, this was the ground taken by the whole party. It was openly and publicly avowed by President Jackson, and by every friend of his administration. Sir, in the Senate Chamber the question was frequently and pertinently put by the friends of the United States Bank, to those who were opposing it, what will you do for a substitute for this institution if it be not re-chartered? The answer invariably was, the State banks are the substitute. They are equally adequate to the reception, safe-keeping, and disbursement of the public revenue. They will equalize the currency and facilitate the exchanges of the country. In truth, the leading friends of the administration deemed the State banks competent to perform all the duties to the Government and to the country which the Bank of the United States had performed. For my own part I never believed they could perform those duties, in all respects, as well. They lacked the capital and the concert of action necessary to render them equal to an institution which had its branches at all the great business and commercial points of the country; and which, by one common interest, and by one common impulse, could operate more successfully, and with more facility, than the State banks could do, with less means, and with less concert. But I conceived there were other objections to that bank, which more than counterbalanced any supposed advantages which it possessed over the State institutions. Be that, however, as it may, they were put forward by the administration as the only practicable substitute for a Bank of the United States. After the deposits were removed from that institution, they were placed with the State banks, which entered into an arrangement with the Government to perform all the duties which had been required of, and had been performed by, the Bank of the United States. They entered upon those duties—they performed them to the entire satisfaction of the President and the Secretary of the Treasury. The annual messages of the one, and the annual reports of the other, bear ample testimony to their competency and fidelity. For three successive years was the whole nation congratulated on the entire success of this experiment upon the finances of the Government and the currency of the country. Nay, the people were congratulated upon the "better currency," which had been introduced, and upon the reduction of the domestic exchanges from one end of the Union to the other, by reason of the superior advantages and the wiser management of the State banks, to which these duties had been entrusted. If such were the result of the experiment with the State banks, why are we now asked to abandon them, and to try the "untried expedient" of the Sub-Treasury scheme? Why are we asked to adopt a measure which we declared, when it was formerly presented, was "an effort to en-

large Executive power, and put in his hands the means of corruption?" Why are we asked to substitute it for a system which the Secretary of the Treasury at that time declared was "much superior to individual agents of the United States?"

The answer to all this is, that the experiment has failed. Does the failure of the experiment remove the objections which were so strongly urged against the scheme which we are now called upon to adopt? Does it make that scheme less "disorganizing," less "revolutionary?" Does it render the public treasure more safe and less liable to be "plundered?" Does it cease to "enlarge Executive power," and does it take from "its hands the means of corruption?" No, sir, it does no such thing. These objections stand in full force against it. They can not, in the nature of things, be removed from it. Then why insist on its adoption? These objections forbid it, even if the experiment of the State banks had failed. But it has not failed. It has never been fairly tried. The pecuniary pressure and embarrassment which have been felt throughout the United States are without a parallel in the history of our Government. Every class in the community, but more especially the mercantile class, has suffered from the great derangement of the monetary concerns of the country. This derangement has not been confined to us. It has pervaded Great Britain, and, in a greater or less degree, other countries of Europe. Intimately connected as England and the United States are in their commercial relations, any cause which materially affects the one can not fail, in some sort, to affect the other. It is not my intention, on this occasion, to trace the causes of the pecuniary embarrassment which has pervaded both countries. I intend merely to advert to some of the more immediate, and which might, perhaps, be termed secondary causes, so far as they have a bearing upon the alleged failure of the experiment of the State banks. Whilst I agree with the President in some of the causes assigned by him, I do not think he has taken as comprehensive and enlarged a view of them as further examination and reflection would have enabled him to do. But enough has been said to show that the banks could no longer hold out against the pressure which was made upon them, from whatever causes it may have originated. Public confidence had become impaired. Confidence, the very basis of bank credit, as well as commercial credit, was taken from them. The suspension of specie payments was the inevitable consequence. It was without fault on their part. I know they have been charged from a high source with treachery and bad faith towards the Government and the people. Sir, I regret, more on account of the source from whence such a charge comes, than for any other reason, that it should have been made against them. It must have been made from misconception or misapprehension, and not from a real knowledge of their situation, or of the causes which led to the catastrophe so much deplored. Sir, there was no proper effort, on the part of those who could have done most towards it, to maintain the confidence of the community in them. On the contrary, every thing was done to impair it. No sooner had the war against the Bank of the United States ceased, than a war more violent and more unrelenting was waged against the State institutions. Every means was employed to impair the public confidence. They were denounced in our legislative halls and by the public press. They were denounced at public meetings by those who advocated an exclusive metallic currency. The Jacobinical terms of "rag barons" and "rag money" were familiarly introduced into our highest legislative assemblies, and adopted by our highest political journals. The levelling resolutions of ward and town meetings were responded to by men in high stations, who were thereby tacitly assenting to and encouraging the anti-bank as well as anti-social doctrines put forth on such occasions. To cap the climax, the "Specie circular" was issued by the Executive, directing that gold and silver should be received in payment for public lands, instead of the notes of specie-paying banks, as authorized by the joint resolution of 1816. By this act, on the part of the Executive, the confidence of the Government was

withdrawn from the banks, and was a signal to the people to withdraw theirs also. It can not be expected that the community shall maintain its confidence in any institutions when the confidence of the Government is once withdrawn.

The manner in which the Specie circular was issued was another item in the want of confidence which prevailed through the country. It was issued by the Executive after a decided expression of one branch of Congress against the propriety of its adoption. The proposition was introduced by the Senator from Missouri (Mr. Benton) in the shape of a resolution, in April, of the session of 1836, and was rejected by an almost unanimous vote. It was again brought forward the latter part of June, near the close of the session, in the shape of an amendment to some public bill, and was again rejected, and with the same unanimity. Such was the opinion of the Senate, at that time, on this measure, and such was its decision, twice distinctly made. It was considered by every one, too, as a subject for legislative action. What was our astonishment, then, when, immediately after our adjournment, and before we reached our homes, we saw the same measure adopted by Executive authority, which had twice been rejected by the legislative action of the Senate? It is not my intention to examine the power by which the Executive issued this order, and thereby created a distinction between the kind of medium in which different branches of the revenue were to be received. I do not doubt that the Executive acted from the most honest and patriotic motives; and there are those who believe the order operated well, although I am not one of that number. It was intended to diminish the amount of the proceeds of the sales of the public lands. Before its adoption, the amount of sales had rapidly declined, and would have declined still more rapidly without any interference of this sort. But, when this circular was issued, speculation, which had begun to flag, again revived; and I have heard of several well-authenticated cases, where associations and companies, seeing this attempt to shackle the sales of the public lands, and believing that, at the then next session of Congress, the President would recommend to limit the sales to actual settlers, determined to avail themselves of the present opportunity, and purchase more than they otherwise would have done. Such purchases were more extensively made than they would have been if the order had not been issued. No, sir; it did not effect the object of diminishing the sales. They had already begun to fall off rapidly, and would have fallen off still more but for the Specie circular. These large associations and companies had no difficulty in commanding the specie for all their purposes, and with almost as much facility as they could have commanded the notes of specie-paying banks. It was no great hardship on them; but it fell with peculiar force upon the individual purchaser who had merely means sufficient to buy a quarter section. He was compelled to pay a premium for specie, which, according to his means, rendered it oppressive to him. I say then, sir; that this order did not answer a single purpose for which it was issued, but, on the contrary, was productive of great and incalculable mischief. I speak not now of the hardship to individuals; I allude to the general derangement produced by it to the moneyed concerns of the country. The withdrawal of specie from the Atlantic cities, where it was wanted, to the Western and South-western States, where it was not wanted, was the cause of general distrust and alarm. It was ordering it to move against the current. It was commanding it to flow up stream. It was deranging all the concerns of the business community at the East, without producing any corresponding benefits at the West. It was, in fact, injurious to the West. Any effort to force gold and silver from one part of the country to another, contrary to the regular course of business and the laws of trade, is ever productive of injury. Gold and silver, like water, will always find their level. They will go where trade and commerce call them; and if impeded in their regular channel, like a cataract which has been obstructed, instead of irrigating and fertilizing the lands through which it naturally flows, it will carry desolation and destruction to

the whole country, from the accumulated force and pressure which it has acquired. There was scarcely a bank, in city or country, in the Northern and Eastern States, but what felt this constant drain. It thus became the source of alarm, and the lack of confidence thus manifested by the Government became the fruitful source of distrust in the community at large.

This Specie circular became the subject of political discussion at the elections which took place that season. The public mind was agitated. Congress assembled, and immediately took measures to rescind this order, which had been issued against the clear and almost unanimous expression of the Senate, at the previous session. The currency bill introduced by my friend from Virginia, (Mr. Rives,) was intended to rescind it. Sir, it is not necessary for me to recapitulate the circumstances attending the progress of that bill. They are familiar to most of us. Suffice it to say, that it passed the Senate with only four dissenting votes, and in about the same ratio in the House. This bill was retained by the late Executive in the manner and for the reasons which have heretofore been given to the country. I will not dwell on them. There is to my mind no pleasure in the contemplation of them. I could wish that the whole transaction were blotted from my memory. I only allude to it for the purpose of showing its effect on the public mind in reference to public confidence, and for no other purpose. I desire to speak of it in no other light. The attention of the whole country was turned to Congress, and was watching the progress of this bill; and when it passed both Houses by such a powerful vote, new light seemed to beam upon those who were looking to it as the source of relief in maintaining and restoring confidence which had been so much impaired by the issuing and continuance of the original order. But those who expected this relief were doomed once more to disappointment. They had seen that the object was one which peculiarly belonged to Congress; that the only power the Executive had over it was derived from the joint resolution of 1816; and whenever Congress saw fit to resume that power, in whole or in part, they anticipated no obstruction from the Executive branch of the Government. They had read the Constitution as it was understood by its original framers. They had heard Executive power defined as one "*giving effect to the behests of other powers which have a right to command.*" They supposed that the will of Congress, on a subject peculiarly belonging to the legislative powers of the Government, would have prevailed, and that the country would have been relieved from the embarrassment of a measure, about which, whatever difference of opinion might have existed as to its inception, there was none as to its continuance. In this, I repeat, they were grievously disappointed. They nevertheless, clung to the only hope that remained. The citizens of New York, who felt the most intense interest in this matter, knew that on the 4th of March their "favorite son" was to assume the reins of Government; and they believed that in this eventful crisis he would not be unmindful of his native State, whose fate was suspended by the brittle thread of confidence which remained, although attenuated by the adverse action of the Chief Magistrate who had just retired. Sir, after the adjournment of Congress, and when, on my way home, I reached the city of New York, I found "expectation stood on tip-toe." Inquiries as frequent as they were anxious, were made of me as to the probable action of the President in reference to this order. I assured them, from what I deemed satisfactory authority, that it would be rescinded, or would be modified in a way equivalent to rescinding it. Joy and satisfaction beamed on every countenance. Life and animation were restored. Confidence was revived, and the whole business population of the city were ready to exclaim.

"Now is the winter of our discontent  
Made glorious summer by this sun of York."

Sir, whilst thus elated with the prospect of relief, the cup of confidence was again dashed from their lips. The President declined to interfere with the order, which had been handed down by his predecessor as a legacy to him, and left an anxious community in that condition where "hope never comes

that comes to all." Far be it from me to blame the President for the course taken by him. He, doubtless, had reasons satisfactory to himself; and it is not for me to censure, where one acts according to his own judgment, and the dictates of his own conscience.

Sir, I would not be understood as supposing that the rescinding of the Specie circular would have been a panacea for all the evils which then afflicted the community. I know that there were many other causes operating to produce the pecuniary embarrassments under which the country then labored; and I believe, if public confidence had been maintained, the country would have borne even a greater pressure, without the necessity of a suspension of specie payments by the banks. Is this not evident, from what the Secretary of the Treasury states in his report? He says:

"As a whole, their specie, compared with their circulation, continued to be almost as large in May as in November. It averaged more than one to three, or much more than has been customary with the banks in this country, and was over double the relative quantity held by all the banks in England at the same period, and was in a proportion one-fourth larger than that in the Bank of England itself. Their immediate means, compared with their immediate liabilities, were somewhat stronger in November than in May, but were at both periods nearly one to two and a half, or greater than the usual ratio, in the best times, of most banks which have a large amount of deposits in possession."

Where, then, was the necessity of suspension, but from the want of public confidence? With all the elements of prosperity around us, with more than eighty millions of dollars in specie, it is difficult to conceive, notwithstanding any over-action in trade, or in other branches of business, how such a necessity should exist. Confidence may be destroyed or sustained by imaginary, as well as real, causes. It was not material, therefore, whether the rescinding of the Specie circular would in itself have produced the beneficial effects which were anticipated from it. It is sufficient that it was looked to as a source of confidence; and as long as it answered that purpose, it was of no consequence whether it was a real or an imaginary cause of the confidence which it created and sustained.

Sir, I might illustrate my idea by what is generally termed the panic session of 1834. It is now conceded that the causes of the pressure at that time were imaginary—that the removal of a few millions of dollars from one place to another could not, of itself, produce the alarm and distress which followed. The community, however, believed there was sufficient cause for it all, and that was the same as if it actually existed. The distrust which prevailed was extended to our State institutions. There was great apprehension of their suspending specie payments. In this crisis the State interposed and loaned its credit to the banks to the amount of six millions of dollars. No sooner was this done than confidence was again restored, and the State never had occasion to issue a single dollar of the six millions thus proffered for their support.

Had the large amount of specie, about which so much has been heard, been governed in its movements by the regular course of business and the laws of trade, we should not have encountered the evils which are so loudly complained of—confidence would have been maintained, and a suspension would not have followed.

I know, sir, that the banks have been charged with treachery and fraud, and of stopping for sinister purposes. In regard to the banks in my own State, I feel bound to repel the imputation thus cast upon them. I speak from personal knowledge and observation when I say, they stopped not from choice, but from the most imperative necessity. In the city of New York, they were amply prepared to meet all the demands of bill-holders, but they could not answer the demands of alarmed depositors—alarmed not as to their eventual responsibility, but lest, in case of suspension, their funds should be put beyond their control until the liquidation of the concerns of the banks in the hands of receivers. Sir, they held out till the last mo-

ment that prudence dictated, and when they suspended, it was with the approbation of every class of the community. The Legislature of the State, which was then in session, by an almost unanimous vote of both Houses, sanctioned the suspension, and relieved the banks, for one year, from the forfeiture of their charters.

I maintain, then, that these banks suspended specie payments from causes entirely beyond their control, and without fault on their part. If they have over-banked, they have been stimulated to it by the action of the Government, and by the unusually and extraordinarily large surplus in their possession, the evil effects of which were intended to be remedied by its gradual withdrawal under the deposit act. They were urged by the Secretary of the Treasury to be liberal in their accommodations to the merchants, and through them to benefit every class in the community. The public deposits were the means by which these accommodations were to be made. They were used as the Secretary of the Treasury desired, until the banks themselves became alarmed at the consequences which might result from an over-extension, and from the political agitation which would follow it. The evil effects of this large surplus, and which was constantly increasing, were seen by the banks. They were desirous of averting them. And when the question of depositing it with the States was before Congress, some of the principal ones were in favor of the measure. In the course I pursued, I acted under the advice of some of their principal officers; and the very proposition which I submitted to the Senate, in the shape of an amendment, and which was adopted with great unanimity, was suggested by one of them. He said that as long as the moneyed concerns of the country were made the subject of political discussion, so long would the business and mercantile community be in constant agitation and alarm—that this surplus ought to be disposed of, and thus restore peace and harmony in our money matters, which could not be anticipated whilst it remained in its present position. The proposition for disposing of it was that of a business man. It was to deposit it with the States in the ratio of representation; to take their certificates of deposit, in the nature of a stock, redeemable at their pleasure; and that the Secretary of the Treasury should, at any time, for want of other money in the Treasury to meet appropriations made by Congress, be authorized to sell these certificates in the market, and in the hands of the purchaser they should bear an interest of five per cent. This would have been a regular business transaction. It would have required no legislation on the part of Congress or the States to reach the money. It would have been always within the power and control of the Secretary of the Treasury. The States would have had the benefit of it without interest, until it was required for the wants of the Government; and then would have merely provided for the five per cent. interest on that which was sold, and redeemed the principal at their pleasure. It was in this shape that the bill passed the Senate. It was amended in the House for reasons familiar to all who were here at the time, and which it is not necessary for my present purpose to repeat. Had the bill passed as it went from the Senate, we should not now be called on to replenish an exhausted Treasury. The Secretary would, at this time, have at his control the three instalments already deposited with the States, amounting to some twenty-eight millions of dollars. These certificates could, at any time, have been sold, and, once in the market, would have gone very far towards liquidating our foreign debt.

Sir, I am aware that the execution of the deposit act was a source of inconvenience, and, in some instances, of embarrassment, at those points from which large sums were to be transferred. But much of this inconvenience and embarrassment arose from the manner of its execution. I will not undertake to say how far the Secretary of the Treasury, under the provisions of this act, and under the general authority of this Department, could have made the transfers other than he did. But I will say, if they had been made as a mercantile man would have made them, they would have materially aided the domestic exchange of

the country, and would have promoted, instead of deranging, the regular business of the community. I am aware, too, sir, that some were opposed to this act, on account of the necessary withdrawal of a portion of these funds from places where they had been loaned out by the banks. Such do not reflect that, if this law had not passed in 1836, thus giving a year to the banks to make their arrangements to comply with its provisions, the next Congress would have made a similar disposition of the surplus, which proved to be much larger than many had predicted or anticipated. The inconveniences of such a disposition of it, after the banks had used the accumulated fund for another year, would have been much greater than those which were experienced under the law as it passed. But I do not intend to go into the merits of that measure. I have merely alluded to it from its connection with the banks, and to show, that if the use of this surplus was one cause of the suspension of specie payments, by reason of its alleged over-issues on their part, they were stimulated to it by the action of the Government itself. The suspension, therefore, was not the result of treachery or bad faith on the part of the banks, but was the result of circumstances over which they had no control, and of the destruction of confidence produced by no fault of theirs.

These banks are now as able, with the aid and confidence of the Government, to perform all the duties required of them, as they were before. We have the testimony of the President and of the Secretary of the Treasury that they performed them as well as the Bank of the United States. They are capable of doing the same again, in the same way. I am not, therefore, prepared to say that, on account of the calamity which has befallen the country, the experiment has failed, and they ought not to be employed a second time. No, sir. Such a catastrophe may not occur again in the course of a century. One reason assigned for it now was the existence of an enormous surplus in the Treasury. This cause is not likely to exist hereafter, for every man is willing to bring down our receipts to the measure of our wants, and under that, as a general rule, such a catastrophe might never happen again. The banks have abundance of means to meet all their engagements. Such being the case, all that is necessary is to create confidence, to restore confidence, and they will be found able to perform all that is required of them. Let that confidence be extended to them by the Government in good faith, and let them be placed on their former footing. Let the Government pursue a system which has been tried, and which we know will prove effectual, instead of attempting an "untried expedient," the disastrous consequences of which can not be anticipated, and which I fear imagination can scarcely depict.

This new experiment consists in a "divorce of Bank and State." This is a mere catch phrase, which was originally introduced by artful and designing politicians, to impose upon the credulity and honesty of the people. Many have adopted it without reflecting or inquiring as to its import, or its consequences. First impressions are favorable to it; it summons to our recollection our early impressions of a "divorce of Church and State." But it is the duty of wise statesmen and discreet politicians to consider well the evils which must follow the adoption of any system heretofore untried and of doubtful policy, however euphonious the phrase may be which designates its character before the people.

The proposition contained in these few catch words strikes at the very foundation of the credit system of the country. It does not stop with the destruction of bank credit, but strangles in its withering grasp commercial credit also. It establishes a depreciated paper currency for the people, and an appreciated specie currency for the incumbents of office, and for Government contractors. It gives the baser currency to the master, and the "better currency" to the servant. In a Government like ours, it is impossible long to preserve our institutions or our liberties if such distinctions are to prevail. It separates the Government of the people from the people themselves, as if those whom the people have chosen to direct their affairs

were of a superior order, or distinct class in society, endowed with peculiar privileges beyond the rest of the community. It has a tendency to alienate the affections of the people from the Government. They will come to consider it not as a Government identified with their feelings and interests, but as something foreign to them. This is not all. The Government itself will lose, in a measure, the idea of dependence on the people. This want of dependence is too much felt already. Put this additional power into its hands, and the identity of interests which exists, or ought to exist between them, is done away.

The Senator from North Carolina (Mr. Strange) admits that the people will, under this system, have a depreciated currency, whilst the Government will enjoy the benefits of gold and silver, whatever they may be. But he says they make that currency for themselves—they need not take it except at their own option. Sir, it is the common, ordinary currency of the country. It has hitherto been good enough for the Government, for the people, for us all; but now, by your own act, you depreciate it, and, after making it the worse currency, you leave it to the people, and take the gold and silver to yourselves! The result is, that you give to the servants of the country a kind of money worth more than the people's currency. You isolate the Government, so that it becomes no longer a part of the people. You reverse the relation which has always existed between them. The Government becomes the master, and the people become the servants. By this means the salary of every officer is raised several per cent. according as specie is more valuable than paper; and this difference, too, created by your own act! Sir, it is a distinction which will not be tolerated; and those who undertake to make it will find in the end that they have presumed too far on the want of intelligence, and on the subserviency of the people of this country.

But the project does not stop here. It does not merely give to the people a depreciated currency, but, by and by, they will be deprived of any currency which will be adequate to carry on the business of the great and diversified interests of this community. Under this system the specie of the country will be drawn from circulation, and from the vaults of the banks, where it is the basis of circulation and of confidence, and deposited in these Sub-Treasury vaults, till the country is left without a sufficient circulating medium to transact its ordinary business. The farmer, the merchant, the manufacturer, and the mechanic, will be unable to command the means to pursue their ordinary avocations. No matter what their property may be; they may be rich in houses and lands, in goods and merchandise, in manufactures and machinery, in materials, in tools, and implements of trade; nay, they may possess the best of bonds and mortgages, and every species of stock which has heretofore been deemed equivalent to money, and still they will be unable to carry on their ordinary business for want of a circulating medium by which to transact it. Credit is the poor man's capital, as well as the auxiliary of the rich. Deprive him of this, and his habits of industry, his character for probity, his good name and reputation, avail him nothing. He has no means by which he can rise above the ordinary occupation of a day laborer. With a growing family, and the increased expense of living, he is doomed to abject poverty, without the slightest hope of ever gaining that standing and condition in society which a "well-regulated credit system" always holds out to the enterprising, the honest, the industrious portion of the community.

Sir, this Sub-Treasury scheme strikes at the very root of our prosperity. It not only separates the Government of the people from the people themselves, but, in its practical operation upon the credit and currency of the country, it reduces the price of labor—it depresses every species of property. The farmer who has given \$5,000 for his farm, and paid \$4,000, will have it sold from under him to pay the \$1,000 which remains due on it. The day laborer will be compelled to receive shillings where he formerly received dollars. Such will be the practical effect of this scheme if carried out to its legitimate consequences. Why then adopt it, when it must result in disasters which no

imagination can paint? It will carry home to the business and bosoms of the community "a spectacle of horror which can not be overdrawn." Let no one be deluded with the vain hope of better times under such a system. The scenes of trial through which the country has passed are mere holidays compared with what will follow its adoption. The great distress has hitherto been confined to our commercial cities and manufacturing towns. Those scenes will be renewed. That hope which has hitherto sustained them will become extinct. That little confidence which remained will be taken from them. By the action of the Government the banks will be compelled in self-defence to call on their debtors. They will be unable to give farther indulgence. Business must, of necessity, be brought to a stand, and one universal bankruptcy ensue. The distress which has heretofore prevailed in the large towns will extend to the country. The farmer will find no market for his wool, his grain, and other products, or, if he does, it will be at a price which will not pay the cost and labor of production. The merchant will be compelled to suspend business, the manufacturer to close his establishment, the mechanic to dismiss his hands, and the laborer to go without employment. I warn the country, and the farming interest in particular, against these Utopian schemes, which will sap the very foundations of their prosperity and of their hopes. By this scheme, the confidence of the Government is not only withdrawn from our banking institutions, which furnish a currency for the people; but, by receiving nothing but gold and silver in the payment of public dues, the very basis of the currency which remains is withdrawn also. Thus the people are left to return, comparatively, to a state of barter, whilst their servants are enjoying a currency vastly increased in value by the very depreciation and deprivation of the other. It is a scheme to make the RICH RICHER, AND THE POOR POORER.

But, sir, why this warfare against the banking institutions of the country? For, disguise it as you may, it is no more or less than a war upon the whole banking system. Gentlemen may not be willing to avow this; they may not intend it. I feel well assured that the President does not so intend it. But, I will venture to say, that if a scheme was devised for the express purpose of subverting the entire banking system of the country, it could not be more skillfully planned than the one which is now under consideration. It meets the cordial approbation of those who have all along been in favor of abolishing all banks—and for the very reason that it is so well calculated to accomplish that object. I shall endeavor, at the proper time, and before I conclude my remarks, to show how this is to be effected.

Sir, I am aware of the prejudices which honestly exist with a portion of the community against any thing like "associated wealth." I am aware how easily those prejudices may be wrought on by demagogues and designing politicians. But those who are sent here to legislate for the great interests of the country should be extremely careful how they minister to such prejudices. Whilst it is admitted that the banking system has its evils, its superior benefits nevertheless recommend it to the candid consideration of every statesman and patriot. It should be his object to correct the evils and retain the benefits. "Preserve and regulate, but not destroy," should be his motto. It has existed and been recognised from the earliest foundation of the Government down to the present time. It has been identified with the interests of the Government. These institutions, in some shape or other, have been employed by the Government during that whole period. It is through their agency and instrumentality that these much abused and despised merchants have been enabled to pay into your coffers the vast amount of revenue which has sustained you in peace and in war. Yes, these very merchants who have been represented as men not to be relied on in times of peril—whose patriotism is in their ledger, and whose field of glory is their counting-room—men who are the most forward in the pursuit of gain when all is peace and quiet, but who shrink from responsibility when danger presses. Sir, I have for a long time looked



with horror upon the the ruthless warfare that has been carried on against the mercantile interest. I have seen with alarm the attempts which have been made to set up other portions of the community against them. I have heard them branded as swindlers for collecting their honest dues at home, and as traitors for paying their honest debts abroad. Sir, the interests of all classes in this country are reciprocal. Neither the farmer, the manufacturer, the mechanic, nor the merchant, can get on advantageously the one without the other. But it is to the merchant more especially that the Government must look for the immediate means of support. It is the merchant that stands between the Government and the consumer. It is the merchant that shoulders the responsibility, and pays into the Treasury the enormous amount of revenue which keeps the whole machinery of Government in motion. It is the merchant that maintains the credit of the country abroad, by the scrupulous fidelity with which he endeavors to meet all his engagements. In short, the character of an American merchant is a passport through any country in the world. And still this class of citizens, that command universal respect abroad, can not be relied on in times of peril at home! Sir, in what period of our history have the merchants been obnoxious to this charge? None were more patriotic during the revolutionary war: none contributed their means more largely or more freely. And who, let me ask, occupied a prouder position during the late war? When the credit of the Government was at its lowest ebb, who furnished the means to carry on the war? The merchants. When the Government wanted money, and could not command it on its own responsibility, who stepped in to its assistance, and provided a credit on which it could be raised? The merchants. Yes, sir, when your troops were famishing for want of supplies, and disheartened for want of pay; when you could not raise a dollar on your own credit, it was the merchants, through these much traduced and vilified banks, that took your depreciated paper which had no currency with the people, and gave their own in exchange, in which the country had confidence. Sir, I am tired of these incessant efforts to excite one portion of the community against the other. There is no class to whose patriotism you may not appeal when the country requires their services. The agricultural interest, from the very nature of their employment, will always stand pre-eminent. But it is to the merchants, more than any other class, that you are to look for the ready means to aid you in time of war. Sir, they have always responded to your call. They were never found wanting in the most perilous periods of your history. Whatever of glory, or of honor, or of prosperity this nation enjoys, it is indebted in no small degree to the patriotism of the merchants. They have contributed their full share towards establishing your national character at home and abroad. They will continue to sustain it, until their broken and subdued spirits shall think it no longer worth preserving.

Sir, the great desideratum in this as well as in every new country is CAPITAL to carry on its business. This can not be found to the extent that it is desired. In our own country we have all the substantial elements of prosperity: with an extent of territory surpassing the proudest kingdoms of Europe, with every variety of soil and climate; with popular institutions, and a free Government, and combining all the advantages which make up the sum of a people's happiness and a nation's greatness; we lack but the capital necessary to bring all these elements into life and being. This can only be obtained by well regulated banks and by paper credit—credit is the only substitute for capital in a new country. Old countries, where capital has been accumulating for ages, may more easily dispense with it; but a new one, like our own, can not do without it. Look to western New York for its magic influence. See it in a few years converted from a wilderness to fruitful fields. Look to the western States, now exhibiting the proud evidences of a rapid and progressive improvement, where but a few years since there was no trace of civilization. By its means the whole country is more than half a century in advance of what it would have been without it. This system of cre-

dit has heretofore been appreciated by our own people, and I trust it will continue to be appreciated by them, notwithstanding the efforts that are making to undervalue it, and eventually to prostrate it. It has been, perhaps, still more appreciated abroad than by us. It has become the admiration of all Europe. For a time the infant strides of our young and growing Republic astonished the world. The old Governments of Europe saw us springing at one bound from childhood to the manhood of our existence. They saw that credit was the nurture of our infant growth, as well as the support of maturer years. To this cause some of the ablest writers of Great Britain attribute our unparalleled improvement in all that renders a people prosperous and a nation powerful. I can not forbear, on this occasion, to quote the language of one of them:

"Every body knows that the States of the Union embrace a territory, most of it of the highest fertility, equal to the surface of all Europe, including Russia, on this side of the Ural mountains, about eighteen times the whole area of France, and thirty times that of the British Islands. In this immense territory there is a population of about twelve millions of men, almost all active, industrious, and energetic, doubling every thirty years, and capable, if sustained at the same rate of increase, of producing, in two centuries, two hundred millions of human beings, in comfort and happiness. What then is wanting to sustain the fortunes of a State in such unparalleled circumstances of abundance? Nothing but CAPITAL. This, however, is indispensable; and it is obviously impossible, even with the most industrious, saving, and active population in the world, that the existing wealth can be proportioned either to the boundless extent of waste land capable of cultivation, or the constantly increasing wants of a growing and indefatigable People. It is in such a State that the utility of banks and paper credit is most strongly felt, and that a paper circulation, based on sound principles, becomes an indispensable element in the progress of social improvement.

"Banks are the great instrument by which integrity and talent supply the want of capital; by which prudence and industry, setting out on the basis of paper credit, attain, at length to the solid advantages of substantial capital. Such a system quadruples at once the active capital of the country, by producing a paper capital based on credit, which, as long as that credit remains unshaken, answers all the purposes of encouraging industry just as well as the metallic treasures of Mexico and Peru. It prevents a large portion of the national wealth from being absorbed in the unprofitable and unproductive form of a metallic currency, and provides for the necessary circulation at a fifth part of its cost. Old States, in which capital is redundant, and all home employment nearly filled up, may dispense with a paper currency, just as the finished scholar may discard the rudiments, or the accomplished equestrian forget the lessons of the *manège*; but till that last stage has arrived, it is the greatest act of national insanity to destroy or restrain, except within those limits which the public safety requires, the invaluable ally of a paper circulation. It has quadrupled, in the last half century, the wealth of Scotland, and multiplied tenfold that of America. But for the powerful impulse given by the advances of bankers, and the large capital which they put in motion, the industry of the United States, instead of having long ago crossed the Alleghany mountains, and given birth to four millions of men in the valley of the Mississippi, would have been still slowly advancing along the shores of the Atlantic, and not yet have pierced the profound solitudes of the Ohio or Missouri."

"And it is apparent that such establishments, if rightly understood, are eminently favorable to the progress of freedom, and the real interests of the working classes. Capital—solid wealth—is ever essentially aristocratic. It never can be very generally or widely diffused, at least in large masses; and, therefore, banks which lend a helping hand to enterprise and activity in the earlier and more eventful periods of their career, and enable them to maintain the struggle with other establishments,

having the advantage of long-tried connections and realized wealth, are eminently favorable to the popular classes, and the best support to the cause of liberty. Without banks, a commercial State must ever speedily fall, and has fallen, under the domination of a few overgrown mercantile establishments; industry and activity can never maintain their ground in the competition from want of capital. The banker with his notes has done as much for the cause of freedom, as either the printer with his printing-press, or the schoolmaster with his grammar."

To this authority permit me to add that of the philosophic and liberal democratic French traveller, Mr. CHEVALIER:

"Credit is the primary element of life in the United States; they literally live on it. Without credit, those populous towns which arise on all sides, as if by enchantment—those rich States which fringe the margin of the Atlantic, which stretch to the west of the Alleghany, and extend along the course of the Ohio and the Mississippi, would have been still savage forests and bottomless morasses. \* \* \* \* The banks have acted as the lever which has enabled the Americans to establish among themselves, to their own great profit, the agriculture and industry of Europe, and which has covered their territories with cities, canals, railroads, manufactories, and fertile fields; in a word, every thing which constitutes civilization. Without the banks the cultivator would have been destitute of capital for his most necessary advance; he would have had no instruments for the clearing of his farm; and if the system has led in many cases to absurd and gambling speculations, it is the same system which has enabled the farmer to purchase land for two dollars the acre; which he afterwards sold for ten or a hundred. The mechanics who are now so loud in their condemnation of the banking system, forget that it is to that they owe the industrial activity which has enabled them to earn from five to eight shillings a day of wages. They forget that it is it which has furnished them with the means, of which so many have availed themselves, of rising to opulence and comfort; for, in America, every enterprising man who can give the guaranty of a tolerable character, is sure of obtaining credit, and thus has the means of making his fortune."

Such are the views of enlightened foreigners in regard to the banking institutions of our country. I know the system may be abused. No one is more desirous or more anxious to correct those abuses than myself. No one would go farther to throw around it additional restraints. No one is more solicitous to enlarge the specie basis, and thereby render more stable our paper circulation. But it is this indiscriminate assault upon the whole banking system of the country to which I object. It is this attempt to excite the prejudices and passions of the people in regard to them to which I am opposed. It is this spectre of an exclusive metallic currency which still flits the vision of certain gentlemen, against which I protest. For, disguise it as you may, "to this complexion we must come at last," if the schemes which are now on foot can be carried out. But they can not be carried out. There is a physical impossibility to their success in a country like ours. Still I am unwilling that the country should pass through such an ordeal. I am unwilling that the present generation shall be killed off for the sake of making a doubtful experiment for the benefit of posterity.

Sir, I was surprised to hear the Senator from North Carolina, (Mr. Strange,) condemn our whole banking system as an utter absurdity, and which he predicted would be looked upon, by those who come after us, with as much astonishment as we look upon the South Sea bubble. In this enlightened age, at this late period of our history, after what we have seen of the effects of the credit system upon the country, with the evidence, of our own senses, and the testimony of all Europe in favor of it, I confess my amazement at hearing such sentiments uttered on this floor. I have not language, consistent with the high respect which I entertain for that honorable Senator, (Mr. Strange,) to express my astonishment; and I, therefore, can only say:

"'Tis Strange, 'tis passing Strange!"

The tendency of this scheme is to bring the country, virtually, to an exclusive metallic currency. Whatever gentlemen may say on this subject, this wild and visionary theory is gaining ground with a certain portion of our population. It is propagated by reason of the countenance which it is supposed to receive from men in high places. Meetings have been held in New York and elsewhere, at which an exclusive metallic currency has been resolved on as the only true policy. All paper money of every description has been repudiated, as contrary to the genius of our Government and the spirit of our institutions. In the same resolutions, men in elevated stations have been applauded by name for maintaining the same doctrines. The proceedings of such meetings have been responded to in terms of approbation, thereby tacitly acquiescing in all the principles set forth in them, and thus giving currency to them with the people. It is the belief that such principles are recognised by those to whose approval they are submitted, that excites the alarm and apprehension which pervades the rational and thinking portion of the community. It is this, too, which gives countenance to the idea that the Sub-Treasury scheme is intended to bring about an exclusive metallic currency. The suggestion of the Secretary of the Treasury may also go far to confirm it. He says:

"The people of the whole United States do not, in a sound state of business and prices, need over one hundred and ten millions of an active circulating medium for all their currency. This would be a larger proportion of currency to our present population than the average has been from the adoption of the Constitution; and, if an *exclusive metallic currency* could be deemed desirable, would require only about thirty millions more than the specie which is supposed now to exist in the country."

It is true, the Secretary does not recommend this, but, under the present state of things, thinks "some paper will, probably, always be found convenient for commercial operations." Still it will be perceived, that if, by this scheme, or any other, banks can be dispensed with, then, in the opinion of the Secretary, we should, with thirty millions more of specie, be able to transact the thousands of millions of business of this rapidly increasing and enterprising country. Those who make such estimates seem to overlook the fact, that the notes of banks and specie together form but a small part of our actual circulation; for, in one sense, domestic exchange is a portion of the circulation, and a very large portion too, very far exceeding the aggregate of bank notes and specie. This kind of circulation is essentially promoted by bank facilities and bank credits. So that, by dispensing with banks, although you should have the hundred and ten millions of specie, you would curtail, to a most destructive extent, the domestic exchange, which, after all, forms the principal circulation.

But whether an exclusive metallic currency be intended or not, this scheme will, if adopted, virtually accomplish that object. I will take the city of New York, for example. My remarks will apply, in the ratio of business, with equal force to every other portion of the Union. New York collects about three-fifths of the whole revenues of the Government accruing from customs. They have amounted, in some years, from fifteen to eighteen millions of dollars. But let us assume the year 1834, which the Secretary takes as the criterion for future years. In that year, the receipts at New York for customs amounted to some twelve millions of dollars. Now, I ask, how is it possible for the merchants of that city to pay that amount in specie? In what way can they command it? Even if they could procure it, it would be by withdrawing it from circulation from other parts of the country, or by taking it from the banks where it is the basis of circulation, as well as the basis of confidence to depositors. If this amount of specie was to be disbursed immediately after its receipt, that would, in a measure, obviate the difficulty, so far as New York is concerned. But it is not so disbursed. We all know, as a general rule, that of the appropriations for the year, there remains sometimes one-half of the amount in the

shape of "unexpended balances," at the close of the year. Of course there must remain a large amount of the money which is received into this Sub-Treasury unexpended. This amount, therefore, is taken out of circulation, or from the banks, and does not again go into circulation nor into the banks. The receipts are much greater and more rapid than the disbursements. So that there must remain a large sum on hand which can not be disbursed. Let no one, then, be deluded with the idea that this is to be a constant round of receipt and disbursement. It is no such thing. I have examined the statements of the amount standing to the credit of the Government in the deposit-banks in 1834. I find the permanent average balances to be about five millions of dollars; when, at the same time, there was not half that amount of specie in the vaults of all the banks in the city. Here, then, we see five millions of dollars, in the shape of permanent average balances, beyond all disbursements, "salted down" in this Sub-Treasury vault, of no more use to the Government or to the people than if it was cast "into the bottom of the deep, where fathom line has never reached the ground." Sir, it is impossible that this system can be carried into effect in the city of New York. The merchants can not command the specie; and, if they could, it would be drawing it from distant parts of the country, and the vaults of the banks, by which the whole course of business would be disturbed and deranged, from New York to the remotest points of the Union. I have said that about five millions of dollars would remain as a permanent average balance in deposits beyond the disbursements of the Government. Of the amount of twelve millions collected at New York, according to the above estimate, about seven millions would be disbursed. But even this disbursement is not made where the money is collected. In 1834, in the whole State of New York, only \$1,650,000 was disbursed within its limits. We here have the astounding fact, that while the city of New York pays \$12,000,000, and \$7,000,000 of that sum is disbursed, only \$1,650,000 is paid out within the State. I am not complaining that a larger sum is not expended there, for those expenditures must be made where the interests of the country require them; but I am complaining of the proposed system, by which you require this enormous amount to be paid in specie, when so small a portion of it is paid out where it is collected. But it is better that it be disbursed elsewhere than not disbursed at all. And we have already seen that about \$5,000,000 must remain in permanent deposits, beyond the amount disbursed, and thus be buried, like the talent of the unprofitable servant, where it is of no use to the Government nor to the people, but of detriment to both. But once adopt this burial system, and where will you find the resurrectionary power that can call back to life the hourly increasing deposits in this fiscal charnel-house?

It is said, however, by gentlemen, that this money belongs to the Government, and that the people have no right to the use of it. Is this not an additional evidence of the attempt to separate the Government from the people? Is this not the money of the people? How does it become the money of the Government, as contra-distinguished from the people? The Government or the officers of Government are the agents and servants of the people. They are mere trustees to execute certain powers committed to them; this money is collected from the people by direction of the people themselves, not for the purpose of being hoarded up, but to be used for their benefit in the disbursements of the Government, and to promote the great interests of the country. To hoard it is contrary to the spirit of our institutions, and more especially when its custody and control are given to Executive officers, where it may be used for sinister purposes by unworthy incumbents. Such a principle has never attained before in this country; the surplus revenue collected from the people, beyond the wants of the Government, has always been placed in a situation to be used for the benefit of the people. This has been done by depositing it with the banks, which have undertaken, in consideration of it, to perform certain duties to the Government, in the way of collections, transmissions, and disbursements, without

charge. This fund thus deposited, beyond the regular disbursements of the Government, became, through the banks, a useful agent in the regular commercial business of the country. It is collected from the merchants, and it is perfectly proper that they should, in this indirect way, have the use of it in their regular business transactions. By this means the whole community feels the benefits; for, whatever aids the merchants in their operations, must of necessity aid, in the regular course of business, every other class in society. The merchants are the mere factors or distributors for the other classes. They are the agents, and any benefits extended to them are for the advantage of their principals. Sir, this idea of locking up this money is a new one. It has not prevailed heretofore; its adoption now, however, is no more strange than the proposed system which is under discussion. It naturally results from it, and the one can not be carried out without the other. President Jackson, and all the friends of his administration, opposed the Sub-Treasury scheme in 1834; and in 1836, President Jackson, in his Message, expressed his opinion as to the use of the public money, in which all his friends acquiesced. He said:

"To retain it in the Treasury unemployed in any way is impracticable. It is, besides, against the genius of our free institutions to lock up in vaults the treasure of the nation. To take from the people the right of bearing arms; and put their weapons of defence in the hands of a standing army, would be scarcely more dangerous to their liberties than to permit the Government to accumulate immense amounts of treasure beyond the supplies necessary to its legitimate wants. Such a treasure would doubtless be employed at some time, as it has been in other countries, when opportunity tempted ambition."

Has any thing occurred since 1836, which has altered the nature of our free institutions, so that it is now in accordance with their genius to lock up the treasure of the nation, which was so contrary to it then?

Sir, I feel humbled to hear such principles avowed. I feel mortified to see some of my political friends taking a position directly the reverse of the one we have all along occupied in relation to this whole subject. If we were not committed on the record, we might more easily change our ground; or, if it was a mere matter of expediency, we might tack about without such an accumulation of obloquy and reproach as must now rest upon us. We have heretofore treated these questions as matters of principle. We put ourselves on the record, in some shape or other, against the very doctrines for which we are now contending. And from President Jackson down to the humblest member of the party, we are committed, in the most explicit manner, against the whole scheme and all its consequences, which we are now called upon to support. No party, I will venture to say, ever placed itself in so unenviable a light. How can we expect to be sustained by the people, when our solemnly expressed and established principles one day are repudiated the next? How can we expect the people to embrace one set of principles one day, and the reverse of them the next? Sir, it can not be. You must appeal to their reason. You must satisfy their judgment, and adhere to your principles when once established. The great body of the people are honest. They ask nothing—they want nothing but wholesome laws, and a faithful administration of them. But they will not be content with such fickleness of purpose as requires them to maintain opposite doctrines at every alternate election.

Sir, I need not describe the effect of this measure on the whole country. If the banks in New York are embarrassed in their operations by it, every branch of business must be embarrassed. Those portions of the country where there is the least capital, but which have substituted credit in its place, will feel it most sensibly. To western New York, and to the western States, it will be like a mildew. What would have been the situation of those regions, but for the free use of credit? What will their situation when credit shall be withdrawn from them? Let western gentlemen look to it. Those States are to come in for the full share of suffering in the course of this new experiment. The money collected for public lands is to be paid in specie; but very little of it is disbursed there. There will, therefore, be a constant drain upon the western States for their specie in the disbursements of the Government; thereby deranging all the regular business operations of the country, and keeping the public mind in constant agitation and alarm. If the money was disbursed at the places respectively in the same proportion as it is received, the evil would not be so great. It would still be deranging the natural flow of specie by arbitrary regulations, and taking it from the banks, where it is the basis of circulation.

The effect of all this upon the general credit of the country can not be fully appreciated. Our currency has generally been of about the same character and value with that of England. We should endeavor to keep it of the same value. England is the great money market, and the great money regulator of the world. Our institutions assimilate more to this than to the other portions of Europe. We are intimately connected with England in our commercial relations, and our intercourse with her is more frequent and more easy than that between many portions of our own country. Her currency, therefore, has an important bearing upon ours. The prices of property depend much upon it. It would be the height of folly for us to adopt any measures which should curtail or sink our currency below hers. It would bring on a ruinous depression of prices, and affect the interests of every owner of property throughout the country. You might as well attempt to establish a metallic currency in one of the States of this Union, whilst all the others maintained a paper circulation, as to do any thing which should materially change ours from what is the general currency of England. I know, sir, that appeals are made to the prejudices of the people against paper money. But see what it has done for England. It has enabled her to fight the battles of the world; for a quarter of a century she relied on an irredeemable, inconvertible paper currency, and successfully resisted the conqueror of Europe. It has given her a moral influence which is felt throughout all nations. It has secured to her own people more practical liberty than is enjoyed in any

other country except our own. In time of war, the banking institutions of England, like our own, are identified with the interests of the country. Ours are dependent on the people, and so is the Government. In such a time, we are all embarked in the same bottom, and it is idle to say that there is any diversity of interests between the Government, the banks, or the people. In the experience of this country, during the late war, our banks fought our battles as much as the Bank of England fought the battles of Europe.

Sir, I can not but look at the effects of this system upon the city of New York as of the most fatal tendency. It must tend to curtail the operations of the banks, and add to the general stagnation of business. Already are more than fifty thousand of her population out of employment, with all the horrors of an approaching winter before them. Unless something is done to revive the business of that city, that number will be doubled, and no one can forego the consequences of such a state of things. Nothing is now wanting but the favorable action of the Government to change the whole face of things. But the evils to that devoted city do not end there; they necessarily extend to the country. If you cripple the operations of the banks there, and thereby cramp the business of the city, the same effects must be felt by the banks and business of the country. For you can not strike a blow at New York without its being felt in a greater or less degree in every State of the Union. New York is the grand commercial emporium; like the heart, its pulsations are felt to the remotest extremities; and whenever it ceases to beat, the whole limbs of this great body politic will become cold and lifeless.

These effects will be felt by the local banks of the several States, the stock of many of which belongs to the States themselves. If gentlemen, then, have no regard for individual stockholders, they ought to look to the interests of their respective States where the stock of the banks is thus held. This remark would apply to Pennsylvania, North Carolina, Alabama, Mississippi, Louisiana, Tennessee, Kentucky, Indiana, Illinois, and Missouri. [Mr. BAXTON signified dissent.] The Senator from Missouri (said Mr. T.) shakes his head. He may have a system of banking there different from all the rest of the world, namely, that of issuing only one dollar of paper for one specie in the vaults of the bank. If this be so, I would not willingly deprive him of the benefits of his system! But, whilst I will not object to such a Procrustean bed in Missouri, I will not consent that it shall be transferred to New York, and that the honorable Senator shall stretch our man upon it, and lop him off at both ends, in order to fit him to his standard.

Sir, another serious objection to this measure is, that it will postpone, perhaps indefinitely, the resumption of specie payments by the banks. There is no portion of the community more anxious for such resumption than the banks themselves. They have done every thing in their power to enable them to do it at the earliest possible day. They have determined that, as the stoppage was no fault of theirs, so neither shall the omission to resume be charged to their account. All that is required to enable them to resume by next spring, is the confidence and co-operation of the Government. Our foreign debt is estimated by some at about twelve millions of dollars at this time. This will be liquidated by the coming crop, and then there will be nothing in the way of the resumption by the banks, but the want of confidence on the part of the Government and the people. Without the co-operation of the Government, this confidence can not be anticipated. If you make your collections in gold and silver, it seems to me impossible that they can resume. I have heretofore shown your current receipts into the Sub-Treasury in New York to be, in ordinary years, about twelve millions of dollars, and that about five millions, after all the disbursements of the Government, will remain as an average balance in deposit. Let it be remembered, too, that, at about the time proposed for them to resume, there will be due on the merchants' bonds some five millions more, and which, under this "experiment," is also to be paid in specie! Now, sir, let me ask, how is it possible, under the present state of things, that the banks can resume, when, by the last returns, the aggregate amount of specie in their vaults is less than \$1,800,000; and, in addition to the accruing revenue, there is to be five millions provided for the merchants' bonds? If this scheme shall be adopted, they can not resume. Let it therefore be distinctly understood, that it is the fault of the Government, and not theirs, if they do not resume by the time I have indicated. They can not command or retain the confidence of the community, as long as the Government not only withholds from them the legitimate means which it possesses in the restoration of confidence, but withdraws from them their specie, which is the very foundation of confidence when once restored.

But, even if the banks should resume, they will be compelled, under this system, to stop again. The drain of specie from them to meet the exactions of the Government would render it impossible for them to continue. They must either suspend all business, or they must suspend specie payments. Either event would be equally disastrous. In either case, it would be death to the whole business of the country. If they should suspend specie payments again, after having resumed, the Legislature would be appealed to grant no farther indulgence, but forthwith to forfeit their charters, and put their concerns into the hands of receivers. If the prejudices of the community could be sufficiently wrought on, such would be the consequence. Any one who foresaw the effect of such a course last spring, if the Legislature had not interfered, can judge of the disastrous results of such a proceeding now. And that such would be the inevitable result, if this measure of separating the Government from the banks and the people be persisted in, no one can doubt. I will not say that gentlemen who advocate this scheme design to accomplish that object, but I do say that, if a scheme was devised for that express purpose, it could not be more adroitly planned.

If the banks do not resume—and it is certain they can not and will not—if this system is carried into effect, what will be the consequence? It is alarming to contemplate! The worst passions of ignorance and men, of men waked up to a blind fury by false views and false representations, will be let loose, and they would be called upon to destroy the "little monsters" which would be made to appear to their maddened zeal as the nuisances of the community! The banks throughout the country, though sound and solid institutions, will be obliged to fall under the violence of the tempest which will be made to rage against them. This will be the inevitable effect of such measures as are now proposed. If it should so happen that the State Legislatures do not come to their aid, exhibiting more wisdom to wards them than Congress seems disposed to exhibit, the results I have pointed out will inevitably happen, and they will have to wind up their affairs! Again, let me ask, what would be

the effects of this unhappy result? The effects are too alarming, too distressing to make it creditable that there exists the man willing to inflict so much suffering upon his countrymen! The people of the State of New York, for example, are indebted to the banks more than sixty millions of dollars: there are abundant means to pay; but in the hands of receivers all would be sold, and the property would be sacrificed; the receiver would buy the whole, as no one would have the means to buy. Can it be believed that gentlemen wish to see a scene such as this? My State (said Mr. T.) is so deeply concerned in the effects which will flow from this measure of the Government, that I can see already as plain as the sun at noonday, that it would even be better for the country that a tornado or an earthquake should spread its desolation around, than that we should have this scheme inflicted upon us!

Why bring forward such a system as this, when, by the testimony of the President himself, and this Secretary of the Treasury, the State bank system worked so well? Such a crisis as the present may never again occur: it is an exception to a general rule; and who will not acknowledge that a worse guide for legislation than exceptions to general principles could not be procured? Again: what is there in this new system better than in the State bank system? What improvement has it met with since the day when it was held in the utmost abhorrence; when it was denounced by the party, and when it would only command thirty-three votes in the other house? How is it now suddenly discovered to be so much better than a system which, by the declaration of the best authority, answered all our anticipations? When this very same scheme was brought forward in 1835, we all of us believed that the public money would not be safe in the custody of officers of the Government: what reason is there now to change our minds, and to think that it will be safe there? But the President says we can construct a vault as firm, as strong, and as solid, as the vault of a bank. Yes, certainly, (said Mr. T.) we have no deficiency of mechanical means to make such a one; but who are to be its guardians? And though the vault may be secure, can we be certain that the guardians will be as solid and secure, and as well to be trusted, as the vault? What security, sir, can we have for individuals? Whereas, when the money is deposited in banks, all the credit and capital and resources of those banks are pledged for the safety of the deposits, and are a certain guaranty of their safety! Such is the security afforded by the banking system; but by the Sub-Treasury system, we have nothing but the naked, bare security of individuals! And who can tell, sir, what sort of an individual this may be? What honest man will be eager to throw himself into a situation of such danger, such temptation, and such immense responsibility? Who that has a proper appreciation for his family and children, would be willing to assume duties of such a dangerous character? If the vault was plundered, he, let him be ever so innocent, will be immediately pronounced guilty: though once he is a ruined man, his family ruined, his name a mark for disgrace, and himself an object for the finger of scorn to be pointed at! No prudent man, who has a proper regard for his character and reputation, would be found ready to accept such an invidious and dangerous post.

But the President informs us that, on an average, there will not be above thirty thousand dollars as the sum to be placed in the custody of each officer. This is a most fallacious idea. It is true, if you take all the officers, and then strike an average, it might be that no more than that sum would fall to the share of each to take care of; but there must be large amounts concentrated at a few particular points, and it is not in the nature of things possible to spread out the whole revenue in such equal portions throughout this extensive Union. Or, if the average was to be forcibly maintained by removing the excess above the thirty thousand dollars from one officer to other officers in other places, who can tell the disturbing effects which would follow from such transfers? I am surprised, therefore, that any one for one moment could linger upon this idea, as affording an argument for the safety of the public money under this system. We are told again that we have other pledges for the safety of the funds, in the sureties which each officer will be required to give to the Government, for the funds committed to his care. I look upon the sureties to be given as affording no security whatever. Men will not be found ready to sacrifice their property, and abandon it all to the Government, in payment for what they have neither eaten nor drunk; and when they put their property out of the reach of Government, they will only be praised for their care and prudence, by the people of their neighborhood. What security, then, is afforded on this ground? Not an atom!

Gentlemen are very anxious, apparently, for this divorce, as they are pleased to term it. I would remind them, however, that whilst they are talking of a divorce, they are getting up an incestuous union between members of the same family—a marriage which is unlawful, and which, I would say, comes within the Levitical degrees, and, therefore, ought to be forbidden.

This union which is now proposed is a most unsafe and dangerous one. It reminds me of an anecdote of a captain of a packet with whom I was acquainted, who informed me that he always found it indispensably necessary for the safety of the ship's stores, to have his cook and his steward of different families, and if possible, of different colors, and if he could get up a fight between them, it was all the better; for if they were connected together in a common bond of interest or affection, the stores were apt to be wasted. So here, I think, our stores, the stores of the ship of State, will not be safe if a union takes place between the Government and the public Treasury, which ought to be separated in different sets of hands, and those, too, antagonistic hands.

The officers to be employed under this system, so far from being antagonistic to the Government, are officers appointed by the Government, entirely dependent on it, and who may be removed by its fiat at any moment from their offices. There is positive danger in the scheme. All the deposits of the public money, all the Treasury, together with the other Executive powers, will now be united in the same family, and in the same hands. I see no security, but absolute insecurity, absolute danger, in the proposed system. But let us consider the chances of security which the system offers for the safety of the public moneys. The Senator from North Carolina tells us the public funds will hardly fail to be safe, for if the officer should appropriate them to his own use, he may be hung up by the neck, until, to use the forcible repetitions of that gentleman, he is dead, dead, dead! What security is there here, sir, when the money is already gone? Will the dead body answer any of the purposes of security? Or does the gentleman really imagine that the penalty of death itself will prevent the possibility of defalcation? Does not

the experience of all countries show that the severest penalties do not operate as preventives of crime of any kind? We have only to look to our own country for illustrations of the insufficiency and insecurity of the proposed system. What, for example, is thought to be the best system for the collection of the tolls on the New York canals? It is the system of deposits with the banks. The money is rapidly brought into the banks, and the least possible means are left in the power of the collectors. The great mass of the funds collected are, therefore, always on deposit in the banks, which credit the government with the amount. It is owing to this system of removing responsibility for such large sums of money from individuals, and reposing it upon banks, that, from the very first period of the formation of the canals down to the present moment, the State has not lost one single dollar of the canal funds, though millions and millions have been collected. If the system were proposed in the State Legislature to take the personal responsibility of the officers employed in the collection, together with security, such as is proposed to be done by the present scheme, it would not be able to command a single vote! How, then, can it be here maintained by gentlemen that such an objectionable plan, rejected altogether by prudent and experienced legislators, is the best plan, and ought to be adopted? There is a law now on the statute book that certain discharging officers shall deposit whatever public funds come into their hands in the bank nearest to them, until required to be paid out. Whence comes the necessity of such a law? Why does the law exist, if penalties and securities make the money as safe as when deposited in the banks?

The truth of my position is illustrated by the financial history of the Government. In 1820, Mr. Crawford, then Secretary of the Treasury, reported that the amount of revenue from customs, from the commencement of the Government to the end of the year 1819, exceeded \$351,000,000. He also states that the amount of revenue lost by the insolvency of those who became bound for the payment of duties, together with the amount at that time doubtful, was not quite equal to forty five hundredths of one per cent. upon the aggregate revenue which had accrued since the organization of the present Government! Yes, sir, the whole loss to the Government upon merchants' bonds and their sureties in the collection of more than \$351,000,000, was less than one-half of one per cent. and this enormous amount was principally collected through the agency of the banks. Yet, it is these merchants and these banks that have been so much disparaged in our public discussions, as well as in the public prints. Mr. Crawford also states in the same report that the amount of loss from the collectors of revenue from imports and tonnage, from the collectors of the internal revenue and direct tax, and receivers of public moneys, nearly equals that which the Government sustained on the collection of more than \$351,000,000 from the merchants! He also estimates that the losses, by the misapplication of the public money by officers of Government employed in disbursing it, greatly exceed those which have been incurred in the collection! Sir, these statements present a most appalling forecast of what we are to expect under this Sub-Treasury scheme. If collectors and receivers, and disbursing officers, have swindled the Government of such enormous amounts, whilst the money was merely passing through their hands, what are we to expect when they become the permanent depositories?

Every fact goes against the system as proposed by this bill, and at the same time every fact goes in favor of the system which it is now suddenly proposed to cast aside! Can it be possible that gentlemen wish to expose the Treasury as it will be exposed by this scheme? I do not wish to disparage our public officers or those who may be employed under this system. But, I look at human nature as it is. I look at the temptations to which they are exposed. The confidence of individuals in their own integrity may be unbending, and they will never suspect it till put to the test of such temptations as will be presented under this system. I mean no unnecessary or improper disparagement when I say I have no faith in the safety of the public money if this scheme goes into operation. There is danger in every stage of it, and no opportunity will pass unimproved where the temptation is sufficiently presented. There is no safety in it.

"You may as well spread out the unsund'd heaps  
Of miser's treasure by an outlaw's den,  
And tell me it is safe, as bid me hope  
Danger will wink on opportunity."

So far from there being no danger in the plan, there is no safety in it. But, in the other, there is the absence of danger.

It has been argued that the public money, by being placed in deposit with the banks, goes to assist them, and the gentleman who has advanced this idea thinks that it ought not to be so. But I affirm, on the contrary, that it is right and proper that the public money should answer so useful a purpose—should go to promote and assist the objects of the commerce of the country. The people are entitled to this benefit. But if you take away all the specie from the vaults of the banks, you take away their means; they will not be able to do any thing; and not only will they lose the advantage of operating with the amount deposited, but you take away confidence from them, and they can do nothing.

It is objected against the system of depositing the public funds with the banks, that they operate injuriously as a means of stimulating to speculation and overtrading. There is, however, a bill before you which will effectually prevent overtrading. I mean the warehousing system bill, by which merchants will pay the duties in cash, not on long credits, but on receiving their goods from the public warehouses. The danger of over-action, in reference to importations, will be by this system removed, as the merchants will have to pay the duties, not, as under the existing system, after the goods have been thrown into market and disposed of, but at the period of bringing them into the market, so that they will not import fresh quantities of goods before the duties are paid on former importations.

Why do gentlemen wish, after the experience of a good system, to adopt a new experiment? For, let it be remembered, the banking deposit system has worked well, and the present crisis is truly an exception to a general rule. You might as well say, when a steamboat had burst its boiler, that we ought in consequence to abandon the use of steam, and in place of it try the experiment of balloons. The consequences would be, we should come down again to our mother earth with broken bones, or with a broken neck. Such, indeed, will be the result of the adoption of this scheme.

There is no other mode to enable the banks to resume specie



payments than the mode proposed by the Senator from Virginia, (Mr. Rives.)

This amendment will create confidence, and when confidence is revived, they will be able to resume. That time is not far distant, if the confidence of Government was not withdrawn from them; but if the measure of this bill is carried into effect, it will be impossible for them to resume.

With respect to the subject of Executive patronage, it is not my intention to detain the Senate with any remarks upon this part of the scheme. What the Senator from Virginia has said upon it is forcible and conclusive on this point. Let us, however, bear in mind that we are not now legislating either for the present or for the past, but for the future. I apprehend no danger from the present Executive. In him I have perfect confidence. I have known him from early manhood, walking within the bounds and limits of the Constitution. But the day may arrive when the chair of the Chief Magistrate may be filled by an individual ready to abuse his trust, and then our action will have furnished him with the means and the power.

Mr. President, this is a most important crisis in the affairs of the country. I wish other gentlemen could appreciate it as I do. We might then avert the evils which are impending over us. Sir, we are asked to adopt a system which, I fear, will prove most disastrous in its results, if carried into execution; but which I apprehend it will be physically impossible to execute. I will not attempt to describe the consequences of such a state of things. I hope my anticipations may not be realized; but I look forward to the consummation of this measure with the most painful forebodings; and I shall be happily disappointed if it does not involve the people, the country, and its institutions, in one great and common calamity.

### SPEECH OF MR. LEGARE, OF SOUTH CAROLINA.

*In the House of Representatives, October —, 1837—*  
On the bill imposing additional duties, as depositories in certain cases, on public officers.

MR. LEGARE said:

MR. CHAIRMAN: I do not know how I can more appropriately begin the remarks I am about to make, than in the very words with which a most able English writer, addressing himself to the causes and character of the recent crisis, concludes his: "The events, (says Mr. Samuel Jones Lloyd, in a pamphlet published last spring,) which have occurred in connexion with the late pressure upon the moneyed and mercantile interests, are full of instructive illustrations of the effects, both beneficial and otherwise, of our present system; and the evil consequences of this pressure will be as nothing, compared with its benefits; if, amongst these, we shall be enabled to reckon an increased degree of intelligence upon subjects connected with currency, and a nearer approximation to sound principles in the management of our paper issues." The revolution, it is true, has been far more disastrous on this side of the Atlantic than in England; and yet even at its darkest period—now, as I confidently believe, passed away to give place to returning prosperity—I found consolation in the idea, that dearly as we were buying our experience in this important matter, the price would not be too high for the benefits we should ultimately derive from our reverses. A national visitation ought to be considered as a great providential lesson. It teaches the most momentous truths, and it teaches them in the most impressive manner, and what we have recently seen and felt will dispose us—if any thing can dispose us—to look the difficulties, with which this subject is surrounded, fairly in the face.

Sir, it is surrounded with difficulties. Even in England, as you perceive from the citation I have just made, they are felt and acknowledged by the most able men. I have upon my desk many other proofs of the same fact. They abound, for instance, in the minutes of evidence taken before the committee of the House of Commons on the renewal of the charter of the Bank of England, in 1832. You will find there, that while high authorities\* agree in thinking that there should be but one bank of issue for the capital, at least, if not for the whole country; the representatives of the great commercial and manufacturing interests, on the contrary, protest against the continuance of a monopoly to which they impute the most sinister influences over their immense business; and demand a system of joint-stock banks, regulated by principles more agreeable, as they contend, to the course and policy of trade. A third party insists upon the

necessity of compelling all banks of issue to give adequate security to the public, (in Government stock, &c.) for the redemption of their issues; while every stockholder or partner shall continue to be, as at present, responsible for all the debts of the company, to the whole amount of his private fortune. A fourth, (and I have just received from London a little volume in which that opinion is most plausibly maintained,) urges the most unlimited freedom in banking; and sees no more danger to society from perfect liberty in this, than in any other branch of business; the supplying, for example, the market of a great capital with the necessities of life. § In this complexity and distraction of English opinion upon this subject, however, all parties agree in one thing, and that is, in adhering to the paper system. Nobody there thinks of any thing so extravagant as the overthrow of that system, whatever defects may be seen or supposed to exist in it, or whatever projects may have been imagined to purify, to correct, and to improve it.

But if such is the state of English opinion in regard to this subject, how must it be with us, when to all the intrinsic difficulties of the thing itself, we add those arising out of the complicated structure of our political institutions? It would be hard enough to say what ought to be done, in the present emergency, were this a simple consolidated Government, but how much harder is it to advise the administration of a Federal Government as to the course it ought to pursue, where one happens to doubt its possessing all the power necessary to give complete relief, without a co-operation of others? For, sir, at the risk of being set down in that category of "tiny politicians," of whom the gentleman from Maryland, (Mr. W. Cost Johnson,) in a very amusing speech, in the course of which, however, he uttered some grave and important truths, spoke last night with such profound contempt, I must confess I agree with the Executive in the general principles of constitutional law involved in the message. In the division of the attributes of sovereignty between this Government and the States, it may and must happen, that we should experience sometimes a chasm, and sometimes a conflict of powers. More is taken from the States, perhaps, than has been given to the confederacy; neither can do enough, while each can do too much, for perfect harmony; defects, discrepancies, and contradictions, exist in the scheme itself, detected only in a long course of practice; and which nothing but practical skill, the wisdom called for and called forth in the management of great affairs, especially political affairs, can reconcile and rectify. Undoubtedly the task is an immensely difficult one—but it must be undertaken, and it must be done. The subject before the committee is an example of the high and difficult duties I refer to; nor can I imagine an occasion better fitted than this to awaken the house to a lively sense of its infinite responsibilities to the country.

Judge, then, sir, with what deep disappointment and regret, I learned that the bill on the table was to be pressed upon us at this short session. It is quite enough for me, that it proposes a great innovation upon the whole course of the Government, from its foundation up to the present moment, and upon all the habits of our people. They who see deeper or clearer into such matters than I do, must pardon me for declaring that I cannot, conscientiously vote for the measure in such haste. If I had no positive objections to it, it would be quite enough for me, that I have not had sufficient time to reflect on it. During this extraordinary session, (for so it has been in every sense of the word,) fatigued, harassed, exhausted, by incessant attendance, by night and by day, in this hall, it has not been in my power to inform myself on any subject as I could have wished to be able to do. I have had absolutely no time for minute research, hardly a few hours for calm reflection. Under such circumstances, I cannot vote for the bill. I must go home to my constituents and talk with them. Many, perhaps most of them, understand these

matters better than I do; but when I left them, although this subject had been discussed, and ably discussed, here and there, by an individual or two, public attention had not been awakened to it; and nothing like an opinion—certainly no opinion favorable to the principle of the bill—had been formed in regard to it.

And here, sir, I might take my seat again, if I had risen only to explain my own vote, or to influence those of others, on the proposed measure. But the true issue seems to me very far to transcend, in importance, that single measure, important as it unquestionably is. It involves, in my opinion, the whole CREDIT SYSTEM of the country. I do not say that the bill on your table presents that issue, still less that the Executive message presented it, or propounded any principle or opinion that should lead to it. But no one who has watched the progress of this discussion, in this House or in the Senate—in or out of this Capitol—will deny that it must soon come to that. Sir, if there is any truth, at all, in what has been urged with great ability and all the zeal, I had almost said, the fanaticism, of the deepest conviction, by men accustomed to influence, nay, even to control public opinion in different parts of this country—if they have any idea of rigorously carrying out the principles they profess, to their logical consequences, in practice—if what they say in the highest places, on the most solemn occasions, is not such idle declamation as such men are not to be suspected of—they mean that, and nothing short of that. Doctrines have been uttered, with all the authority which can be imparted to paradox from talent ripened by experience, which seem to me inconsistent with the constitution, not only of American, but of all modern society, with its whole spirit and tendency—with all its wants and all its ways. I have, sometimes, in the course of the debates, looked around me to see where I really was—whether the shade of some old lawgiver, some Minos or Lycurgus, had not been evoked, to bring a degenerate age back to the stern principles of Dorian polity, to an agrarian equality of property, to iron money and black broth; or else, if it were not, the spirit of Benedict or Bernard, returned to the holy solitudes of Monte Casino, or Cluni, or Cîteaux, to preach to a world lost in vanity and pleasure, the blessings of poverty and mortifications of the flesh. Now, sir, it may be true that luxury, according to the old saw, is the ruin of States, and that sumptuary and agrarian laws are necessary to maintain your true Spartan discipline. But I am excessively disinclined to try any such experiment upon my constituents; at least without receiving an express instruction, to that effect, from them. I am afraid they have no taste for black broth; that Spartan discipline will be irksome, and even revolting to them. In short, sir, I have reason to believe, that without being as deeply imbued, perhaps, as other people are, with the spirit of the age, they do still partake too much of it, to be willing to forego the many agreeable objects that principally engage and excite it.

Sir, I am far from denying, that in the eyes of a stern reformer, with opinions of a certain complexion, this generation is a perverse and crooked one. We love money, I admit, as much as men ever did—certainly as much as they did in the Augustan age, nearly two thousand years ago. The committee will excuse my quoting a very common piece of Latin to prove it, after the example of other gentlemen in this debate.

*Querenda pecunia primum est;  
Virtus post nummos—Hæc Janus summus ab imo  
Procedit.*

Make money by all means, and before all things. Washington street certifies it to Wall street, and Wall street declares it to Broadway, and Broadway proclaims it to Chesnut street, and Chesnut street publishes it to the whole country. We have the same strong thirst for gold which has unhappily afflicted mankind in other times, and especially in very civilized ages; and the only difference is, that we have learned how to acquire, by honest means, a thousand times more of it. I will add, however, in justice to the age, that it has made a great discovery in social philosophy. We have found out that, what I would call physical civilization—a demand for the conveniences and accommodations of

\* Messrs. Horsley, Palmer, Tooke, Rothschilds, &c.

† Messrs. Burt, Smith, and Dyer, of Manchester. It is worthy of remark, that these remonstrances were admitted to be well founded by the change which, in consequence of them, was made in the law, in reference to joint-stock banks beyond 65 miles from London.

‡ Messrs. Ricardo, Macculloch, Norton, (the minutes, &c., just cited.)

§ Money and its Vicissitudes in Value, by the author of the *Rationale of Political Representation*, and *Critical Dissertation on Value*, &c. (Mr. Francis Bailey.)

life, and an abundant supply of them—is, and must be, the basis of all other civilization, that is intended to be high, solid, and lasting. Every real improvement in the condition of mankind springs out of, or leads to, the elevating of the *standard of comfort* among a people. Sir, this is the grand work—the mission—of modern commerce, which, in my opinion, is just beginning to develop its mighty resources—to pour out the inexhaustible fulness of its treasures, and its blessings. A great revolution is taking place—has taken place, in human affairs. War is every day becoming a more and more remote contingency. I do not say an impossibility. I know human nature too well for that. I am fully aware, too, how many disturbing causes, growing out of the history of the past, still exist to prevent the realizing, all at once, of the great end of Christian civilization, the dream of Henry IV, and of Sully—the union of all nations in a state of peace under the protection of law. I know, especially, what is to be dreaded in this respect, from that dark power that hovers over the confines of Europe and Asia, and throws its vast shadow over both. But during my last residence of four years abroad, I saw sufficient grounds of quarrel, to have led, under the old order of things, to twenty wars, as spreading and bloody as the thirty years' war, or the seven years' war—and yet these threatening differences passed harmlessly away, cloud after cloud dissolved as they rose above the horizon, leaving the sky more serene than before. Sir, it is a favorite phrase of those who boast of what is called the "march of intellect," that things are thus changed because the "schoolmaster is abroad." But I tell you that something far more effective than the schoolmaster, a mightier than Solomon, is abroad. It is the STEAM-ENGINE, in its two fold capacity of a means of production and a means of transport—the most powerful instrument by far of pacification and commerce, and therefore of improvement and happiness, that the world has ever seen; which, while it increases capital, and multiplies beyond all imagination the products of industry, brings the most distant people into contract with one another—breaks down the barriers which exclusive legislation would oppose to the freedom of mercantile exchanges—effaces all peculiarities of national character, and promises, at no distant period, to make the whole Christian world, at least, one great family. Sir, the social effects of this great instrument of modern improvement, have been singularly promoted by a branch of industry in which the part of the country I have the honor to represent is most deeply interested; and I will avail myself of this occasion to call the attention of the committee to a view of our southern institutions, that may not have occurred to it before, or made the impression it ought to make upon them. I beg you, sir, to believe that I do not speak in what is called a "sectional" spirit; for I protest before God that nothing can be further from my heart. But, let not those whose minds have been recently so much inflamed, against what they consider as the abomination of domestic servitude, shut their eyes to the truth. Sir, I allude to the cultivation of cotton, and its effects, through the commerce it fosters, upon the condition of society. Whoever shall write the political history of that invaluable plant, will have a more important work to perform than has ever fallen to the lot of a biographer of statesmen or philosophers. I will venture to say, without going more into details, that the single circumstance of bringing the wonderfully cheap fabrics produced by modern machinery, within the reach of even the humblest of the laboring classes, of substituting decent and comfortable raiment for the few scanty and filthy rags—the squalid exterior, which makes poverty not only more painful, but at once more humiliating and degrading to its victim, and more disgusting to others than it ought to be, will signally contribute to elevate the condition of the poor in the social scale—to raise their self-esteem, and to increase the sympathy of others for them—in a word, to make them feel themselves men; entitled to a place among men, not pariahs and outcasts, whose contact is contamination. A people well clad and well housed will be sure to provide themselves with all the other comforts of life; and it is the diffusion of these com-

forts, and the growing taste for them, among all classes of society in Europe—it is the desire of riches, as it is commonly called, that is gradually putting an end to the destructive and bloody game of war, and reserving all the resources hitherto wasted by it, for enterprises of industry and commerce, prosecuted with the fiery spirit which once vented itself in scenes of peril and carnage.

But, sir, the result of all this is, that very inequality of wealth, that accumulation of vast masses of it in a few hands, against which we have heard so much said lately, as if it was something inconsistent with the liberties, the happiness, and the moral and intellectual improvement of mankind. Gigantic fortunes are acquired by a few years of prosperous commerce—mechanics and manufacturers rival, and surpass the princes of the earth in opulence and splendor. The face of Europe is changed by this active industry, working with such mighty instruments, on so great a scale. I have travelled in parts of the continent which the spirit of gain, with its usual concomitants, industry and improvement, has invaded since the peace, at an interval of fifteen years, and been struck with the revolution that is going on.

There is a singularly beautiful, though rather barren tract of country, between Liege and Spa, where, in 1819, my attention had been principally attracted by the striking features of a mountainous region, with here and there a ruin of the feudal past, and here and there a hovel of some poor hind; the very haunt of the "Wild Boar of the Ardennes," (see *Quentin Durward*) in the good old times of the House of Burgundy. I returned to it in 1835, and saw it covered with mills and factories, begimed with the smoke and soot of steam-engines; its romantic beauty deformed, its sylvan solitudes disturbed and desecrated by the sounds of active industry, and the busy hum of men. I asked what had brought about so great a change, and found the author of it—a man having a more numerous band of retainers and dependants than any baron bold of the fourteenth century, and in every respect more important than many of the sovereign princes on the other side of the Rhine—was an English manufacturer, who had established himself there some twenty years ago, without much capital, and had effected all this by his industry and enterprise. Such, sir, is the spirit of the age; of course, in this young and wonderfully progressive country, it is more eager and ardent, and therefore occasionally extravagant, than any where else. But it is in vain to resist it. Nay, I believe it worse than vain. It is evidently in the order of nature, and we must take it with all its good and all its evils together. The great design of Providence, in giving to the most active and enterprising of all races, a new world to possess, to build up and to adorn, are not to be thwarted by our policy, even if we thought it good policy to thwart them; all the instincts of that race would revolt at a system which would disappoint its high destiny.

Mr. Chairman, I have made these general remarks, because, as you will have perceived, they have a direct and important bearing upon the collateral issue presented by the advocates of this bill, though not in the bill itself, as something to be accomplished hereafter. In a country so much governed by opinion, it is all important that opinion should be enlightened; and errors uttered by distinguished men in high stations, and surrounded with whatever talent can contribute to render them seductive and imposing, cannot, without public detriment, be suffered to pass unnoticed. On this occasion, as I have already intimated, it is far less the measure proposed, than what I consider as the *quo animo* of its advocates here and elsewhere, that has excited my alarms and my opposition. But I have objections, which I will now proceed to state, to the policy of the bill itself.

There are two very distinct questions presented to the committee. The first is, shall the revenues be collected only in gold and silver; the second, how shall they when collected, be kept and disbursed; shall *sub-treasuries* be established by the Government, or shall banks be employed for that purpose as heretofore—and if the latter course be preferred, then shall the banks be allowed the use of the public deposits, or shall special depositories

only be made with them. It is very evident that these propositions have no necessary connexion with each other, and that either of them may be approved or rejected, by those who do not reject or approve the other.

As to the collection of the revenue in specie, my objections are by no means so strong, or I should say so vehement, now, as they were at the opening of the session, when gold and silver were selling at a premium of nine or ten per cent. At that time it appeared to me that such a measure would have been a mere wanton act of oppression upon the people of the States, for no earthly good purpose whatever. It would have been simply authorizing usurers and money brokers to lay upon the importers, and, through these, upon the consumers of foreign goods, that is to say, upon the public, and especially upon the planters of the south, a tariff of duties, in a good degree arbitrary, for their own benefit, and that of the functionaries of the Government. Believing, as I did and do, that the paper circulation of the country, from the great and sudden contraction in consequence of the panic, was rather too much reduced than redundant, I confess, as I said on a former occasion, I could not see that justice, at least that equity and good conscience, made it imperative upon us to resort to so stern a measure; especially, as the idea of furnishing, by that means, a broader metallic basis for our circulation, had proved itself to our very senses, to be completely fallacious. We all now see, that not a dollar collected by the Government, and disbursed by its creditors, circulates for one moment as money, but is carefully hoarded, and sold as merchandise; and that it will continue to be the case, so long as, from any cause whatever, exchanges shall be unfavorable to the country, is equally evident.

I admit, that since the fall of the price of gold and silver to five per cent., this objection loses somewhat of its weight, but it loses none of its truth. The same law of currency now operates, though in a mitigated degree, to make it an objectionable measure to repeal the act of 1816, and so to discredit, *pro tanto*, all bank notes in perpetuity. Yes, sir, to organize panic and perpetuate distrust, so far as your example has any weight. And why do so? What apology have you to make for an act that certainly requires one? What public occasion, what pressing exigency requires it? The message puts the subject, I admit, in a very specious and captivating form; it supposes the case of a war, and the Government to find its whole treasure suddenly turned into bank credits; and we are asked whether such a thing could be borne. But admit that, in case of war, the Government would be driven to that, and any other measure, of equal or even greater severity. What then? Does it follow that such a system should be unnecessarily adopted in time of peace? But the truth is, that even in time of war, it would make less difference to the Government, than is generally supposed. Certainly, some of its operations, distant naval expeditions, and the like, would require gold and silver, and they must be had, at whatever price, from within or from abroad; but, after all, with such credit as that of the United States now is, it is impossible to imagine that the nation should be embarrassed, even for a single moment, by the failure of its banks to pay some millions in gold and silver. Look at England, in the eventful period between the suspension of payment in '97, and the peace of 1815. It is now universally confessed, that that measure, and that measure alone, boldly empirical as it was once thought, enabled her to sustain the burdens of that terrible conflict, and to achieve a triumph worthy of her generous constancy under misfortune. I do not, therefore, see how even the necessities of war would compel Government, abounding in such resources of public credit as no other Government ever enjoyed, to resort to a measure so novel, so harsh, so inconsistent with the established order of things in the country, and with all the habits of the people.

But the great objection with me, is that which appears from a passage quoted by the gentleman from Virginia, (Mr. Garland,) to have presented itself to Mr. Dallas, in 1815. You will do some harm by refusing bank paper; considering how

little specie there has ever been in this country, you may, by requiring it to be paid to you in a large amount annually, make it always an article of merchandise; you will thus permanently discredit bank notes, and render impossible the restoration of their convertibility. But that is not all; even should this mischief not ensue, you at least, by thus rejecting them, to the whole extent of your transactions, abandon the currency to its fate, under the administration of the States. You make no efforts, you exert no influence, to maintain its purity and uniformity, by distinguishing between corporations which redeem their notes, and those which are notoriously insolvent. You proclaim your distrust of all of them alike; you write it in your statute-book; however disastrous the condition of the monetary concerns of the States may be, through want of skill, or want of concert, you leave them to themselves, and that, when standing in the most intimate and the most commanding relation towards them, you might, if you gave yourselves the least trouble about the matter, exercise a most salutary control over them, and remedy those great inconveniences for the benefit of us all. For, sir, it is not enough to say you have no power, strictly so called, under the constitution, to regulate the currency. I admit that you have none. What then? Have you no influence—influence of example—influence of precept—influence of authority—influence of patronage—influence of connexion and custom in business, in the use of these very depositories? Has not the constitution provided that all defects in our institutions shall be corrected by amendments regularly recommended and introduced, and is it not one of your duties so to recommend and introduce them?

Why do you not urge upon the States any reform you may judge necessary in the matter? I appeal to every one that hears me, what he should think of an individual, who, possessing immense influence in a community, with an income of many millions a year, should, in a time of trouble, coolly withdraw himself from society, and hoard his money, like a usurer in a commercial panic, waiting until the extreme necessities of his neighbors shall throw them upon his mercy? Is this the morality we are taught in our private relations? Shall nothing be expected from him to whom so much has been given? Shall he hide his light under a bushel? Shall he bury his ten talents in the earth, and escape condemnation as an unprofitable servant? And shall that be right in a Government, which, in a private person, shocks the moral sense of all mankind? in a Government standing towards the people of this country in relations so very peculiar? Sir, what answer would you have to give to the States, if, in a moment of public calamity, like that which is just passing away, feeling their distresses aggravated through your harsh exactions of what their people had not to give, appealing in vain to you for succor or for counsel, they were to hold to you the language which indignation and astonishment would naturally inspire, under such extraordinary circumstances? If they were to say to you, "We have done every thing to exalt and to magnify you—we have clothed you with authority and awe—we have armed you with mighty powers, with the axes and fasces of supreme jurisdiction—we have surrounded you with all the glorious equipage and pomp of empire, endowed you with a vast treasury, with fleets, armies, senates, judges—that palace, these gorgeous domes—this *capitolium fulgens*—what for? that you should renounce all community of interest, all sympathy with us? that there should be no ties of affection or of duty between us? that you should ostentatiously proclaim yourselves, as your worst enemies have sometimes alleged that you are, a *foreign* Government in the midst of our country, and even avail yourselves of a moment of cruel revulsion and calamity, to make us feel that you are so in spirit and in truth?" Sir, I do not know, I cannot conceive, how such a course should fail to strike every body as a perversion of all the eternal obligations of morality, which are, and ought to be, as binding upon communities, as upon the individuals that compose them; how gentlemen can, at such a moment as the present, entertain, without emotion, the strange proposition, that this Government should

bury itself, like Sardanapalus, in a selfish repose, a degenerate and inglorious indifference to all the interests of the country: or, if I can make such a comparison without shocking them too much, that, like Nero, it should fiddle while Rome is burning.

Agreeing, then, sir, with the Executive in the principles laid down in the message, I differ with it in the practical inferences deduced from them. In the division of power between the Government and the States, I think with it, that all that is required to meet this emergency, has not been given to the former. But the inadequacy of our powers is no excuse for not exerting them to the uttermost for the public good, especially as there is reason to think that the convention did not foresee the present state of things. We can do much, if we cannot do every thing. The occasion calls only for a good will, and a moderate share of practical ability; and I have no hesitation in saying, that among the existing banking institutions of the country, can be found ample means of accomplishing the two great objects of restoring specie payments, and maintaining hereafter, in all ordinary times, a convertible currency, which is all that we can expect to do.

Sir, I do not wish to be misunderstood. It is of the utmost importance that the paper of the banks should not only not in fact be depreciated, (as I believe is actually the case,) but should be able to stand the only sure, and, to the public at large, satisfactory, test of that fact; I mean *convertibility* into specie. I am fully aware that the accident of a failure in the means of making their payments in the precious metals, is one against which, according to the course of modern commerce, there can be no complete security; and that nothing can be more absurdly exaggerated, than the importance attached to that occurrence, by persons not familiar with the principles of banking, when it happens in consequence of an extraordinary demand from abroad, or a sudden panic within. Nay, more: I admit that the most usual effect of a great revulsion in trade, is, to throw much paper out of circulation; to contract the currency, and so to bring down exchanges and prices, and raise the value of the money that remains in the hands of the public. But a suspension of specie payments, though it may not be a present evil, is always fraught with danger. It is the indispensable duty of a statesman to put an end to it as soon as possible, either by encouragement or by compulsion. It is for this, among other reasons, that I so cheerfully acquiesced in the issuing of Treasury notes; inasmuch as it relieved us from the necessity either of directly refusing to take the paper of the banks at par, or, by receiving it, (as we might otherwise very safely have done,) of betraying those companies into an impolitic enlargement of their issues, before the balance of payments had been turned in our favor—as I hope it will be, by the coming crop. I regarded it as an excellent temporary expedient, for avoiding, at present, this choice of evils. So far, I think nothing more unfounded than the general charge of insolvency against all our banks, which is so inconsiderately uttered by the press, and in debate, as well as the assertion repeated over and over again, on this floor, that the country is laboring under an excessive and depreciated currency. It is not yet so; but it will, I fear, very soon be so, if the banks do not make an effort to return to specie payments in the course of a few months. Now is the time to do so: now that their issues are contracted; that importations have been checked; that exchanges are become more favorable; and that the great southern crops are about to be sent forward to make them still more so. Let every one interested in the fate of these institutions, as well as in the commercial prosperity of the country, exert whatever influence he may possess, to bring about that result; and to deliver the banks from the temptations to dangerous excess, to which the return of an active and prosperous business will inevitably expose them, if they do not, once more, lay themselves under the restraint of convertibility.

Sir, should they unhappily take a different course, and should this Government, after using all its influence and authority, to establish the currency of the country on a better footing, fail of success in

its most zealous endeavors, I admit that it may be driven to the necessity of taking care of its own business and creditors, by independent legislation of its own. There is no doubt that a variously depreciated currency cannot be tolerated as the settled system of the country. The ports of one State cannot be preferred to those of another, in this way, any more than by an express statute to that effect. Nor can the public creditor be justly paid in money really depreciated.—I mean not in reference merely to gold and silver, which are themselves liable to great fluctuations in value, but to the general mass of commodities that compose the conveniences and necessities of life. The effects of a redundant currency, when once they begin to be distinctly perceived, are counteracted by a general rise of prices. Money is twice as easy to be got, but you have to pay twice as much for every thing which it buys. But there is one class of persons who have no means of indemnifying themselves by raising the nominal value of their property or their claims. It is the class of those who live on fixed incomes—annuitants, fundholders, functionaries of States, pensioners. They are paid a certain sum, and with every diminution in the value it expresses, they lose just so much of what they are fairly entitled to. In this view of the subject, therefore, it is quite clear, that Government is under the highest of all moral obligations to see that their dues be not paid them in what is really worth a great deal less than it purports to be.

What I have hitherto said relates to the first question propounded by the bill on your table—shall gold and silver only be received in payment of Government dues. As to the second inquiry, sir, whether the revenue shall be kept by officers of our own, or by the banks; and if the latter, whether in the shape of special or general deposite, so much has been said, and so ably said, upon that head, against the system recommended by the message, that I am very little disposed to trouble the committee with any additional remarks in regard to it. Were I driven to make a choice between the two plans referred to, I should, as at present advised, greatly prefer that of a special deposite, on a small commission, as at once the safest, the cheapest, and most simple—as departing less from our previous customs, and not being so liable to the great practical objection of going permanently to increase the already enormous and disproportionate influence of the Executive power, which, beyond all doubt, far exceeds any thing that was anticipated by the founders of the Government, and seriously threatens to disturb, if not to subvert, the whole balance of the constitution. I need not say that I have no reference whatever to the present, or any other individual incumbent. I speak of the operations of great general causes, and of a system, whose effects are almost entirely independent of the will of man. Another very grave objection to the scheme reported by the committee, is its resemblance, or, at least, its fearful leaning to that of a great political Bank of the United States, of which a justly celebrated report of one of my predecessors, upon this floor,\* demonstrated, some years ago, the dangers and inconveniences, as I have always supposed, to the universal conviction of the people. But although I should prefer the special deposite system to that of the Committee of Ways and Means, I am not yet prepared to adopt it. That immense benefits have been conferred upon the country, by adding to its productive capital, the large amounts of public money which would otherwise have lain dormant in the Treasury, does not admit of a question. I will venture to say that in the course of the half century that has elapsed since '89, countless millions have been the fruit of this truly paternal and beneficent system. Our predecessors, Mr. Dallas among them, seem to have been deeply impressed with

\* Mr. McDuffie. Report of the Committee of Ways and Means, in 1831. Mr. Gallatin remarks of this system of sub-treasures, presented as an alternative to a Bank of the United States, in his celebrated pamphlet on that subject, that "with the exception of the power of receiving private depositories, the object of which provision is not perceived, this is precisely the species of national bank which has been suggested in the President's last message, (1820)." The question whether the purchase of drafts would, as we think, be a charge on the Treasury, or prove, as seems to be expected, a source of profit, is one of secondary importance. It is sufficient to observe that the issues of the State banks could not, nor indeed is it expected that they could, be checked by this plan.



this view of the subject. They seem to have felt themselves bound to render our system of taxation, which, even in its mildest form is, in fact, a *confiscation* of private property for public uses, as little burthensome as possible to the community. Sir, what ever we may think of the policy pursuing their footsteps any further, no one can deny that they are entitled to the gratitude of the country for the past; and I, for one, am too sensible of the benefit, to throw it away without very mature consideration, unless under the pressure of a cogent necessity.

But we have been told, sir, that far from being an innovation, this mode of collecting the public revenues was universal from the earliest times until the beginning of the last century—that is to say, until an age of philosophic light and diffusive civilization, at which another good old plan, established from time immemorial, the burning of witches and heretics, unhappily ceased too. This coincidence certainly appears to me to be entitled to some consideration; the committee will see, that in the matter of innovation, going back too far is at least as dangerous as going forward too rapidly. But there has been another reference to the examples of the past which struck me still more forcibly as a most extraordinary perversion of the lessons of experience. Sir, I do confess to you, that before any discussion had taken place in either part of this Capitol, on the subject before you—long before I had heard of that allusion to the *Quæstor*, referred to the other day by my eloquent friend from New York, (Mr. Hoffman)—at the bare stating of this project in its first conception and most general outlines, certain images presented themselves to my mind, and have ever since haunted it, in spite of all I could do to banish them. They were ideas that in my simple way of considering such matters, shocked and alarmed me—ideas of Roman conquest and Asiatic despotism. I thought of that most fearful of all things, a vast empire, with power centralized at its capital, with commerce centralizing by the inevitable course of trade, which always and every where tends to centralization, at some great emporium, with its revenues collected only in gold and silver, to be hoarded, as was the way at Rome and Babylon or Persepolis. I fancied I could see one of the Proconsuls or Prætors—the Bashaws of the Republic, as Montesquieu so justly calls them—Verres, for example—going forth with that same *Quæstor*, surrounded with an army of *publicans* or farmers of the revenue, to gather the dues of Rome in some devoted province—another Sicily—as dues were wont to be gathered by the satraps of that military commonwealth, that is to say, wrung with their blood from subjugated nations, whose pleasant places were laid waste, without remorse to glut the rapacity of conquest. Sir, I little imagined that such a system would have been cited, nay, alluded to, in this age, except with a view to inspire the horror and execration it is so well calculated to excite. Roman example! “The Demon city,” (as it has been well called by a writer of genius. *Herder*,) whose whole history, from beginning to end is a tragedy far deeper and more dreadful than the tale of *Œdipus* or the *Atridæ*, and leading to a catastrophe of an awful political justice. Why, sir, there is nothing in the annals of Mongolian conquest, worse than the ravages perpetrated by her consuls—by *Mummius*, *Paulus*, *Æmilius*, *Sylla*—in some of the fairest and most civilized portions of the earth. There were flourishing countries, whose fertility and population were exhausted by a perpetual drain of corn and gladiators to feed her lazy and licentious populace, and amuse them with the utterable atrocities of her amphitheatre. And what was the end of all this misrule? Weakness, poverty, desolation, barbarism—the Goth, the Vandal, the Hun. Yet long before the footstep of a barbarian had been impressed upon the soil of the empire, as *Gibbon* has well remarked, long before that scourge of God, under whose horses’ hoof the grass was said never to grow again, had been sent to avenge the wrongs of mankind, in the course of half a century after *Constantine* had founded a new Rome, whole tracts of fertile country had been completely depopulated and abandoned. Even of that paradise of all this earth, on which poetry and panegyric have been

exhausted in every age, in all languages, the *Campania felix*, a very considerable portion was become a waste. Nor, sir, was this owing to the depotism of the *Cæsars*, as an excellent writer has well observed, (*Jacobs*,) in reference to this passage of the “Decline and Fall,” and as this committee will do well to remark. There co-operated with that misgovernment, a curse which has been said, and is thus proved, to be worse than “the inclemency of the seasons and the barrenness of the earth,” (*Ad. Smith*,) a decreasing currency. The supply of the precious metals had been for upwards of two centuries continually diminishing, while the quantity of them sent in quest of luxuries to the East, to return no more, had been increasing in the same proportion, and a revenue of £15,000,000 or 20,000,000 was constantly levied in gold and silver, to be expended at a distant capital, or on the frontiers. This important fact speaks volumes to us on this subject. It is unquestionably true that one of the greatest calamities of the declining empire, was a circulation diminishing so frightfully that the pay of a general in the third century was nominally not higher than that of a private had been in the reign of *Augustus*, (*Herder*.) So much for the ROMAN SUB-TREASURY SYSTEM, and the example of the *Quæstor*!

But, sir, another objection to the present system is that it lends to *fluctuations* in the currency; and that brings me to consider the general effects of the CREDIT SYSTEM upon the prosperity of the country.

I begin by admitting that there is something in this objection, but by no means as much as is thought by persons who have not very attentively considered the subject. Undoubtedly if your revenue, instead of being uniform, or at least varying very little from year to year, be permitted to fluctuate extremely—if a great surplus like that of which you disposed last year is to be allowed ever and anon to accumulate, and then to be withdrawn from one depository and scattered among many others; to be again suddenly withdrawn from them, and ultimately distributed without reference to the wants of commerce and the course of business, but on merely arbitrary principles, among the States—if such financial blunders are to be repeated often in our future policy, we should do well to confine the effects of them within as narrow limits as possible, and even a system of hoarding might, in such a case, perhaps, do less harm than all this vexatious irregularity, and uncertainty. But in the first place, whose fault was that? Whose legislation occasioned that preposterous accumulation? Whose unequal and oppressive tariffs extorted from commerce the vast sums which were afterwards to be lavished upon it with such intoxicating effects? Yours, sir,—this house, this Congress is responsible for whatever mischiefs grew out of that strange anomaly. Let the blame light upon the heads of the guilty. I trust in God we are not destined soon to see another such surplus—and if we should, most certainly I should expect proper precautions to be adopted to prevent its operating again so powerfully to derange the business of the country. But what sort of argument is it against the comparatively moderate deposits made in the ordinary course of things by the Government, to recompense the banks for their services as fiscal agents, and make taxation less oppressive, that an enormous accumulation like that referred to, so capriciously disposed of, so violently transferred from one place of deposit to another, produced much evil? And here, sir, I beg to ask gentlemen, whether it has ever occurred to them to imagine what would have been the effect—what would always be the effect—of such an accumulation, if it had been in gold and silver? What if our revenues should ever again amount to what they were in 1815? Will any man undertake to say, that the abstraction from the circulation of the commercial world of so large a sum as forty or fifty millions of specie, would not, at any time, occasion a serious derangement of business and fall of prices abroad, attended with all the usual evils of such an event? I shall advert hereafter, more particularly, to the important subject of the supply of the precious metals for the purposes of commerce; but I here call the attention of the committee to a view of it, that is

entitled to their profound consideration. If I do not greatly err, in all the conclusions to which I have been brought by my researches in this matter, no calculation can be made of the effect which the adoption—I will not say of the “hard money system,” but of any system whatever, calling for a much greater demand of the precious metals—might have upon the state of trade.

Sir, I have said that the importance of these fluctuations in the paper currency of a country, have been very much overrated. Some people seem to think an expansion in the circulating medium must always be attended with a sudden rise in prices, and a spirit of extravagant speculation. But it is not so. Mr. Tooke has shown that these two things have in fact very seldom coincided—that speculation depends in the first instance, upon moral causes wholly unconnected with the state of the currency; and, although an abundance of money may, and does aggravate the evil where it exists, yet, by itself, it never leads to any excitement. Take any example of a commercial crisis you please, and you will find that there were extraordinary circumstances which acted on the imaginations of men—florid pictures of general prosperity, bright visions of possible success in new channels of trade, and adventures as yet untried. There is a remarkable proof of this in the terrible convulsion in England in 1825, the most serious perhaps that she has ever passed through. In 1822 there was a most depressed state of prices below the cost of production. The lowering of the interest on an immense amount of Government stock in 1823 and '24, engendered an impatient desire of more profitable investments. Then came the acknowledgment of the independence of the South American States, with hopes of advantageous loans to the new Governments, of great mining speculations, and of a vast extension of all branches of trade, upon which that great political event, it was supposed, could not fail to produce sudden and incalculable effects. The spirit of adventure thus awakened, soon spread itself abroad over every department of commerce: and, a moral epidemic, as it has been well termed, broke out, such as no policy of Government, of free Government at least, could possibly control. But the same excitement would have occurred had the circulation of England been metallic; and, sir, a proof of it is to be found in the fact that owing to a long series of good harvests, and to the preparations which the Bank of England had been making to substitute gold for the small notes which still circulated in 1824, her treasure was unusually large, (something like £13,000,000, instead of £10,000,000, its regular maximum,) and so far as her issues had any thing to do with exciting the spirit of circulation, it was not a deficiency, but an excess of bullion that occasioned the mischief—just as was the case in this country during the last two years. I say, sir, this spirit of speculation is incident to the adventurous operations of commerce, and it makes no difference whether those operations be carried on in specie or in paper. The gentleman from Pennsylvania who sits near me, (Mr. Sergeant,) anticipated me in citing the example of the famous bubble year in England, (1721,) when, as he justly remarked, the circulation of that country might be considered as almost exclusively metallic, for the issues of the bank were what they had been for some years before, only about £2,000,000, and not more than half what they were in a few years after, in a state of perfect calm. But I will add another instance, a most memorable and instructive one, from our own history. If this country has ever been blessed with a purely metallic currency, it was shortly after the peace of '63, and from that epoch, until the establishment of the first Bank of the United States; and, sir, if a man were called to point out that era in its history in which its pecuniary condition was most deplorable, he would, without hesitation, name that. There was a want of money, even to transact the ordinary business of life; a good portion of the little trade left us was carried on by barter; industry was languishing for want of the means of exchanging its products; nobody had any credit; all was embarrassment, despondency,

\* Washington's writings, Vol. IX. Hamilton's Report on the Bank in 1790.

and gloom. In the midst of all this distress, there was a cry, not for hard money, as in the present crisis—they had enough of that, in one sense, at least—but for the good, old fashioned paper money issued by the States—and the discontents of some of the boldest and most active spirits of New England broke out into open revolt against society, and seriously threatened its overthrow. Sir, never since we have been a people, have we passed through a period so full of perils of all sorts! Never was the morality of the nation put to so severe a trial; or its peace and its institutions, and its destinies brought so near to the very edge of the precipice. And what was the immediate cause of all this intense pecuniary distress? Speculation, sir, far wilder, in proportion, than any that has since occurred. We had imported in the two first years after the peace, a large amount, \$30,000,000, against exports of some eight or nine millions. Look into Pitkin's statistics. And yet with a fact from our own history, so important, so authentic, so full of instruction on all the points involved in this discussion, you hear able and leading men speak of the spirit of speculation, as something inseparably connected with paper money alone. No, sir, it results from what is called the "course of trade," in its perpetual round of quiescence—improvement—increasing confidence—prosperity—excitement—overtrading—convulsion—stagnation—pressure—distress—ending in quiescence again.† Nor is it by bank issues, even where banks most abound, that it is supplied with the means of compassing its object. In 1825, it is said that mercantile paper, to the amount of near \$600,000,000, was negotiated in London. Mr. Rothschild mentions that his house received in the course of two months, bills to the amount of a million and a half,‡ while the circulation of the Bank of England, and the country banks together, did not exceed thirty millions. It is commercial credit and private loans, that at such periods encourage and sustain those great and perilous operations—not banks, not bank notes, not redundant currency, strictly so called.

But if banks do not occasion such excitements, they, on the other hand, greatly mitigate the effects of the revolution that follows. We had no banks in this country in '86; to help the people in their distress, as the Bank of England aided and saved the commercial community of England in 1825.

But let us look a little more closely into the causes of the late excitement in the moneyed and commercial interests of this country. In my opinion, they have been too partially considered, and we have added to our other misfortunes, mutual reproaches, which are certainly, (I speak it with the profoundest deference for the very able persons with whom I differ,) not all of them well founded. The merchants, as a body, have been censured for imprudent and profligate speculation. They, in turn, accuse the Government, of a wanton and even wicked tampering with the great interests of commerce, which governments seldom touch without doing some mischief. Sir, I do not think this a fit occasion for angry recrimination, and having been absent during the conflict, to which I allude, I desire to mingle as little as possible in the passions of the past. I must say, however, that I incline to believe, more importance has been attached to the *specie circular*, in a mere economical point of view—I say nothing of its political character—than it deserves. I do not mean to affirm that it had not its share in adding to the embarrassments of the money market after the revulsion had begun. But the tide had turned before. That paper was issued here on the 11th of July, 1836. Now, as early as the 1st of July, the Bank of England had felt itself constrained to adopt a course which led to an instant fall of prices, and this fall of prices was in a short time as much as 20 or 30 per cent. Mr. Horsley Palmer, in the pamphlet already alluded to, admits the fact, and justifies the proceeding. *Habes confitentem reum*.\* Now, sir, be pleased to consider what frightful havoc a loss of 20 or 30 per cent. on 1,500,000 bales of cotton alone, would occasion in the commercial world, especially when such a

terrible deficit happens to be accompanied by a contraction of bank issues, and great scarcity in the money market, at a period of prodigious excitement in every branch of trade, (for it is then only that contractions are dangerous,) and of speculative investments in every sort of enterprise. The Bank of England, through its deputy governor, alleges in justification of its course, that its treasure, which was just beginning to recover from the drain occasioned by speculations in Spanish and Portuguese funds, during the year 1834—another phrenzy of the times, that led to a catastrophe which I witnessed in the spring of 1835, and in hard money countries, too—was again reduced by drafts made upon it, for various purposes, in America, to the amount of £2,600,000. Of this amount, £1,200,000 was borrowed for the Bank of the United States; the rest came over to be laid out, no doubt, in canal and railway, or bank stock; or, to supply, as Mr. Palmer supposes, the vacuum in our circulation, occasioned by the prohibition, in some of the States, of small notes, or the new demand for gold consequent upon the change introduced by the gold bill, in the session of 1835. Sir, as the guardian of the currency of England, the bank was, no doubt, on strict principle, justified in pursuing that cautious policy, in imposing a salutary check upon speculation; but I have very great doubts whether it did not go too far; and whether its sudden and rather violent interference with the natural course of things, has not been attended, in England as well as in this country, with evil consequences that might have been avoided, or at least very much mitigated, had exchanges been left to correct themselves, as they have a natural tendency to do. It is a circumstance worthy of the particular attention of the committee—and I advert to it to show that nothing can be more unjust than the charge of profligate speculation made against the great body of our merchants, (however individuals may deserve censure,)—that, from 1831 until late in the autumn of 1836, exchange with Europe never fell below, and was often much above *par*, although the apparent balance of trade was, during that period, steadily and greatly against us. Sir, this singular phenomenon is now satisfactorily explained. We know that it was owing to immense investments of British capital (much of it, no doubt, sent over in the shape of goods,) in the United States, quite independent of the ordinary commercial balance. For example, a run was made upon the Bank of England, in May, 1832, during the agitation that accompanied the passing of the Reform Bill, to the amount of £2,000,000; which never returned to the bank, and was supposed to have been hoarded, but which I believe came hither. This circumstance was, at the time, attributed to a political trick, to prejudice the minds of the people against the great measure then before Parliament. I have reason, however, to know, that the panic was by no means feigned; that apprehensions of revolution were seriously entertained by many of the higher classes in England; and, as the payment of our national debt, and our immense prosperity, had called the attention of European capitalists to this country, large amounts were sent hither, not only in quest of higher interest, but as a safer investment than could be made at home; for, in the present state of the world, capital will go abroad, in spite of all the contrivances of Government, recommended, I regret to say, by Mr. Palmer, to prevent its seeking more profitable employment there. We know all this *now*, and we see what this vast influx of British gold and British credit had to do with prices and speculation here; but who saw it then? How was the merchant to know what was at hand? That the ground upon which he stood, or thought he was standing, covered an abyss that was so soon to open and swallow him up; that the scene of most flattering prosperity which had for five years excited and entranced his senses, was to vanish like a dream, at the touch of a foreign power?

A great many circumstances conspired to keep

up the delusion, and even some which one might have thought would produce the very opposite effect. Thus the removal of the deposits, and the panic and contraction in 1834, consequent upon that measure, led to further importations of the precious metals, and accordingly it appears that there was an accession of nearly twelve millions of specie in that single year. A metallic basis was thus formed for the inordinate number of banks chartered by the State legislatures, to supply the place of the United States Bank; and still greater aliment was added to the spirit of speculation, already excited by the high prices of produce in England, and the unprecedented demands for the public lands in the West, by emigration from abroad. The idea that an excessive circulation was the sole cause of all the mischief, an idea encouraged both by the friends of a national bank, and by the enemies of all banks, appears to me entirely fallacious. It is vain to state, as is so continually done in such discussions, the amount of currency at one period, and to compare it with that amount at another, without any reference to the amount or the prices of the commodities it has to circulate. No sound inference can be drawn from the naked fact of such a difference. For instance, had the price of produce not fallen in the English market—had the cotton crop been worth 80 or \$90,000,000, instead of being fallen to half the former sum, it is manifest that it would have required, *ceteris paribus*, twice the amount of circulation to effect the usual exchanges in it. Not only so, but in periods of great excitement, it is not merely the products of our industry that we sell, it is not simply the annual income of the land, and labor of the country, that is exchanged, but the very soil itself; the whole country, with all that it contains, is in the market. (This, to the extent to which it is carried, is a peculiarity of our people. Sir, I do not mention this as a very prepossessing, or honorable, trait in our character; I mention it simply as a fact. We have no local attachments, generally speaking; nothing bears the *pretium affectionis* in our eyes. If an estate, a residence in town, a country seat, rises a little beyond what we are accustomed to think its value, it is sold without any hesitation. Accordingly, there is in such times a capacity for absorbing an expanded currency in this country, greater, perhaps, in proportion than was ever known in any other country. I am of opinion, therefore, that prices in the United States were, in general, not relatively much higher than elsewhere, during the last two years, except in cases where, on the usual relation of demand and supply, it was easy to account for their being so. By far the greatest amount of speculation, too, no doubt was carried on in private paper. But of course, as soon as a fall took place in that great leading staple commodity in which we pay our foreign debts, and of which the value effects that of almost every thing else in the country, and that, too, to so fearful an amount as 30 or \$40,000,000, the currency became (before the late contraction) at once redundant. It was precisely as if property to the value of 3 or 400,000,000 had been swallowed up in the sea, for it destroyed the income of property to that amount.

From this view of the causes that led to the present distress, I do not see what interference can be drawn from it, unfavorable to the connexion that has always subsisted between the Government and banks. It is one of those extraordinary revulsions, to which the adventurous spirit of commerce will always be exposed, organize your currency as you will, and take what pains you please to diminish the sources of excitement. In this country, especially, holding out so many temptations to foreign capital, so many hopes to enterprise, such dazzling prizes to fortunate speculation, with a people distinguished above all others by their intelligence, sagacity, activity, and boldness in affairs, such periods of crisis and convulsion are inevitable, and no mischiefs which they can possibly do would be half so bad as the only preventive that would insure us against their occurrence, the entire extinction of the spirit that leads to them.

Sir, to the general declamation against banking, we have to oppose the experience of the most prosperous nations in the world. There is a country, for instance, whose whole currency is of paper, a where one seldom meets with a piece of gold

England, from the 1st of October, 1833, to the 27th of December, 1836, by J. Horsley Palmer, Esq. London, 1837.

\*"The fall in prices of almost all the leading articles of raw produce, (sugar, coffee, tea, silk, cotton, &c.) from the 1st of July last, when the rate of interest was first advanced, has not been less than from 20 to 30 per cent." p. 23.

† Mr. S. Jones Lloyd. ‡ "Minutes of Evidence," &c. in 1832.

\*"The Causes and Consequences of the Pressure upon the Money Market, with a statement of the action of the Bank of

whose banking companies, whether with or without charter, subjected to no restraints or control, but such as spring out of the vigilance of a free and eager competition, have for upwards of a century together conducted their affairs with so much skill, integrity, and prudence, as not only never to have occasioned any loss either to the public or the parties interested; but, on the contrary, by the confession of all competent judges, to have conferred the greatest blessings upon both—to have contributed more than any single cause, perhaps, than all other causes put together, to bring out and develop completely all the resources of the land, to foster industry, to animate enterprise, and by an abundant supply of the means, of exchange, to turn its capital and labor to the greatest possible account—where, in addition to these economical advantages, they have contrived to exercise a high moral control, a sort of censorial authority, over the community, and especially the humbler classes of it, by bestowing rewards in the shape of credit upon industry and economy, and lending upon good personal character, as if it were solid capital, and through a system of cash accounts and interest upon small deposits, have given to the deserving laborer the combined advantages of a savings bank and a friendly endorser—a country which has made greater progress within the period mentioned, than any other in Europe, with an agriculture second (if second) only to that of Flanders, with a flourishing commerce, with manufactures of the greatest extent and the most exquisite refinement—whose cities have almost kept pace with ours, whose whole face in its gladness and beauty bears testimony to the spirit of improvement that has animated her—what country is that? Scotland, sir. Every body has heard, or ought to have heard, of the Scotch system of banking; and I ask if any thing can be more irreconcilable with the theories so confidently advanced here, than facts connected with its history? I know, sir, what may be said in reply to this otherwise triumphant example. I am aware that the Scotch banks have, in times of pressure, been compelled to lean upon the Bank of England—that objections have been made by high authorities, to the principles on which they have been conducted, and that other persons, admitting their unquestionable usefulness and success, have ascribed it to circumstances which render the system an unfit model for imitation elsewhere. Be it so. But still it is banking—banking on the English plan, with a very inadequate supply, scarcely any supply of bullion; banking without limitation or control, without any reference or responsibility to Government—banking, in a word, with all the defects imputed to that system, in their most exaggerated forms.

But if this example be not satisfactory, let us look at the experience of the two other countries in which the system exists, and exists, as we are told, in its most vicious state—England and the United States. Look at the results. I have no faith at all in speculative politics. A theorist in government is as dangerous as a theorist in medicine, or in agriculture, and for precisely the same reason—the subjects are too complicated and too obscure for simple and decisive experiments. I go for undisputed results in the long run. Now surely a philosophical inquirer into the history of the commerce and public economy of nations, if he saw a people pre-eminently distinguished in those particulars above all others, would be inclined to ascribe their superiority to what was peculiar in their institutions; at least whatever might be his ideas *a priori* on such subjects, he would be very slow to deny to any remarkable peculiarity in those institutions its full importance as one of the probable causes of the success which he witnessed, unless he could clearly show the contrary. Then, sir, by what example are we to be guided in such matters if not by that of England—by far the most magnificent manifestation that the world in any age of it, has ever beheld, of the might and the grandeur of civilized life. Sir, I have weighed every syllable that I utter—I express a deliberate conviction, founded upon a patient inquiry and a comparison, as complete as my limited knowledge has enabled me to make it, between the past and present condition of mankind, and between the great nation of

which I am speaking and those which surround her. Sir, there is a gulf between them—that narrow channel separates worlds—it is an ocean more than three thousand miles wide. I appeal to any one who has been abroad, whether going from England to any part of the continent, be not descending immensely in the scale of civilization. I know, sir, that that word is an ambiguous one. I know that in some of the graces of polished society, in some of the arts of an elegant imagination, that in the exact sciences and in mere learning and general intellectual cultivation, some nations have excelled, perhaps many equalled, England. But in that civilization which, as I have said before, it is the great end of modern political economy to promote, and which is immediately connected with the subject before you; which at once springs out of, and leads to, the accumulation of capital, and the distribution of wealth and comfort through all classes of a community, with an immense aggregate of national power and resources—that civilization which enables man to wield these elements, and arm him with the force of all their legions," which gives him dominion over all other creatures, and makes him emphatically the Lord of the Universe—that civilization which consists not in music, not in playing on the flute, as the Athenian hero said, but in turning a small city into a great one; in that victorious, triumphant, irresistible civilization, there is nothing recorded in the annals of mankind that does not sink into the shades of the deepest eclipse by the side of England. I say nothing of her recent achievements on the land and the sea; of her fleets, her armies, her subsidised allies. Look at the Thames crowded with shipping; visit her arsenals, her docks, her canals, her railways, her factories, her mines, her warehouses, her roads, and bridges; go through the streets of that wonderful metropolis, the bank, the emporium, and the exchange of the whole world; converse with those merchants who conduct and control, as far as it is possible to control, the commerce of all nations, with those manufacturers who fill every market with their unrivalled products; go into that bank which is the repository of the precious metals for all Europe; consider its notes as well as the bills of private bankers, at a premium every where, more valuable than specie, symbols not merely of gold, but of what is far more precious than gold, yea, than fine gold, of perfect good faith, of unblemished integrity, of sagacious enterprise, of steadfast, persevering industry, of boundless wealth, of business co-extensive with the earth, and of all these things possessed, exercised, enjoyed, protected under a system of liberty chastened by the law which maintains it, and of law softened and mitigated by the spirit of liberty which it breathes throughout. Sir, I know, as well as any one, what compensations there are for all this opulence and power, for it is the condition of our being that we "buy our blessings at a price." I know that there are disturbing causes which have hitherto marred, in some degree, the effect of this high and mighty civilization; but the hand of reform has been already applied to them, and every thing promises the most auspicious results. I have it on the most unquestionable authority, because, from an unwilling witness, that within the memory of man, never were the laboring classes of England so universally employed, and so comfortably situated as at the beginning of the present year.\*

But I said that there was another nation that had some experience in banking and its effects. Sir, I dare not trust myself to speak of my country with the rapture which I habitually feel when I contemplate her marvellous history. But this I will say, that on my return to it, after an absence of only four years, I was filled with wonder at all I saw and all I heard. What upon earth is to be compared with it? I found New York grown up to almost double its former size, with the air of a great capital, instead of a mere flourishing commercial town, as I had known it. I listened to accounts of voyages of a thousand miles in magnificent steamboats on the waters of those great lakes, which, but the other day, I left sleeping in the primeval silence of nature, in the recesses of a vast wilderness; and I felt that there is a grandeur and a majesty in this

irresistible onward march of a race created, as I believe, and elected to possess and people a continent, which belong to few other objects, either of the moral or material world. We may become so much accustomed to such things that they make as little impression upon our minds as the glories of the Heavens above us; but looking on them, lately, as with the eye of the stranger, I felt what a recent English traveller is said to have remarked, that, far from being without poetry, as some have vainly alleged, our whole country is one great poem. Sir, it is so; and if there be a man that can think of what is doing in all parts of this most blessed of all lands, to embellish and advance it, who can contemplate that living mass of intelligence, activity and improvement as it rolls on in its sure and steady progress, to the uttermost extremities of the west, who can see scenes of savage desolation transformed, almost with the suddenness of enchantment, into those of fruitfulness and beauty; crowned with flourishing cities, filled with the noblest of all populations; if there be a man, I say, that can witness all this passing under his very eyes, without feeling his heart beat high, and his imagination warmed and transported by it, be sure, sir, that the raptures of song exist not for him; he would listen in vain to Tasso or Camoens, telling a tale of the wars of knights and crusaders, or of the discovery and conquest of another hemisphere.

Sir, thinking as I do of these things—not doubting, for a moment, the infinite superiority of our race in every thing that relates to a refined and well ordered public economy, and in all the means and instruments of a high social improvement, it strikes me as of all paradoxes the most singular, to hear foreign examples seriously proposed for our imitation in the very matters wherein that superiority has ever appeared to me to be most unquestionable. The reflection has occurred to me a thousand times in travelling over the continent of Europe, as I passed through filthy ill paved villages, through towns in which there is no appearance of an improvement having been made since the Reformation, as I have looked at the wretched hovel of the poor peasant or artisan, or seen him at his labors with his clumsy implements and coarse gear—what a change would take place in the whole aspect of the country, if it were to fall in the hands of Americans for a single generation!

But is it paper money and the credit system alone that have achieved all these wonders? I do not say so, sir; but can you say, can any one presume to say, that they have not done much of all this? I know that the cardinal spring and source of our success, is freedom—freedom with the peculiar character that belongs to it in our race—freedom of thought, freedom of speech—freedom of action, freedom of commerce, freedom not merely from the oppressions, but from those undue restraints and that impertinent interference of Government in the interests properly belonging to individuals, which stand in the way of all improvement in the nations of continental Europe. It is this vital principle, the animating element of social equality, tempered and sobered by a profound respect for the authority of the laws, and for the rights of others, and acting upon that other prominent characteristic of the Anglo-Norman race, the strong instinct of property, with the personal independence and personal comfort that belong to it—that explains our unrivalled and astonishing progress. But of this rational, diffusive liberty, among a people so intelligent as ours, the credit system is the natural fruit, the inseparable companion, the necessary means and instrument. It is part and parcel of our existence. Whoever heard of credit in a despotism, or an anarchy? It implies confidence—confidence in yourself, confidence in your neighbor, confidence in your government, confidence in the administration of the laws, confidence in the sagacity, the integrity, the discretion of those with whom you have to deal; confidence, in a word, in your destiny, and your fortune, in the destinies and the fortune of the country to which you belong; as, for instance, in the case of a great national debt. It is the fruit, I say, of all that is most precious in civilized life, and to quarrel with it is to be ungrateful to God for some of the greatest blessings he has vouchsafed to man. Compare Asia with

\* Westminster Review for January, 1837. Some ascribe the fact to an ample circulation.



Europe; hoarding has been the usage of the form<sup>r</sup> from time immemorial, because it is slavish, oppressed and barbarous; and it is curious to see the effect of English laws in breaking up (as they are doing,) that system in Hindostan. Depend upon it, sir, all such ideas are utterly alien to our way of thinking—to all the habitudes of our people, and all the interests of the country. My friends from beyond the mountains are familiar with the great principle, the magical effect of credit in a young and progressive country.—They know what miracles are wrought by a small advance of money to enable enterprise and industry to bring into cultivation a virgin soil. They know how soon the treasures of its unworn fertility enable them to pay off a loan of that sort with usurious interest, and make them proprietors of estates rising in value with the lapse of every moment. Compare the great western country now, with what it was twenty years ago—sell it *sub haste*—and compute, if the powers of arithmetic will enable you to do so, the augmentation of its riches. Sir, this is one of the phenomena of our situation to which attention has hardly ever been called—the manner in which the mere increase of population acts upon the value of property. To be struck with the prodigious results produced in this simple way, you have only to compare the estimated taxable property in Pennsylvania and New York, when it was returned for direct taxation in 1799, with the returns of the same property, for the same purpose, in 1813, after an interval of 14 years\*—you will see how it is that our people have been enriched by debt, and “by owing, owe not”—how with a balance of payments almost continually against them from the first settlement of the country, they have grown in riches beyond all precedent or parallel.—You will appreciate all the blessings of the credit system—and imagine, perhaps, how this wonderful progress could have been impeded and embarrassed by the difficulties of a metallic circulation.†

But the fluctuations of the currency—the ruinous irregularities of bank paper! Why, sir, I have already shown they belong to commerce itself, not to the means which it employs, and that there is no remedy for them. But, after all, what is the sum of the evil? Look again at general results. Tell me not that re-actions produce fewer disasters, or less extensive derangements of money and circulation in countries whose business is principally metallic.—It may be so; but what does that prove? If you never soar, you will be in no danger of falling, certainly.—But then,

*Serpis humilitas mimium timidus que procella.*

A go-cart may be a very safe contrivance for the tottering footsteps of infancy—but is it thus that manly vigor is to be trained for the dust and heat of the Olympic race? Sir, it is the condition of all that is grand and awakening in nature, to be somewhat wild and irregular. In the moral world, especially, peril and difficulty are the price which Providence exacts of us for all great excellence, and all eminent success. It is in struggling with them that the heroic virtues which elevate and purify humanity, are called forth and disciplined; and it is precisely because our people have been trained in that stern school, that they have effected more, and are now able to effect more, with equal means, than any other in the world. Sir, it is not our currency only, that is obnoxious to the imputation of irregularity. What is democracy, popular government itself? How often has it fallen to my lot to defend it by the very considerations which I now urge on a kindred topic, when foreigners have spoken to me of the disorders that have occasionally checked our history. When they exaggerated the importance of such events, I have reminded them that all human institutions must have their imperfections; and that it is by their general effects in a long course of experience, not by occasional accidents, however striking and important, that they are to be judged. That the absence of restraint, which leads to occasional licentiousness, fosters that bold, robust, energetic, and adventurous spirit, and that habit of haughty self-reliance, and independent judgment, which are the very soul of republican government; which have rendered

that form of government wherever it has existed, so illustrious for heroic achievements, and has made every era of liberty in the history of mankind, even in its most imperfect form, an era of flourishing prosperity and progress. Sir, such a people, as has been said of beings of a higher order, “live throughout, vital in every part.”

All head they live, all heart, all eye, all ear,  
All intellect, all sense.

This is the great secret of our superiority, and of that of every free people—not the forms of a constitution, not the outlines of a system, not mere organization—but the principle of *life*, the all-pervading animation and vitality that informs the whole body politic, and gives it the warmth, and strength, and activity—the winning graces and expressive countenance of a man, instead of the cold and repulsive stillness of a painted corpse. Jury-trial is another of these irregularities—liable, undoubtedly, to much criticism in detail, scarcely susceptible, as a judicial institution, of a strict defence in theory—yet what should we think of a reformer that should propose to us, the abolition of a system so full of practical good, because it was unknown until recently, any where but in England, and often leads, as it certainly has often led, to great abuse and injustice.

But, then, it seems, our banking system is an innovation, introduced only a century and a half ago, and deviates from the primitive model of the bank of Amsterdam,—the *honest* system, as it is called—and that instead of lending money, it lends merely credit.

As to the idea of its being an innovation, I would just remark, that it had its origin at that great epoch of human improvement, as I must still be allowed to call it, when mankind ceased to cut each other's throats for differences in religion, and began to make war for colonies and commerce—an era perfectly familiar, as such, to envy one that has studied history philosophically. But there is something more in the historical reminiscence than the mere fact just referred to. If the comparative effects of Dutch and English banking are to be judged by the event, what an instructive lesson is to be drawn from a parallel between those two powers, at the close of the 17th century, and their relation towards each other now! Where is Van Tromp? Where is de Ruyter? What is become of the mighty fleets which disputed the dominion of the seas with England and France? Poor Holland! her defenceless ports, blockaded by British squadrons—her court browbeaten by British diplomacy—shorn of all her strength and glory, she seems almost sinking again into the waters out of which she merged. So much for the innovation. But what is the objection to the system? Let us understand each other. I will put a case. The quantity of the precious metals required in any transaction, or any number of transactions, between two countries, (or two individuals, for it comes to the same thing,) depends not only upon the balance of payments between them, but also in the confidence they have in each other. Thus, Hamburg imports corn for England in a season of dearth, from Prussia. If trade be prosperous and the world at peace, she will probably pay for this corn by a bill at six months, with interest, and when the time comes for meeting her engagement, she will do so by sending to Dantzic a cargo of colonial produce. (Thornton.) But should the times be such (from war, commotions, &c.) as to make commerce uncertain, or to impair credit, the purchase can be made only for cash, and paid for in gold and silver. Now, sir, commerce being a mere exchange of commodities, every body must see, at a glance, that it is very much more promoted by a state of peace and order, than by one of war and commotion by a state of confidence, than by one of distrust, by a state of things that admits of payments in bills, than by one that requires payments in cash. In a simple operation, like the one described, this is quite manifest, and yet the whole theory of money and of banking, is contained in that simple operation.

Sir, it explains at once why it is that in countries very far advanced in commerce and civilization, the precious metals, for all purposes of currency, are superseded by commer-

cial paper, as is particularly the case in England, whose paper circulation, of all sorts, is something like two hundred millions, resting upon a basis of only thirty millions of specie.\* Money is nothing more than what is called by the brokers “a bought and sold note;” it is a token, which shows that its holder has parted with commodities to that amount, and that he is entitled to receive their equivalent in other commodities, whenever it shall be his pleasure to do so. Why should that token be of gold? Why should a mere title or evidence of debt, be itself of a material as costly as the thing of which it is the symbol and the evidence?

It is clear, that were there any means of insuring society against excessive issues of paper, besides its convertibility into gold and silver—were not that the only practical test hitherto discovered, by which prices in different countries can be compared—all commercial nations would dispense with the precious metals as a medium of exchange. But, as yet, there is no such means, and the currency, theoretically the most perfect, is for the present impracticable. The nearest approximation to it has certainly been made occasionally in the United States, where the specie basis has just answered the purpose of ascertaining that our currency was on a level with that of other nations.

But there is another step in the commercial operation just mentioned. The holder of the bill of exchange, received in payment of coin, stands in need of some other commodity, which his own credit does not enable him to procure. He applies to a broker, or any other capitalist, for the cash, or, what will answer his purpose just as well, his credit, in the shape of a note payable on demand, or at a short date, for which the original bill, at six months, is given in exchange, with a reasonable discount. This last operation is what is considered as the great abomination of banking. The bank receives a discount on giving its own bill, payable on demand, or one at a short date, (for which, therefore, it is compelled to reserve or prepare a fund,) for a bill payable at six months, of which, of course, payment cannot be demanded until the expiration of that term. And now I ask, where is the difference between the first operation, which every body must perceive is eminently conducive to the extension of commerce, and the last? What objection can be made to it, that does not lie equally against the drawing and discounting of bills of exchange, an improvement of which Europe has been boasting for at least six hundred years, and of which the advantages have never, to my knowledge, been questioned before? Why is not a credit founded on property, as good in the one case as in the other? And why should gold and silver be used in either, when they are not wanted?

The banking system, sir, is only one form of that division of labor, which takes place in all opulent countries. It leads to a great economy, both of time and money; of the former, because the business of a whole community, in receiving and paying away, can be transacted by the clerks of a single institution, as well as by one hundred, or one thousand times the number, in the separate employment of individual merchants; of the latter, because, instead of each individual in a community reserving the quantity of gold and silver necessary to meet our current demands, a much smaller proportional amount, kept by a banking-house, has been found to answer the wants of the whole society. But the utility of that system is not confined to the advantages just mentioned. It appears to me very clear, in the first place, that the credit system, carried to the extent in which it exists in England and the United States, could not possibly be made to rest upon anything so liable to be disturbed by a foreign demand, and by other contingencies, as the metallic basis, and of which a given quantity cannot, therefore, be counted on at any given time. What is commonly called the currency of a country, that is to say, bank paper, and the precious metals, really constitute a very small portion of it; but it may be considered as the *test or touchstone* of all the rest, and if engagements in bills of exchange, &c., be not met according to their tenor, in what is considered as cash, it is difficult to cal-

\* Pitkin's Statistics, 1835.  
† Mr. Gallatin's Pamphlet, p. 68.

\* Mr. Burgess, in the Minutes of Evidence, &c. before the Committee of the House of Commons, in 1832.

culate the effects of the alarm that may ensue. But there is another point of view in which banks appear to me quite essential to our commercial system. It is that, according to the remark of an excellent writer,\* the appreciation of the credit of a number of persons engaged in commerce, has become a *science*, and to the height to which that science is now carried in Great Britain, (and in this country,) that country is, in no small degree, indebted for the flourishing state of its internal commerce, for the general reputation of its merchants abroad, and for the preference which, in this respect, they enjoy over the traders of all other nations.

Sir, I have been driven to this elementary way of considering the subject, by the course which the argument has taken here and elsewhere, and because, in solemnly reviewing, as we are now compelled to do, the whole monetary system of the country, it is of the very last importance that the subject, in all its aspects, should be fairly presented to the people. I shall, therefore, proceed briefly to consider the question, how far it is practicable or desirable to substitute a metallic currency for bank paper, or even very materially to widen the metallic basis of our present circulation.

I presume it will hardly be disputed that, by a general return to the precious metals, as the only medium of exchange for the whole commercial world, the operations of trade would be every where embarrassed and impeded, and the value of money enhanced; or, which is the same thing, the prices of commodities reduced in an incalculable degree. How far a similar effect has already been produced, by the diminution of the supply from the Mexican and South American mines, within the last twenty years, is one of the most difficult and controverted questions of the day. This is not a fit occasion for stating the arguments advanced by the advocates of different views of that subject, but I will mention to the committee, that in a very able work, to which I have already referred as having been recently sent to me, the author, who examines this point with perfect candor, advances the opinion, that thousands have, within the period alluded to, been precipitated into embarrassments from that cause alone.† If it be true, as is alleged by Jacobs, that the whole stock of coin in circulation in 1829, was less, by upwards of \$60,000,000, than that which circulated in 1809; and if any thing like the supposed diminution of the actual quantity by abrasion, by loss, by consumption in manufactures takes place, (one per cent.‡ a year,) it becomes matter of serious speculation, what means shall be adopted to obviate so great an inconvenience as a continually decreasing metallic basis, at a period when commerce and its productive powers are so immensely on the increase. Sir, that question is infinitely more interesting in a highly *progressive* country, than in any other. In such a country, the currency must be regularly enlarged, with the growth of its population and of its productive power, or it is subjected to the most terrible of all evils, *falling prices*. Every body that has ever treated of such subjects, has dwelt upon the effects of an increasing currency, as wonderfully favorable to industry. No more striking example of this truth can be desired than what was witnessed in the 16th century, after the importation of gold and silver from America, began to produce a decided effect upon the distribution of wealth. It is admitted on all hands to have been the period of the greatest improvement in society that has occurred in its history; and of all countries, be it remembered, England benefitted most by the general rise of prices, because so large a portion of her farmers held leases for long terms of years, and paid money rents; the increase of the circulation operating to reduce the real value of the returns made to the landlord in favor of his tenant. The great benefit of a full and especially an increasing circulation thus consists not only in quickening and facilitating exchanges, (itself an immense stimulus to industry,) but in securing to the industrious classes rather a larger *proportion* of the income of society than they would otherwise enjoy. Every

thing which they buy to sell again advances in price; while it is in their hands, and this unquestionable truth is of itself a total refutation of all that is said concerning the oppressive operation of bank paper upon the productive classes, by the very persons who, in the same breath, speak of its excess and depreciation.

With a population, then, increasing at the rate of 4 to 5 per cent. a year, and with an accumulation of capital and productive power proportionably greater. I hold it to be utterly absurd to talk of any thing like a metallic currency in the United States. There is no possible means of procuring it, and if by means it could be procured, I venture to affirm that our people would get rid of it in the course of a few years, though all the penal laws of Spain against the exportation of gold and silver should be re-enacted here—laws which were passed with no other effect, even in that country, but to show the utter futility of such legislation. I say, sir, that with their present habits of active enterprise and strict economy, the American people would export the precious metals as fast as they were imported, beyond any amount of them which might be absolutely necessary for the domestic exchanges of the country, and they would do so because gold and silver would be of no use abroad in purchasing commodities, and would be wholly superfluous at home where paper would do as well. If you put down "the banks," it would have no effect but to set up something worse in their place, in the shape of private paper. There are some things over which the most despotic law-givers are unable to exercise any control, and one of them, as all experience shows, is this commerce in bullion.

Sir, it has been said that the only advantage of a paper currency over the precious metals consists in its cheapness. I am, by no means, as you may gather from what I have said, ready to admit this; but supposing it to be true, is that saving really an unimportant matter? Mr. Gallatin, in a pamphlet of signal ability,\* has, I conceive, fallen into a grave error on this subject, which it is so much the more important to rectify, as I perceive that he has misled others more disposed than himself to turn a speculative error into a practical mischief. He states the whole benefit derived from the use of paper instead of the precious metals in the United States in 1830, including, under the name of circulation, private deposits in the banks, as they ought undoubtedly to be, at about five millions of dollars a year. It is true, that according to principles admitted by Mr. Gallatin, the progress of the country, both in wealth and population, in the last seven years, would require a very considerable addition to be made to this estimate in order to a correct application of it to our actual condition. But, sir, it appears to me that the estimate was made on data altogether erroneous. In the first place, the quantity of currency, if it were metallic, necessary to the circulation of this country, was prodigiously underrated. For reasons that need not be stated here, it is found that a given amount of metallic currency does not circulate as rapidly as an equal amount of paper, and therefore, that more of it is, *centis paribus*, required to do the same business. But without going into such minute inquiry here, why should the United States, with sixteen millions of inhabitants, and relatively the most active trade both foreign and domestic in the world, and with extraordinary productive power of all sorts, not need at the very least half the circulation necessary in France, with only double their population, and not half their industry? The stress that ought to be laid on this latter circumstance may be illustrated by comparing Asia with Europe in this particular; double the population in the former, possessing, according to the most accurate researches, only one-fifth the quantity of gold and silver, which in addition to paper of all sorts, is required in the latter. Now, the circulation of France was, before the first revolution, set down by Neckar at £88,000,000—and Thiers, in his history of that event, makes a similar estimate.† It present amount ought in reference to the increase of her capital and population, to be at

least, 600,000,000 of dollars, and accordingly, as was observed by one of my colleagues, (Mr. Thompson,) it is stated at that, on good authority,‡ Mr. Rothschild, in his examination before the Committee of the House of Commons in 1832, mentions the paper circulation of the Bank of France as amounting to 750,000,000 of francs. According to this, then we should require on the footing of population alone, at least 300,000,000 of dollars. So much for the amount; now for the loss upon it.

Mr. Gallatin considers it only as so much *interest* on dead capital, and even the interest he puts at an exceedingly low rate. But I apprehend the difference to the country, between having a vast inert mass of gold and silver as currency, and turning it into *productive capital*, must be determined, not in reference to *interest* merely, but the *profit* of stock laid out in active industry, which is no where in this country less than ten per cent., and in the great majority of cases, the new States and all included, nearly double that amount on an average. You see, then, sir, what an enormous loss a metallic currency would be to the nation, without taking into account its wear and tear. Look back at the half century that has passed away, and say what that loss would have been, on principles of compound interest, from the beginning up to the present day. Why, sir, it exceeds all powers of calculation, nay, of imagination. Do not suppose, for a moment, that so important, so palpable a truth, although never stated in abstract terms, as a general proposition, has not occurred to the people of the United States. They have *felt* it, without *perceiving* it; they have acted upon it, without reasoning about it; they have perfectly well comprehended the real uses of money, without studying the principles of currency; and they have preferred paper as a circulating medium, to gold and silver, because it was better for their purposes than gold and silver, on the simplest maxims of prudence and economy. You may depend upon it, this conclusion is as deeply rooted as it is just. You will never be able to shake it. All your policy will be of no avail, as all legislation is forever vain which comes into conflict with the genius of a people, especially in matters so deeply and visibly affecting their private interest. The barbarian, who, in his impotent rage, threw fetters into the Hellespont, and scourged its foaming billows, did not wage a more insane war against the nature of things.

But we are told that if it is an *experiment* that has been proposed us; we need not be alarmed at it, because we are accustomed to experiments, and successful ones; that our constitution itself is a mere experiment. Sir, I deny it utterly, and he that says so shows me that he has either not studied at all, or studied to very little purpose, the history and genius of our institutions. The great cause of their prosperous results—a cause which every one of the many attempts since vainly made to imitate them on this continent or in Europe, only demonstrates the more clearly—is precisely the contrary. It is because our fathers made no experiments, and had no experiment to make, that their work has stood. They were forced by a violation of their *historical hereditary rights under the old common law of their race*, to dissolve their connection with the mother country. Their external, their *federal* relations were of course changed in that respect, and in that respect only, they were compelled to do their best in the novel situation in which they stood. What relates, therefore, merely to the union of the States is all that gives the least countenance to this superficial idea of an "experiment" which has done so much to misguide the speculations of some visionary minds upon these important matters. Even in this respect, however, an attentive study of our history will show that strong federal tendencies existed and had, frequently, on former occasions, manifested themselves.\* But the whole constitution of society in the States, the great body and bulk of their public law, with all its maxims and principles; and all that is republican in short, in our institutions, remained after the revolution, and remains *now*, with some very subordinate modifications, what it was from the beginning. Our written constitutions

\* Considerations on the currency and banking of the United States. Philadelphia, 1831.

† See an article in Blackwood's Magazine, for last February.

‡ Burke's Letter on the French revolution.

Thiers's Hist. de la Revolution Francaise v. 5, p. 24.

\* Convention at Albany, &c.

Thornion.

† Money and its Vicissitudes in Value.

‡ Money and its Vicissitudes in Value.

do nothing but consecrate and fortify the "plain rules of ancient liberty," handed down with Magna Charta from the earliest history of our race. It is not a piece of paper, sir, it is not a few abstractions engrossed on parchment, that make free Governments. No, sir, the law of liberty must be inscribed on the heart of the citizen; the word, if I may use the expression without irreverence, must become flesh; you must have a whole people trained, disciplined, bred, yea, and born, as our fathers were, to institutions like ours. Before the colonies existed, the petition of right, that Magna Charta, of a more enlightened age, had been presented in 1628 by Lord Coke and his immortal compeers. Our founders brought it with them, and we have not gone one step beyond them. They brought these maxims of civil liberty, not in their libraries but in their souls; not as philosophical prattle—not as barren generalities, but as rules of conduct; as a symbol of public duty and private right, to be adhered to with religious fidelity; and the very first pilgrim that he set his foot upon the rock of Plymouth, stepped forth a LIVING CONSTITUTION! armed at all points to defend and to perpetuate the liberty to which he had devoted his whole being.

It only remains for me to advert briefly to one or two additional topics, and I have done. It has been argued as if the currency given to bank paper in this country, were due almost exclusively to the countenance which government affords it, by receiving it in payment of public dues. Certainly, sir, the patronage of Government is an important concurring cause of this credit; but it is not true that it is essential to it. What does the house of Rothschild owe to the Government of Europe—that house to which all the Governments on the continent are obliged to have recourse in their financial exigencies? And here let me call the attention of those who declaim so vehemently against the agency of banking corporations, to the fact, that this mighty house, with its scarcely less than royal influence and splendor, like most of the other establishments of the same kind in Europe, is no corporation at all, but a mere private partnership, and to the additional fact, that this colossal fortune has been amassed in little more than a single generation, by an obscure person, born in a corner of the Juden-Strasse of Frankfurt on the Maine, and his four sons. Do you not see, then, sir, that the odious common places about "the money power," and the political powers, either have no meaning or apply with all their force to every accumulation of capital, and all the great results of modern commerce? The "money power," I presume, signifies "the power of money," which is widely diffused in this country, thanks to the protection of equal laws, and which will exist and continue to have its influence, so long as those laws shall protect it from confiscation, whether it shall borrow the credit of the Government, or the Government shall borrow its credit. It is scarcely necessary to notice an idea, analogous to the last, which has been very much insisted on, and that is, that the commerce of New York has been built up by Government credits. Why, sir, this does appear to me too extravagant to need exposure. New York has been built up by her unquestionable natural advantages, and there is no measure of this Government—there is only one event that can possibly deprive her of immense commercial ascendancy,—the dissolution of the Union—that, and nothing but that, can do it. Commerce, as I have already remarked, leads every where to centralization: look at Liverpool—look at Havre, the last, in a hard money country. But on this head there is a very important consideration, which has been urged with all his admirable eloquence, by one of my colleagues in the Senate, (Mr. Preston.) If this concentration of commercial business at that city be injurious to the others now, what will it become, if, by collecting the revenue in gold and silver, and thus making gold and silver mere merchandise, you add to the disadvantages of centralization, all the difficulties of procuring coin—make New York the great specie market—and render the whole country tributary to the money changers of Wall street?

Sir, a word more to the south, and for the south. When your system of protection was still in all its

vigor, we, (I mean the people of South Carolina,) sent you a protest against its principles and tendency, which contained, among other objections to it, one that deserves to be repeated here. We told you that we depended absolutely upon commerce—commerce on the largest scale—commerce carried on as it has been for the last half century, with an ever increasing production, provoking and creating an ever increasing consumption, and permitting us to send a million (now a million and a half) of bales of cotton into the market, without any danger of a glut. We told you the staple commodities, especially the principal one which we produced, were among the very few in the production of which slave labor can enter into competition with free. We reminded you that great revolutions in trade sometimes arose from apparently slight causes, and that however far it might be from your purpose, or even your apprehensions, it was possible that your legislation might occasion us the loss of our foreign market, our only resource—that the result of that loss to us would be poverty and utter desolation; that our people in despair would emigrate to more fortunate regions, and the whole frame and constitution of our society would be seriously impaired and endangered, if not dissolved entirely. And we adjured you not to persist in a course of legislation of which the benefit to yourselves, even were they unquestionable, were nothing in comparison of the danger to which they exposed us—a danger which, however contingent or remote, involved our whole existence, and could not be contemplated without well founded alarm. Sir, I repeat to you now—I repeat to the representatives of the whole south on this floor—the words then addressed to the house on a different subject. Let well alone. Resist this uncalled for innovation, of which no one can foresee the whole extent nor the ultimate results. Mark what your Secretary of the Treasury has told you in the very paper in which he reveals the project on the table—you produce TOO MUCH COTTON. Go home, gentlemen of the south, and tell your people that their successful industry is a vice—that the fertility of their soil is a curse—that their excessive production occasions disorders in the state—and that the remedy for our troubles, is that they should live on short commons.

Let them co-operate with our political economy, by depriving themselves of the little mercantile capital they have—let them abolish those corporations to which people, who cannot themselves do business with the widow and the orphan, have contributed their means for the accommodation of commerce—let them but do this, and their docility will be admirable, and shall have our approbation.

Sir, before I take my seat, there is one other topic that I feel it my duty to advert to—I mean to the supposed injurious effects of banking institutions upon the laboring classes of society. Although I have no doubt but that there are many defects in the constitution, as well as the management of those institutions in this country, and should be most willing to co-operate if occasion served, in reforming them, I have no hesitation in acquitting them at least of this charge. Who that has ever heard of the relation between capital and labor, between wages and profits, but must see at once that it is unfounded; and, accordingly, Hume objects to banks that, by their issues, they raise wages, and so hurt the manufacturing interests of a nation. I have already remarked, that one of the effects of an increasing currency is to make a distribution of the wealth of society more favorable to the industrious classes of it—to confiscate, in a manner, the property of those who live on fixed incomes, for the benefit of those who produce the commodities on which those incomes are laid out. It is for this reason that the radicals of England—Mr. Atwood, for example—are all strenuous advocates of paper money, and even of inconvertible paper. The idea that the poor are to gain by a return to a metallic currency, is, so far as I know, confined to their friends in this country, whose zeal is certainly greater than their knowledge. It is true, sir, that among other disadvantages attending frequent fluctuations in the currency, it is said that wages are the last thing that rises in a case of expansion. And that may be so in countries where the supply of labor is greater than the demand, but

the very reverse is most certainly the fact here, where the demand—especially when stimulated by any extraordinary increase, real or fictitious, of capital—is always greater than the supply. All price is a question of power, or relative necessity between two parties; and every body knows that, in a period of excitement here, wages rise immediately, and out of all proportion more than any thing else, because the population of the country is entirely inadequate to its wants. During the last year, for instance, the price of labor became so exorbitant, that some of the most fertile land in South Carolina, rice fields, which have been cultivated for a hundred years, were in danger of being abandoned from the impossibility of paying for it. Sir, as a southern man, I represent equally rent, capital, and wages, which are all confounded in our estates; and I protest against attempts to array, without cause, without a color of pretext or plausibility, the different classes of society against one another, as if in such a country as this there could be any natural hostility, or any real distinction between them—a country in which all the rich, with hardly an exception, have been poor, and all the poor may be rich—a country in which banking institutions have been of immense service, precisely because they have been most needed by a people who had all their fortunes to make by good character and industrious habits. Look at that remarkable picture—remarkable not as a work of art, but as a monument of history—which you see in passing through the Rotundo. Two out of five of that immortal committee were mechanics, and such men!\* In the name of God, sir, why should any one study to pervert the natural good sense, and kindly feelings of this moral and noble people—to infuse into their minds a sullen envy towards one another, instead of that generous emulation which every thing in their situation is fitted to inspire—to breathe into them the spirit of Cain, muttering deep curses and meditating desperate revenge against his brother, because the smoke of his sacrifice has ascended to Heaven before his own! And do not they who treat our industrious classes as if they were in the same debased, wretched condition as the poor of Europe, insult them by such an odious comparison? Why, sir, you do not know what poverty is? We have no poor in this country, in the sense in which that word is used abroad. Every laborer, even the most humble, in the United States, soon becomes a capitalist; and even, if he choose, a proprietor of land; for the west with all its boundless fertility is open to him. How can any one dare to compare the mechanics of this land, (whose inferiority in any substantial particular—in intelligence, in virtue, in wealth—to the other classes of our society, I have yet to learn,) with that race of outcasts, of which so terrific a picture is presented by recent writers—the poor of Europe? A race, among no inconsiderable portion of whom famine and pestilence may be said to dwell continually—many of whom are without morals, without education, without a country, without a God! and may be said to know society only by the terrors of its penal code, and to live in perpetual war with it. Poor bondmen! mocked with the name of liberty, that they may be sometimes tempted to break their chains, in order that after a few days of starvation in idleness or dissipation, they may be driven back to their prison-house, to take them up again, heavier and more galling than before; severed, as it has been touchingly expressed, from nature, from the common air, and the light of the sun; knowing, only by hearsay, that the fields are green, that the birds sing, and that there is a perfume in flowers. (Michelet.) And is it with a race, whose perverse institutions of Europe have thus degraded beneath the condition of humanity, that the advocates, the patrons, the protectors of our workmen, presume to compare them? Sir, it is to treat them with a scorn at which their spirit should revolt, and does revolt! Just before I left Charleston, there was a meeting called for some purpose, which was regarded by the people of that city as unfavorable to public order. There was something, I suppose, in the proceedings, which looked to the inviolable distinction of which I have been speaking;

\* Franklin and Sherman, signers of the Declaration.



for it led, as I have heard, to an expression of sentiment, from one of our mechanics. (*Mr. Harby*.) which struck me as noble beyond all praise. He said he wondered what could be meant by addressing to the industrious classes, particularly, all inflammatory appeals against the institutions of the country—as if they were not a part of the community as much interested in its order and peace as any other—as if they had no ties of sympathy or connection with their fellow-citizens—above all, as if they had not intelligence and knowledge enough to take care of their own interests, but were reduced to a state of perpetual pupillage and infancy, and needed the officious protection of self-constituted guardians! Sir, that was a sentiment worthy of a freeman, and which may be recorded, with honor, among the sayings of heroes.

Mr. Chairman, I thank the committee for the attention with which it has honored me. I have detained it long: but I was full of the subject which appears to me to be one of vast importance, in all its bearings. I have spoken what I felt and thought, without reference to party. But I will say one word to those with whom I have generally acted on this floor. I have heard that some of them disapprove this measure, but are disposed to vote for it to oblige their friends. Sir, this is a strange and a great mistake. A true friend ought to be a faithful counsellor. Let them remember the deep reproach which the great poet puts in the mouth of one of his heroes:

Hadst thou but shook thy head, or made a pause,  
When I spoke darkly what I purposed;  
Or turned an eye of doubt upon my face!—

## SPEECH OF MR. WISE, OF VIRGINIA,

*In the House of Representatives, September 27, 1837*  
—Against the postponement of the fourth instalment under the deposit act of 1836.

MR. WISE said he was in no sense prepared to discuss this bill; and were it not that he alone of the opposition voted, the vote was proverbially 43 democrats and Wise! against the distribution bill—distribution bill it was; and was there not a seeming inconsistency between the vote he then gave and the one he now should give against this measure, he would remain silent. But (said Mr. W.) I am peculiarly situated, and must explain my position. I shall vote against this bill to postpone the fourth instalment under the law of 1836; and, inasmuch as I voted against the law to create that instalment, I must explain.

What a change has "come over the spirit of our dream!" Sir, this all does seem like a dream to me. But *yesterday*—as it were, *last week*—we were debating and deliberating upon the great and solemn question, *What shall be done with our immense surplus revenue?* We were told by the President, by the party, by the press, that the nation was in a state of the most exuberant prosperity; that the Treasury was overflowing with millions, and countless streams of revenue were still pouring in from customs and from lands. We saw one of the strongest friends of the Administration in the Senate (*Mr. Benton*) proposing bills of appropriation for the most extended works of extravagant expenditure, and providing for the most magnificent outlay of a splendid Government. In two sessions of Congress we saw more than eighty millions appropriated by law, and we saw an opposition, jealous of Executive power, striving to curtail Executive patronage by putting a nominal surplus of more than thirty-seven millions out of the Executive hand! All this was but a year past—in June, 1836; and a year in the existence of a Government is but a day. What hear we, what see we now? What do we hear and see in September, 1837? Sir, we are now called together, at an unusual time, under the most extraordinary emergencies, by an official proclamation of distress—distress among the people, and distress in the affairs of Government. What are the recommendations of the President? What are the propositions of the Committee of Ways and Means? Yesterday, sir, yesterday there were sixteen millions of unexpended balances of appropriations for 1836, thirty-seven millions and a half of surplus, five millions reserved for contingencies, sixty millions, or more, in the Treasury; and now, sir, though the States have been paid but three instalments, though appropriations to the

amount of fifteen millions have been suspended, we are told that the Treasury is bankrupt! Sir, look at the bills on your table. After all this prosperity, so soon after all this richness and superfluity of means, of a sudden we see a bill to postpone the fourth instalment to be paid the States; a bill to issue ten millions of incontrovertible Treasury notes; a bill of bankruptcy proposed; a series of acts, like fishing nets, put out to draw in your small remnants of resources to replenish our exhausted coffers; a series of measures to rake together the *small change* of Government, which lies scattered in the places where the bulk of our treasures were supposed to be! How came this change? What means this immense and sudden vicissitude? What has produced this scene of loss and ruin and confusion? Sir, it may surprise some, it does not surprise me. It is exactly as I always thought it would be—it was all humbug. You never had the money; it was a delusion; the people were deceived and imposed upon. One reason why the Government opposed the deposit act was because it was sure, in the end, to expose the fact that we had all along been toppling on the giddy height of a delusive and false prosperity, ever verging upon an overwhelming catastrophe!

The catastrophe has come and overwhelmed us; we are now bankrupt; and we are asked to take back this gift we made to the States in the moment of our delusion and folly; to *postpone* the fourth instalment *until further provision by law*. I will not vote to do it. I will vote against this bill for the same reason, the very same reason, I voted against the deposit act itself.

This bill is, as was that, in fraud of legislation. I will say it boldly; that every word said by the young gentleman from Kentucky (*Mr. Menefee*) is true. That act was a *distribution* bill, not a *deposit* act, and so understood by most who voted for it. It was openly advocated as a *distribution* bill, and opposed by me on this floor as a *distribution* bill. By the *leaders*, at least, of parties, it was never intended as any thing else than as a *distribution* bill, and they never expected that a dollar deposited with the States would ever be returned to the General Government. It was a disguised measure, and therefore I opposed it. It said one thing and meant another; it was a deposit bill on its face, and a distribution bill in the intention of its legislators.

It is true the great question was, *What shall be done with the surplus revenue?* It was a great source of corruption; most of the opposition feared that so great a money power left with a corrupt Executive would enslave us; the plans to dispose of it were numerous, almost infinite; there was a great and irreconcilable diversity of opinion among most of us; the land bill had failed. It was at such a moment when I, as well as many others, began to be willing to dispose of it in almost any way, to take it from the hands of power and its parasites—hands which seemed to grasp it with an iron hold—it was then, I say, I saw that truly gallant and great man, who is always wide awake, and always knows when to strike for his policy, who has always been consistent and constant in one line of policy, HENRY CLAY, who, if he be the father of the American system, has ever supported it with a master hand. I saw him convert the word *distribution* into *deposit*, and the public money into the public lands. I saw him bring forth that deposit act, and though oft baffled, though comparatively weak in the numbers of his party, clearly in a minority, yet it seems impossible to resist him; he will be felt, will be heard. I saw him carry his measure, in spite of all, successfully, triumphantly! He carried the substitute for his land bill in a way most surprising to me. I saw the State rights men, of the strongest calibre, carried along with him, and aiding in the support and success of the *distribution* bill.

Sir, I regarded that bill as the very acme of the American system. I was astonished to see how the strait-jacket politicians were caught by it. Every effort was made to obtain my vote for it; some of my State rights friends endeavored most strenuously to prevail on me not to vote against it. No, I told them they were exceeding the most ultra-latinudinarians; I could not vote for it; it was unconstitutional.

It went beyond the system of internal improvements by the General Government, and beyond the tariff; it went not only to buy up sections and districts, but it was at once a wholesale purchase of every State in the Union. It went to buy up the bodies politic, which were the only, if they were any, checks upon this mammoth central Government.

I contended with my then State rights friends that a distribution bill went to fix tariff and internal improvements both upon our policy. We would divide out some thirty or forty millions to the States, and they would return to the crib, and forever hereafter seek the hand that fed them. I reminded gentlemen that the States had not the unobtrusive and silent means of laying and collecting taxes, by duties and imposts, which this General Government has; that they all had large schemes before them, and it would corrupt them at once, if they were permitted to taste of the bait which the deposit act laid in their way; that it would enable them to complete their works of internal improvement, and the act was but an indirect mode of carrying on internal improvements by the General Government; that the system of distribution insured at once a high tariff and an immense revenue. The States having once tasted of the sweets of millions, easily collected for their various uses, would cry like leeches for more, more, until taxes would become intolerable, and the Government become consolidated. Nor would the constant demand of the States for more Treasury paper diminish the wants or stint the supplies of the General Government. The largest possible revenue would be raised, infinitely beyond all reasonable wants here; and a constant scramble would certainly occur among the large and small States in Congress for appropriations of as much as could possibly be got by each State before the day of distribution came, and then each would come in still for an equal share of what was left. Thus would the most extensive and alarming scheme of high revenues and of extravagance of which the mind of man had ever conceived be fastened both upon the State and Federal Governments; and it was useless to contend for strict construction and limited powers, if such a measure was to prevail.

I urged other objections in vain. This measure of distribution was inserted in a bill to regulate the deposit of the public money, which recognised and sanctioned every principle which had been relied on by Mr. Taney for the removal of the public deposits from the Bank of the United States. The bill, so far as it was a deposit bill, left the entire custody and control of the public money to the Executive. You know, Mr. Speaker, for then you were chairman of the Committee of Ways and Means, that the Administration proposed, the very next session after the removal of the deposits, a bill to regulate the public deposits precisely similar, with the exception of the distribution feature, or deposit of the surplus with the States, and the opposition then would not touch such a bill. Mr. Binney, a distinguished representative from Pennsylvania, then offered an amendment, *requiring the deposit banks to have at least one-fifth of the amount of their deposits in specie*; the "metallic currency" party refused to adopt that amendment; that bill was not passed, and the public deposits remained three years in the State banks, without regulation by law. Yet, in 1836, when the same bill was proposed, with this bait in it, all went for it *en masse*—without scruple, without requiring any specie security from the banks, and leaving the Government funds and five millions excess wholly at the discretion of the Secretary of the Treasury. Sir, the people had become dissatisfied with the unregulated state of our finances; they had begun to clamor for some regulation by law, and, being unable to regulate the public deposits under proper limitations and restrictions in respect to their safety and the power over the public money of the Executive, my policy was to leave the public money wholly in the hands and at the will of the President, and to hold him responsible for that condition of things before the people, until it could be placed under the custody of law by proper legislation. If we had returned to our constituents with the report that the Executive still held the public purse without the sanction of Congress, they would have remedied the disease of the country before this day, and this day of distress would never have come. That deposit act, in part, caused the Treasury circular, and other Executive measures, which have produced the catastrophe of these times. You passed that act; the public mind became quieted, because all the leaders seemed to unite and acquiesce in the wisdom of its policy, and all complaints to the people concerning the insecurity of the public money were unheeded, and its custody and control became vested in the Executive by general consent.

Another reason why I opposed that bill was its unjust and unequal mode of distribution. Dela-

ware got just three times as much as she was entitled to, and Virginia, instead of getting about one-sixth, what she was entitled to by the federal ratio, got about one-eighth only of the amount distributed.

Sir, the bill passed the Senate. I had heard that the President would not sign it. When it came to the House of Representatives, I urged all the objections, and more than I have named. I then predicted that we should hereafter hear the very doctrines which we are now hearing, in support of the States' claims to this money; that we should never get a dollar back into the general coffers; that the States would seize it as their own. I have every reason to believe that this was all intended by some of my State rights friends, who now say this act was never intended by them otherwise than as a deposit act. They persuaded me to vote with them; this I could not do; and they then prevailed on me not to publish my objections to the bill; this I consented to, and have regretted it ever since. I then warned some gentlemen, who are now blaming the national republicans for voting for large appropriations, that they were consummating the American system; portrayed the evils, the very evils which we now see, and preached against it, so long as my preaching was worth the pay. When the bill was carried out of that door by the engrossing clerk, or messenger, I said, "there goes the death warrant of State rights!" I was sure the President would veto it; and if he had done so, I would have forgiven him for a multitude of his sins. I had heard him myself say, "When the General Government moves in its sphere, and the States move in their proper spheres, all goes on smoothly; but when this General Government becomes a great central tax gatherer for the States, they will be bought up, and the whole will result in consolidation. I never will sanction a bill tending to such a result!" But he did sanction that bill. How came he to do so, after having vetoed it in anticipation? You, Mr. Speaker, know how his sanction and signature were obtained. Mr. Butler, the Attorney General, can tell how. Sir, you changed *tweedle-dum* into *tweedle-dee*, tickled the old man with a straw, and he, at last signed the bill, though he had sworn, in his wrath, that he never would. He understood the bill as well as I. The bill passed; it became a law, against my will, and against the will of the President. It was, in form, constitutional, in intention unconstitutional.

What have been the consequences of passing that bill? The States of the Union have taken the money as their own. They have taken it just as the Secretary of the Treasury told the deposit banks to take what was deposited with them as their own—for loan, for use, for trade, for commerce. They have appropriated, used, and expended what has been given them, and have entirely anticipated the amount of the fourth instalment, yet to be paid here.

The proposition for this measure came from no State in the Union. You gratuitously passed a law giving them this money; and you have, by your own action here, unsought and uncalled for, induced them to incur large expenditures and heavy contracts. If you have not made strictly a contract with them, you have, wisely or unwisely, caused them to make contracts with others. Your gratuitous promises have caused them to enter into solemn obligations, which they must keep in good faith, though you fail to keep your faith and to enable them to comply with their obligations. The case is submitted to me as a chancellor. A father promises to advance his son; the son, on the faith of the promise, makes a purchase. Shall the father not comply? Yes, sir, so saith equity; and so I say. I will not put the States, by my vote, to the least inconvenience, even on account of promises gratuitously made by the General Government, and on the faith of which the States have proceeded to act or contract. Although I do not consider this a contract between the General Government and States, yet, sir, I am for decreeing, under the circumstances, for the States to take the money.

I have said I shall vote against this bill to postpone, because it is just like the bill it means in part to repeal. It provides that the fourth instalment shall be postponed until further provision by law. Now, sir, does any gentleman who will vote for this bill intend that the States shall ever receive or be paid this fourth instalment? No, he does not. By the word "postpone," you mean the word "repeal." You either mean to repeal, or you do not. If you do, why not say so? Why say one thing and mean another? If the bill means to repeal, it

means to do so fraudulently, and therefore I cannot vote for it. If it means what it says, to postpone until further provision by law, it means still further to pledge the faith of this Government to distribute this portion of the fourth instalment—a measure to which I was always opposed, and therefore I cannot vote for it in either aspect. If you have never before committed yourselves to pay this money, you will have done so by this bill. Do you not plight the faith of the nation hereafter to distribute this amount? Postpone is not the right word for a measure of repeal; and to postpone until further provision by law is to say you will at sometime do what I was never willing should be done at any time.

But I have other objections. This bill is in aid of the sub-treasury scheme, and it tends to put the State banks, which hold the balance of surplus revenue, into the power of an Administration whose policy is to discredit and to destroy them.

Sir, let me ask those who call themselves conservatives especially, how they can vote for a bill which every body understands as part of an entire system of warfare against the local institutions of the country? Every bill on your table tends to this one great point; to make all banks odious and insolvent; to put the screws upon them, and to check them up with the reins and stiff bits of Government. These bills are all mere precursors of a Treasury bank, which can only be made tolerable in the public mind by making every other sort of bank intolerable. Credit must be destroyed to destroy the credit system. Is not this plain? Is it not obvious that this loco-foco administration is courting the people and tanning the opposition to force upon it either a national bank or a Treasury bank? What is a Treasury bank, but a national, a United States bank, in its really odious form? Have we not the clearest evidence that an unrelenting war is commenced against the State banks—Jackson *duce*? Has not, "the Greatest and Best" denounced them even with more venom than he ever denounced the great monster and Old Nick himself? Has he not denounced the local bank system of deposit as the most base and perfidious? And, sir, if any link in the chain is stronger than another to bind the local banks to the car of the Federal Executive, it is this bill. The gentleman from Kentucky (Mr. Chambers) has, by a very able speech, relieved me from the trouble of demonstrating this. But he will not publish his speeches, though he delivers among the ablest we hear in Congress. I require of him to publish that speech, and I here rebuke him for not publishing others. He has demonstrated, sir, that this bill will call on the banks, and the banks will call on the people, for more than seventeen millions of specie. The banks are to be made to groan and call out in their distress upon the Executive for relief. Sir, I should think we would all remember other evidences of enmity from a certain quarter to the local banks: the evidence has not all been published. The chairman of the Committee of Ways and Means, (Mr. Cambreleng,) we are told by the newspapers, wrote to a friend in Albany that they then had the banks "on the hip." Now, sir, that is an old Virginia phrase in wrestling, and I tell the conservatives that if they do not "mind their eyes," the deposit and local banks will all be "cross-hopped" and laid flat on their backs!

[Mr. Cambreleng here interposed, and made some remarks to the effect that he was glad his letter had been alluded to, and that he was thus afforded an opportunity to publish it. He said a copy was at the service of the gentleman from Virginia, and he would be happy if the gentleman would publish it.]

Mr. WISE continued. Sir, I do not pretend to be certain of the contents of that letter. I will not say it will be found to contain the expression "we have 'em on the hip," but I will risk its publication. Where there was so much smoke, there must have been some fire. It made, as it was said, Governor Marcy mad, and, at all events, will be found, I expect, to exult highly in the probable triumph of loco-foco principles and events over sound credit and currency.

[Mr. CAMBRELENG. If he had thought there was any thing worthy of publication in the letter, he would have published it. Governor Marcy condemned the suspension of specie payments. But I never went so far as the gentleman from Massachusetts; why don't you wage war on him?]

Mr. WISE. Sir, I mean the Flagg letter. Let there be no tricks—give me the real letter. I'll publish it, and risk the advantage the gentleman has

of furnishing me with whatever letter he pleases. If it be not found to contain the old Virginia wrestling phrase, I think it will be found to declare war, relentless and savage, against the local banks. Now, be it distinctly understood that I am no advocate of the deposit banks, or the State banks generally. I opposed the deposit pet bank system as inefficient and corrupt. I have been engaged the last two years in exposing its vices. I cannot bring my mind to choose between the pet bank system and the sub-treasury. I am a friend to neither, and I shall oppose both; but I cannot consent to aid the Executive of the Federal Government in waging an exterminating war against the institutions of the States of the Union. I deprecate an alliance of State banks with this central power, no more than I do an Executive war upon them. The rights of the States and the interests of the people of the States are too intimately blended with these institutions for me to consent either that they shall be corrupted and used for political purposes, or be prostrated and crushed by the General Government. They now have ceased to be "pets." Some gentlemen seem goaded by that appellation of them now, and I am not willing that they shall become *victims*, like almost all our institutions, to be sacrificed at the shrine of an overweening federal power, which now, more than ever, darkens the land. The funds now in the deposit banks are not to be transferred to the States. The banks are not to be left to the mercy of their creators, but they are to be ground down by the tender mercy of this administration, which brought them to the very condition which is now calculated to render them odious and to furnish the pretext for oppressing them and their debtors. Whose interest is it now to show that they have been "base and perfidious?" Sir, I wish that my honorable colleague (Mr. Garland) was here. I would remonstrate with him, as a true conservative, against his remarks in favor of this bill. This is not a conservative, but a loco-foco—a destructive measure. Sir, we are told that the funds in the deposit banks are not available. If they are not available to the General Government, they may be available to the States. And, if not available, why should they be withheld from the States when they cannot avail the wants of the Treasury? The local banks can pay the States, whilst they cannot pay the General Government. The States, where-in they are located, will take their notes. With their local currency they can pay the laborers on the works for which they have contracted on the faith of this deposit.

And, sir, if these banks can pay the States, and not us, they can thus pay debts to us which are now, we are told, in jeopardy. Sir, if you give this administration fair scope at these banks, I doubt whether they ever will be able to pay their debts. It is the interest of this administration to make the suspension of specie payments perpetual until they carry out their favorite project of a Treasury bank, founded upon the prostration of credit in all the forms in which it now has, or ever has had, existence in this country. Indeed, sir, these funds are, it appears to me, more available in the local banks than they will be in any other condition in which they can be placed. By the protested warrants, as they have been issued by the Secretary of the Treasury since May last, you may make one million of funds pay ten millions of debts. This is an invention of these times of necessity; necessity is the mother of invention, as Mr. Secretary has proved from his schoolboy days, when he copied from the plate, up to this hour of financial distress, he being at the head of affairs. He has unavailable funds in the deposit banks; he draws his warrants upon them; they are protested, are bought up by public debtors, come into the Treasury in payment of dues and then expire as receipts. Again and again this process may be carried on. He has issued about two and half millions of these checks or warrants; one and a half millions are supposed to be in the hands of the monster Pennsylvania bank, and one million are outstanding, or have been paid into the Treasury. At one moment we are told these funds are chargeable with these warrants, and in the next we ascertain that the warrants die in the hands of public debtors. Thus, sir, we may draw on these funds *ad infinitum*, and if they be left in banks, and are transferred to the States, they will enable the States to fulfil their contracts with their creditors. Besides, when they are transferred to the States, the States become security for the banks; they become the depositories in fact, and may save the public money. If the money is never to be repaid to

us, in the name of God let it go to the States, and do some good, whatever it may.

But, sir, though we are told these funds are unavailable, yet we are at the same time told that the Government cannot get on without these funds. If the funds are unavailable, how will they enable the Government to get on? Now, sir, I freely confess that I cannot comprehend this alleged deficit in the Treasury. I, like other pumpkin-headed gentlemen on this floor, cannot understand the Secretary's report. I figured upon its data until I threw down my slate in despair. But, sir, I have been struck with this singular spectacle—such an one, I venture to say, has never been exhibited before; it is a perfect commentary upon the misrule which has brought us to this scene of misery and distress. We see on one side the opposition to a man striving to demonstrate that the Government *has fun's and can pay its debts*. And we see the administration, on the other side, those who were bound to see that the Treasury was not exhausted and the public credit preserved, to a man, from the Secretary down, striving to prove that the Treasury in their hands, and under their sole superintendence, has suddenly, from an overflowing state, become bankrupt!! Sir, I call public attention to this utter profligacy. I ask, I implore the people to consider this spectacle, to contrast it with scenes which transpired before their eyes but yesterday. A moment ago we had a surplus—the party boasted of our means—they claimed the credit of an unexampled prosperity; to day, they come in to take the benefit of the insolvent law—they are ready to swear they have not, of all this surplus, left one dollar to pay our honest creditors! Such is their effrontery; the case speaks for itself, and I would speak to them. Sir, I would say to them, you must quit trading, you must give up the concerns of Government, you have proved yourselves incompetent from knavery or folly. "*No man should trade on borrowed capital.*" You have brought the Government to bankruptcy and borrowing; you have three years to wind up your affairs; we will give you that time in which to settle with the People; and then we require you to give up their Government to safer and honest hands. Yes, sir, let us call to mind the scene exhibited here in March last, when the Greatest and Best was retiring from office, and his successor was installed, with his high approbation, under a solemn pledge to carry out his hallowed policy, big with national prosperity and grandeur—when the flow of milk and honey was promised to the land—when gold was to glitter on our very streets—when the great chief and the little protégé were drawn on the fragments of the Constitution by four white horses, as the kings of old, the horses almost pawing down the crowd, and the crowd shouting hosannas to their great benefactors. Sir, let us remember that scene in the east portico of the Capitol! All was well! The nation was prosperous and happy on the 4th day of March, 1837! Sir, I was a miserably discontented man; the old chief had told us the same story in his last message; I joined issue with him; I was guilty of sacrilege for daring to deny his statements. He said the Treasury Department had been well conducted. I drew Mr. Woodbury and Reuben, and the whole pack, before a committee of investigation; they all swore that all was right—the deposite banks, the Treasury, the whole Department, all, all was safe and sound. Sir, look at Mr. Woodbury's examination and the report of the committee last spring, as late as the third of March last; the delusion was kept up to the very instant of time, the 4th of March, the inauguration day, when the pet banks tumbled down one after another, like so many bricks on their ends in a row.

Truly, truly, it may be said, sir, that the evil which General Jackson did lives after him. He was the most fortunate man that God ever permitted to riot in success, and to triumph over much that was good! He warred without ceasing against the Bank of the United States; he rendered it an odious monster, and killed it in the confidence of men; yet, all the time that he was in power and wielding that power against that institution, it was fructifying the nation, sustaining exchange, maintaining credit, a sound currency, regulating, in a measure, excessive bank issues, meting out to labor, its reward, insuring confidence in trade, keeping prices steady and advancing, and in every way warding off the evil day until after General Jackson's term of office expired. His monster lived to keep him and his power and popularity alive, until it was too late to rebuke him for the mischiefs we

now endure. It gave us a seeming prosperity which was all ascribed to General Jackson, and verily his enemy was made to praise him. Sir, it was the most signal instance of good fortune in his whole life, that the bank continued in existence until within one year of the expiration of his reign, and that the effects of its death could not be felt until one year after the expiration of its charter, and one day after his political career ceased! It was wonderful in the coincidence of events. No one thought that disorder would so soon arrive—it waited not a moment after Jackson ceased to be President. You may look through his whole life, I say, to the cock-pit, the horse-race scenes, to his hair-breadth 'scapes in war, and to his glorious victories, and not find a parallel instance of good luck with this. We were told that the bank would fall like the oak in the forest, crushing every tender shrub in reach of its giant trunk and branches. Not so; it died like a good man, quietly, and almost in silent prayer. The earth shook not at its fall; and yet, in one year from that event, the credit of the Government and the trade of the people are crushed. Sir, when it died, the arterial blood dried up; its bills of exchange, which it kept at the lowest rate in market, were that blood—it circulated in the great arteries between the exporting and importing points—between northeast and southwest, New York and New Orleans. The bank was your importing and exporting agent; the artery of internal exchange was cut, and the nation now lies bleeding to death! None of this happened, because it could not, until after Jackson ceased to reign. Now, oh! ye, the people, contrast the "last annual message of the Chief, and his farewell address," with the first extraordinary message of his successor! Sir, the Administration either knew of all these results which we have witnessed, so ruinous and disastrous, or they did not. They may take which horn of the dilemma they choose. If they did not see the operation of causes and the coming of events almost touching their noses—events which were predicted for years—events which have followed so suddenly upon their boasts of prosperity, upon times when the Administration party was for voting away millions for every species of extravagance; upon times when, instead of withholding appropriations, they were making the most numerous and extensive Government contracts—contracting away millions in a month—I will not be harsh; I will not say if they did not know and did not consider, they must have been fools; or, if they saw and knew what was coming, they did not warn the people, and they must be knaves. A friend the other day said he would put forth horns upon them, and make the beast complete! I will not say they must be both knaves and fools, but I do say there has been most shameful, wilful, blind, and gross mismanagement, and mal-administration; and if there be no hope of reform, all hope of preserving the Government and its freedom and purity must cease! Their great panacea, their deposite bank system has signally, woefully failed; it was recommended and defended but yesterday as the best substitute for the Bank of the United States; it was to supply exchange, and perform every financial and commercial function; and we have seen, in a day, in what it has resulted. They now recommend another sovereign remedy, another king cure all, a sub-treasury system. Are they to be confided in? Are they and their plan not to be distrusted? Are the people not sick of experiments? But, sir, this part of the discussion I must reserve for the time when the sub-treasury system comes up; though I do not believe it will ever be presented, in good faith, to the decision and action of this house.

To return to the subject of this bill. The chairman of the Committee of Ways and Means says the question is as to our ability to *deposite*, not to *pay* this fourth instalment. The amount of the instalment is unquestionably in the deposite banks. If this, as I contend, be a *deposite* only with the States, it will not in the least diminish the funds in your Treasury. Sir, according to my construction of the deposite act of 1836, you may every day give thirty days' notice, and call in the amounts allowed under the act, upon giving such notices. And, if this be to *deposite* merely with the States, the objection to depositing the fourth instalment, urged by the gentleman from South Carolina, (Mr. Pickens,) that if the fourth instalment should not be postponed the burdens of tax-paying people must be increased, vanishes. If a deposite merely, the money still remains in the Treasury, and there will

be no necessity for raising revenue or increasing taxes.

But, if we will not postpone the fourth instalment, we are asked how we will relieve the Treasury, and furnish it with funds? We reply, suspend your enormous appropriations; stop your extravagant expenditures. We are answered, that contracts have already been made for most of the appropriations. Sir, I do not believe the fact asserted. The Secretary has been called on for a report of amounts contracted for; he has not yet furnished the house with the information. Have the departments all been striving to make contracts as fast as possible, and to an extent and amount unheard of, in order to make out a deficiency in the Treasury? Sir, I believe they have, and this of itself is a serious instance of mismanagement. Let the information come from the Secretary, and you will find millions uncontracted for. But, sir, before the information comes, we will have acted on this bill. You rush your bills through the committees, and in the house you will not wait a moment to obtain the light necessary for us to vote understandingly. I now see my friend over the way (Mr. Cushman) ready to move the previous question; when I am done, he will pop up like the striker in a piano forte.

[Mr. Cushman here interposed.]

Mr. Wise. Sir, I did not know the gentleman had resigned his office. I mean to complain that just as we get a bill through, generally, the proper information comes in and is printed; and we are left afterwards to wonder how so many mistakes and so much mischief could have happened! This information now wanting is most important. Who can answer how much of your enormous expenditures are contracted for?

Sir, my friend from Tennessee has been asked why he does not bring in a bill to repeal appropriations? We answer that there is no necessity for such a bill. Sir, if you withhold means for all this extravagance, some of the appropriations must be expended by the Executive. The Secretary himself tells us that he has taken the responsibility of suspending fifteen millions. Why cannot he suspend more? Does the gentleman from South Carolina (Mr. Pickens) desire the responsibility to be taken off the shoulders of the Executive, and does he wish to see a scramble in this house between the different delegations who have favorite objects of expenditure, as to which shall be suspended? Does he desire to set us by the ears, to determine whether the reduction shall be made on harbors of New York or Ohio, or whether it shall be made on such objects as the exploring expedition? By the by, I would ask the gentleman from Ohio, (Mr. Hamer,) what has become of that beautiful project? I would inquire of that good old bachelor, the Secretary of the Navy, who studies botany, I am told, how many vessels Captain Jones has at Norfolk; how long have they been there; in what state of preparation are they for sailing to the south pole; how much it will take yet to fit them for sea? Some half of a million perhaps has been expended, and Captain Jones has not been enabled by the Department, I believe, to sail further than from the Norfolk navy yard to Hampton roads\* and back. I wonder if he met any of the South Sea Islanders! But the gentleman from North Carolina (Mr. McKay) tells us that all the ordinary appropriations are as small as those under the condemned Administration of the ostracised gentleman from Massachusetts (Mr. Adams.) He says the enormous appropriations are all "*extraordinary*!" And, sir, verily they are. It is of their being extraordinary that we complain. Sir, the gentleman shall not escape in that way. Are *extraordinary* appropriations to be tolerated simply because they are *extraordinary*? I should think, sir, that would be the best reason for suspending them. And, in these very extraordinary times I should think Mr. Secretary would be very justifiable in suspending some of them. He should know the most proper objects of expenditure, and he should know best where the reduction should be made. I will insure it, sir, that he finds out very certainly if left to himself, how to get along without this postponement of nine millions to the States, and without giving him, in addition, ten millions of Treasury notes.

But the gentleman from South Carolina has rather turned upon his old party associates in the opposition, and complains, if a bill to suspend appropriations was brought in, the national republic

\* Captain Jones has since told me he has never got below Craney Island.



cans would vote against it, and go, as they have ever gone, for the utmost extravagance. I am sorry, sir, the opposition, just at this crisis, has been divided; a part of us, it seems, has gone over to the enemy—or the enemy, as the phrase is, has come over to them. Sir, I know that I was side by side with the gentleman last spring, and both side by side with national republicans, fighting manfully, shoulder to shoulder, to reform this Government. I expected to find that gentleman with us again. Is there a fear that the national republican camp is becoming too strong—or, rather that the opposition is becoming too strong too fast?—That our power is not tending in the right direction? I hope not sir; I hope not. I claim to be of the State rights party myself, and I am far from being ashamed to unite with nationals, or any party of men who are at heart patriots, to pull down a rotten dynasty which has disgraced the Government and ruined the people, and which, as a party, transcends infinitely, in principles and in practice, any latitudinarian party which ever existed in this country. True, the nationals, when in power, did advocate and adopt systems of tariff and internal improvement; but does the gentleman from South Carolina (Mr. Pickens) find his company improved? Are not his new friends infinitely worse than his old ones? Yes, sir, if the nationals contend for strong powers in a strong Federal Government, they place those powers where they belong if they exist—they balance them and check them—they give them to the legislative department—to kings, lords, and commons. But your patent Jackson-Van-Buren party goes for the same powers, and even for stronger, in "the Government," and "the Government," is the king alone with them! All power they give to the Executive, and are now bent on transferring to the President, not only the custody and control of the public money, but the regulation of the value of money, and of the entire currency! Such is the difference between the gentleman's new friends and his old ones. Will his new friends not go for extravagant appropriations also? Does the gentleman not remember the harbor-bill case, when the Van Buren party shows that its principles against internal improvements are exactly in proportion to its interests! [Here Mr. Wise related the case of striking out the \$30,000 dollar item from the harbor bill, &c.] Sir, the gentleman's new friends are worse in every point of view than his old.

[Mr. Pickens interposed. He had not taken company with any but the State rights party of South Carolina. The administration had come to him.]

Mr. Wise. I suppose, then, sir, the opposition has left the gentleman from South Carolina, for certainly he was with us. My colleague from Virginia (Mr. Garland) is in a somewhat similar, though opposite, predicament. The administration has left him. It is the same thing, sir, as if he had left the administration. They will tell him, that a man abandoned is an abandoned man! Sir, if the gentleman does not follow the party round every turn, however short the angle, they will kill him off—shoot him as a deserter, just as soon as if he refused to follow them in a straight line.

But, sir, to my last objection to this bill. If you demonstrate that Government cannot get along without postponing this fourth instalment, I will vote for the bill. Why? Because it is a part of a patching system, which violates all Scripture. You are adding new cloth to an old garment, and making the rent worse. I am not for patching up the tattered garment of your Treasury. I want a new garment entire. The Government is able, I contend, to hide with a new suit its present nakedness. I desire to take up some measure for permanent, radical relief. I know not what is to be the effect of these little detached bills. They all through seem to be parts of one great whole, which I dread.

I am afraid, sir, at every step, that I am voting for a mammoth Treasury bank. I will support no bill for the relief of the Treasury until I know what is the general system of finance to be proposed. I do not believe that any such general system will be proposed in good faith. I believe you have called us to pass these bills to add to your power of mischief—to appropriate millions more to that disgraceful Florida war; and then you intend to prostrate Parliament—to send us home. No, sir; I shall wait until you propose your sub-treasury scheme. I desire to join issue with the first message of the successor, as I did with the last message

of the predecessor. I desire to discuss whether this Government shall draw its life-blood from the people, and then if the people are to be told that they have no right to demand of this Government relief! What relief? A grant of money? No! They deign not to come to you as beggars. They demand of you the discharge of duties, and the faithful exercise of trusts. They demand that you shall so exercise your legitimate powers, and discharge your Government duties, in collecting taxes, raising revenue, in paying your debts, in performing all your functions, that you shall not ruin and oppress them; that you shall, in one word, so regulate finance as not to destroy commerce! These issues and more I desire to discuss on the sub-treasury bill; but it will never come up. Some gentlemen will find themselves deceived; they should have taken bond and security that the administration meant to carry out its policy recommended before they committed themselves fully to it. I promise my friend (Mr. Pickens) that I will unite with him to have that scheme discussed and acted on, but I warn him that he is to be left in the lurch.

Sir, gentlemen still harp upon the issue of bank or no bank. This only convinces me of the truth of my apprehensions, from the fact which I see daily before my eyes. Why does the administration still, Falstaff like, pierce the thrice-smitten corpse of the monster, which now, like Lazarus, stinketh in the sepulchre? Why press this issue on Congress? Sir, a friend wrote to me the other day, from Baltimore, inquiring, what would be done? I replied: nothing; because, at this time the administration has not the force to be willing, and not the willingness to be forced. I meant—to charter a national bank! The friends of that measure—I mean those who look to it in the end—will not now stand up to be knocked down; and why does the administration insist on raising us up to prostrate us? Sir, is it not monstrous that, in times like these, when we are convoked by the President himself to heal national calamities and diseases, when the Government, we are told, is bankrupt, and the people are certainly suffering, the administration itself should be proposing negative propositions? Instead of urging a bill or resolution which will provide relief, that they should be pressing upon the time and attention of this short, called session, a resolution—imply to condemn a measure which is not proposed as one which will not give relief? Was ever such a proposition before heard of? Is not this mockery—mockery—cruel mockery of the public distress? And this too by the only true friends, the only true lovers of the people! By a party to which the people have been so kind, indulgent, and confiding, to a fault! Great God, sir, I am sick—I go to a physician—I cry for relief from sickening pain—I ask, what will cure me? He folds his arms, and, with sang froid, most murderously replies, "*rhubarb will do no good; calomel is inexpedient!*" He gives no cordial—applies no balm that will cure—but names numerous useless remedies that will not cure! Why do gentlemen not go through the whole catalogue of useless and inexpedient remedies, of negative propositions? Is the Bank of the United States the only inexpedient remedy? If not, why name it alone? By naming all inexpedient means we may arrive at what means are expedient. But, sir, we are not thus to be trifled with and taunted by paltry politicians. We cry for relief!—relief!—a remedy!—speedy remedy!—the patient is now suffering, and requires immediate aid! Sir, to turn from grave to comic—the gentleman from New York reminds me of the wood-cutter, in the "*hare story*." My friend from Tennessee, (Mr. Bell,) who has a wondrous penchant for anecdotes, thinks it the best story he ever heard: A sportsman was pursuing his game, a rabbit, he came up with a wood-cutter; "did you see a rabbit run this way?" "Ha!" "A rabbit?" "Was it yellow?" "Yes." "Had it large eyes?" "Yes." "Did you see it?" "Long ears?" "Oh, yes!" "Did you see it?" "Had it a white tail?" "Yes, did you see it?" "Did it jump when it run?" "Yes." "Had it a white tail?" "Yes! do tell me, did you see it?" "No—a—I never seed it!" So, sir, we have been chasing a remedy, like the sportsman the rabbit, and, coming up with the chairman of the Committee of Ways and Means, we ask him if he has seen it. After describing the very thing wanted himself—he says, "no, I never seed it!" Yes, sir, he and his party have seen it; they know very well what it is like; it has all the ear marks of the Bank of the United States; and

gladly, gladly would they take that remedy, and acknowledge it as their own, if they dared. By this negative proposition they have put out "a feeler," to ascertain whether they dare. Is such a party to be trusted by the people?

Sir, we were told by my colleague from Virginia, (Mr. Jones,) that the legislation of Congress has worked injuriously to the south; he cited the tariff and the bank. Sir, I deny that the bank ever injured the south. At the proper time I am ready to argue that proposition with my colleague. I admit that the north has derived the most benefit, but I deny that the south has sustained the least injury, from the credit system. They have, by all means, internal improvements and every encouragement of trade, enlarged their capacities for receiving the benefits of the credit system. We have been waiting for the waters of the stream to pass on before we cross over. We have been backward and tardy in improvements; they have built cities and brought to them western worlds for a back country. We have always regarded the agricultural as inimical to the commercial and trading interests; the north has always treated them as mutually dependent and identical. We have practised upon the theory that we must have capital before we have trade; they have reversed the maxim, and said they must trade before they have capital, and internal improvements before they can have either! The credit system makes them rich, it is true, without making us poor. And let me ask my colleague, if legislation by Congress has injured the south, what has Executive legislation done for the south? Admitting that the north is most benefited by the credit system, yet what of the converse? What has the destruction of the credit system done for the south? Upon what section has the loss fallen? The Executive war upon the credit system has cost the south this year forty millions on cotton! The curse has fallen on us, as it ever will when credit is impaired. The northern manufacturer may stop his loom, the northern merchant cease to import, but the cotton is growing, or in bale, and is sure to be under the dead-fall of the money market. The experiment has cost the south more than ever the justly odious tariff did. Yet, sir, my colleague still urges another experiment. He says our Government is but an experiment, and one yet destined to make despots tremble on their thrones. Sir, let me warn my colleague if the party goes on experimenting, experimenting as they have been experimenting for the last four years, they will place a money despot on our Executive throne, whose political and purse power will make the liberties of this country tremble and totter from their base! He may go on, and go on accumulating these immense revenue powers in the hands of the President, he may denounce a *United States Bank* as inimical to civil liberty, and then think to secure that very liberty by a *Treasury Bank*; but if the folly of his course is not eventually demonstrated in tears and in blood, I will confess that my present alarms and dreadful apprehensions of a moneyed despotism have been causeless and senseless. Sir, these experiments will seat a despot firm fixed on his throne; if you part with your money power, you can never reclaim it. You will arm power with the power of retaining power. I trust in God gentlemen do not mean to carry out their schemes. The President very meekly disclaims, voluntarily disclaims, his Cæsar-like aversion to putting on the imperial purple and the crown—to assuming this awful money power; and I do fervently pray that the people will be still more disinclined to yield than he is to take upon himself this tremendous union of the money with the political power of the Government!

NOTE.—Below is the letter furnished by Mr. CAMBRELENG.

NEW YORK, MAY 10, 1837.

MY DEAR SIR: I have just learned that some of our friends (I heard the Bank Commissioners named) were to go to Albany this afternoon to get the legislature to suspend or repeal that part of our bank law relating to the suspension of specie payments. Such a measure, it seems to me, would be bad in every point of view. The bank party have inflicted upon themselves as a party a fatal blow, and have established a commercial precedent, which, if sanctioned in any manner by the legislature, will lead to a suspension of specie payments at the commencement of every pressure, which would be very different in its effects from that which has now occurred, after credit, prices, banking, and every kind of trade are reduced so low that our city bank paper and specie are nearly on a par for all the purposes of trade.

Very truly, yours,

A. C. FLAGG, Esq.

C. C. CAMBRELENG.

# SPEECH OF MR. CUSHING, OF MASSACHUSETTS.

*In the House of Representatives, September 25, 1837—*  
On the Message of the President of the United States, at the opening of the Twenty-fifth Congress.

The House being in Committee of the Whole, and having under consideration the state of the Union generally, and particularly the bill from the Senate postponing the fourth instalment of the surplus revenue to be deposited with the States—

Mr. CUSHING addressed the committee substantially as follows:

Mr. Chairman: I am not prepared to vote for this bill. Various reasons for opposing it have been adduced by different gentlemen, in many of whose arguments I concur. I have another reason, particular to myself.

The clauses of the deposit act, which appertain to the present question, seem to me to possess all the features of a contract. It provides that the whole surplus revenue of the United States, beyond a certain sum which may be in the Treasury on a certain day, shall be deposited with the several States; which deposit the States are to keep safely, and to pay back to the United States, whenever the same shall be called for by the Secretary of the Treasury in a prescribed time and mode, and on the happening of a given contingency. Here, it seems to me, is a contract *in honor*; and, so far as there can be a contract between the United States and the several States, a contract in law; there being reciprocal engagements, for a valuable consideration on both sides. It is, at any rate, a quasi-contract. They, who impugn this view of the question, argue on the supposition that the act, performed or to be performed, by the United States, is an inchoate gift of money to the States. Not so. It is a contract of deposit; and that contract is consummated and made perfect on the formal reception of any instalment of the deposit by the States.

Now, entertaining this view of the transaction, I am asked by the Administration to come forward and break this contract. True—a contract made by the Government of the United States can not be enforced in law. Does that make it either honest or honorable for the United States to take advantage of its power, and violate its pledged faith? I refuse to participate in any such breach of faith.

But further. The Administration solicits Congress to step in between the United States and the States as a *volunteer*, and to violate a contract, as the means of helping the Administration out of difficulties, into which its own madness and folly have wilfully sunk it, and which press equally upon the Government and the people. The object of the measure is to relieve the Secretary of the Treasury from the responsibility of acting in this matter, as he has the power to do. Let him act. I will not go out of my way to interpose in this between the Executive and the several States, until the Administration appeals to me in the *right spirit*. This it has not done. The Executive comes to us with a new doctrine, which is echoed by his friends in this House, namely, that the American Government is not to exert itself for the relief of the American people. Very well. If this be your policy, I, as representing the people, will not exert myself for the relief of your Administration.

Let me re-state the question. The doctrine of the Executive is, in short, that, in their mutual relations towards each other, all the Government has to do is to be supported by the people, and all the people have to do is to support the Government. Now I say that, under such circumstances, for an Administration professing such tenets, I will do just that which my public duty to the country requires, and no more. I will, if the public necessities require it, vote for its Treasury note bill, that is, grant it a loan, not for the sake of the Administration, but for the sake of the public creditors to whom the money is or will be due, and of the Government as such, which must not be allowed to suffer, whatever may be the faults of the Administration. But I will not, as a member of Congress, volunteer to take on my own shoulders the responsibility of revoking or withholding the

surplus revenue from the States, in order to lighten the burden of responsibility, which the existing law imposes on the Secretary of the Treasury. Let him untangle his own snarl. I will not raise a finger to do it. The Administration has got itself and the people into these desperate straits. It now proposes to cut loose from the people, and abandon them to their fate; but ask of us, the House of the people, to take upon us the propitiation for its sins; and to do this, by the violation of a contract between the Federal Government and the States. I will not do it.

Sir, I submit these brief remarks, on this particular bill, by way of preface to the more extended line of argument, which I am about to pursue.

This debate, like others in Committee of the Whole on the state of the Union, has been rather unequal in character. Some gentlemen have confined themselves to the bill; others have taken a wider range. The course of the Committee of Ways and Means, who reported the bill, has been worthy of note. They have introduced into this House a series of remarkable measures, deeply affecting the public interest; but they have submitted no report, or other formal exposition of the subject. They leave nothing on the record justificatory of the measures they propose. I understand this. I see the art of it. Their argument is the general system of the administration in the present contingency, as unfolded by the President in his Message. That committee came here with the advantage of a case made out for them by the President of the United States. Their case has not been fully met by the opposition. So far as regards the general policy of the administration, of which this is a part, a link in the chain, it has not yet been argued in detail. This I mean to attempt.

Intimations have been thrown out concerning the necessities of the Government, as a reason for hurrying on this bill. I reply, that this bill does not give money to the Government. Not a dollar. If the Government is in urgent want of money, let the chairman of the Committee of Ways and Means bring forward his loan bill, and have it passed. It is not my fault that he keeps this bill in advance of the others. And if he does, he must bear the responsibility of the consequences. We came here, expecting to be gagged in the House; and, for aught I know, to be *gouged* under the gag; but, in Committee of the Whole on the Union, we will not be choked off, by any such management, from discussing the state of the Union.

It was the original usage to reply to the communication of the President at the opening of Congress. That course has been discontinued; and the consequence is, that political discussion can take place only in connection with bills or resolutions in themselves of limited scope. But there is no want of pertinency in such discussions here. The Message is confined to one subject. That subject is the party-point, and at the same time the business-point, of all the existing agitation of the country. And I propose, on this occasion, to enter into a full examination of the Message.

The President himself invites thus. He says that the subject "deserves a full and fair examination, and can not fail to be benefited by a dispassionate comparison of opinions." In undertaking this, I design to discuss the Message fairly, as a mere State paper, and in the spirit of proper respect and courtesy due to the Chief Magistrate. It is a well digested, carefully written, argumentative document, promulgating and advocating certain opinions. The other side should be heard; and this can be done only by subjecting the Message to scrutiny, and discussing it directly, as well in as out of Congress.

## CONVOCATION OF CONGRESS.

Mr. Chairman, this is an extraordinary session of Congress. We are called here by the proclamation of the President, induced by great and weighty considerations. Nay, he deems the circumstances of the time so remarkable, that, in the Message he recommends, I will not say commands, Congress to attend to nothing else. He withholds from us information as to all other departments of the public business. What are these "considerations," as developed in the Message? They are,

1. The alleged inability of the Executive to carry into effect the provisions of the deposit act, so far as respects the public deposits, in consequence of the suspension of cash payments by the banks.

2. The apprehension of a diminished or deficient revenue, and consequent embarrassment of the Treasury.

3. The question of the time of forbearance to be conceded to the debtors of the Government.

4. The liability of Government to encounter difficulties in the payment of the fourth instalment of the surplus revenue engaged to the States.

These are, in substance, the special inducements assigned for the convocation of Congress. The public distress of the country is not stated as one of them. The President does, indeed, barely hint at this, in saying that he was desirous to enable us to exercise our "full constitutional powers for the relief of the country." Wherein does the country need relief? This we are not told. We are instructed as to the difficulties of the Government. We are not instructed as to the prostration of the active business of the country, the bankruptcy of its merchants, the embarrassments of its banks, the cessation of manufactures, the stagnation of trade, the fall of our staples, the universal distress and alarm which pervade the commercial interests of the whole Union. The difficulties of the country and of the people are not so much as the subject of a suggestion. The Government is to be taken care of, as if it were a foreign conqueror, revelling at free quarters in the heart of a vanquished nation, but nothing, absolutely nothing, is to be done for the general relief of the people.

The Executive cannot find specie-paying banks to receive the public deposits. Well, could he from May to September, four months? If he could regulate the deposits for that time, why not three months longer, until December? Especially, if there is *no revenue*. Especially, if Congress is to do, what the President recommends, leave the whole public treasure in the very hands of the Executive.

A deficit in the Treasury? Very well. What is the remedy? Draw on the surplus revenue? It is all subject by law to the call of the Secretary. Issue Treasury drafts? The Executive has done it already, without the aid of Congress.

Forbearance to the public debtors? If the Executive could extend their obligations, first to September, and then to October, it can do so until December.

Specie payments? The Message does not recommend anything for the public relief, in this respect, either of the country or of the banks, unless it be a special bankrupt law for the demolition of corporations, a measure not of relief, but of additional distress.

Thus, comparing the alleged inducements with the remedies proposed, there would seem to be little reason for an extra session of Congress. We might as well be at home. The difficulties propounded to us are *Executive* difficulties, for the Executive to worry along with; the ordinary drawbacks on the enjoyment of place and power. Is it not paltering with Congress to tell us only of the difficulties of the Executive? Is it not a mockery of the sufferings of the people? I say, either Congress should not have been convoked, or, if convoked, something should have been proposed for the substantial relief of the country, rather than exclusively of the Government.

Sir, the secret, the true secret of the extra session of Congress, is, in my judgment, the *bankrupt condition* of the Treasury. But this, the Administration, which has lauded itself so extravagantly on the discharge of the national debt, this the Administration shrank from looking frankly in the face, and avowing to the people. Accordingly, what do we now see? Why, we are daily goaded into the hurrying forward of this bill, by the allegation that the Treasury is empty. Yet the Administration, instead of manfully meeting the contingency, by asking for a loan, asks us to pass a Treasury Note Bill. What are these ten millions of Treasury notes? Nothing more or less, in plain English, than a NATIONAL DEBT, a Government loan, and, if issued without interest, a Government loan in that worst possible form—old Continental paper money.

Glory to the gold-currency men who have plunged themselves into the quagmire of a Government paper money system, and in the first year of the administration of President Van Buren, exhibit to us a bankrupt Treasury, to be relieved only by contracting a national debt!

## PUBLIC DISTRESS.

Mr. Chairman, not only does the President propose nothing for the relief of the people in their overwhelming distress, but he proceeds to speak of the public difficulties as "the revulsion through which we have just passed." Is it a revulsion through which we have passed? Is the Government at ease? Have the banks resumed cash payments? Has the exportation of specie ceased? Has trade revived? Has cotton regained its old price? Are the manufactures and the commerce of the country restored to their former prosperous activity? If not, why are we told that it is a revulsion which we have passed through?

Let us look into this revulsion. It is now September. On the 4th day of March last, only six months ago, the late President of the United States, in language of seemingly well-grounded self-gratulation, told us, in his Farewell Address, of the happiness and prosperity of the United States. How stand things now? Beginning with insolvencies among the merchants, and proceeding to the stoppage of specie payments by the banks, the country has gone through a series of commercial and financial disasters unexampled in the time of peace, in the history of this or any other nation, until we are brought here, to be told by the Secretary of the Treasury that the Government of the United States, which at the beginning of the year possessed a clear surplus treasure of forty-two millions, is now utterly destitute of funds, and can not get on without a breach of contract with the States, and the issue of ten millions of paper money to meet the daily exigencies of the Treasury.

Such are the facts on the face of things. Now what, in the first place, are the causes of all this, so elaborately expounded in the Message?

## CAUSES OF PUBLIC DISTRESS.

The President says, and I believe him, that in spite of "the passions and conflicts of party," these causes can not fail to be fairly understood, sooner or later. They will be. They can not be disguised now, from any one who chooses to see. How does the President himself explain the matter?

His exposition is remarkable. Chiefly "over-action in all the departments of business," stimulated by "excessive issues of bank paper," and by other facilities of credit, and bringing in its train, the evils of speculation and extravagance; this "over-action," aggravated in its effects by the great conflagration in New York, the transfer of the public deposits under the deposit act, and the conduct of the Bank of England.

"Over-action" in business, then, produced by excess of bank issues, that is the cause, upon the showing of the President. Now I do not undertake to adopt the President's explanation as *wholly* true; for if the question of "over-action" were examined on its own proper merits, it would be perceived not to be so plain a matter. But I argue upon the premises presented to me by the President. "Over-action," we assume, if you will, as the immediate cause of the existing financial and commercial disorders of the United States. Then what is the cause of the cause? The *causa causans*? For the President himself tells us of "ANTECEDENT CAUSES." And what are these antecedent causes? How came the bank issues to be excessive? To talk of over-action and to stop there, is only telling half the facts. A magazine is blown up. You say it is by an explosion of gunpowder. Be it so. I demand—who laid the train? Who applied the match? What produced this "over-action?"

Every body knows, the President himself knows, he is too wise a man to deny, the real facts of the case. The Message tells us that, in the two years from 1834 to 1836, bank capital in the United States increased from 200 to 241 millions, notes in circulation from 95 to 140, and discounts from 324 to 457 millions. Now, what induced this rapid augmentation of bank capital, bank issues, and

bank discounts? For these are the evils which constitute the burden of the Message.

It is all matter of unquestionable history. The fact is notorious, that the increase of bank capital began simultaneously with the indication of a disposition on the part of the late President to obstruct the recharter of the Bank of the United States. Bank capital went on augmenting alongside of the removal of the deposits and the progress of the Executive war against the bank. In 1811, the number of State banks was eighty-eight, with a capital of \$42,610,601; in 1816, the number had risen to two hundred and forty-six, with a capital of \$89,822,422. In 1830, the number was three hundred and twenty-nine, with a capital of \$110,192,268; in 1837, the number (branches included) was eight hundred and twenty-three, with a capital of \$378,421,168, (Ex. Doc. 1836-7, no. 65, p. 208.) In the long period from the foundation of the Government to the beginning of the last administration, the whole number of banks created was less, in the proportion of 329 to 494, with capitals less, in the proportion of \$110,192,268 to \$268,223,900, than were created in the seven years of that administration. Nor is this a mere casual coincidence of facts. They belong to each other as cause and effect. That this augmentation of bank capital was occasioned, or at least accelerated, by the adversary action of the late President against the United States Bank, is a thing beyond dispute. It was done professedly to supply the vacuum in the money market anticipated to follow the death of that bank. It was urged as necessary to the success of the late President's policy. Rival institutions sprang up under the auspices of his "experiment," in the expectation of advantage from the Government deposits, which were even begged as a party boon by minions of the administration.

Not only do we know this to be so, looking back upon the past in the certainty of actual experience, but the progress of events was distinctly foreseen at the time, and the result unerringly predicted by the great men who opposed the wild schemes of the late President. In the debates of that day, Mr. Webster said: "Under a pretence of a design to return to a currency which shall be all specie, we are likely to have a currency in which there shall be no specie at all. We are in danger of being overwhelmed with irredeemable paper, mere paper, representing, not gold and silver; no, sir, representing nothing but broken promises, bad faith, bankrupt corporations, cheated creditors and a ruined people." Mr. BINNEY said: "The project of the Secretary of the Treasury astonishes me; it has astonished the country. \* \* \* It is the clearly avowed design to bring a second time upon this land the curse of an unregulated, uncontrolled State bank paper currency. \* \* \* If the project shall be successful, we are again to see the paper missiles shooting in every direction through the country, a derangement of all values, depreciated circulation, a suspension of specie payments, then a further extension of the same detestable paper, a still greater depreciation, with failures of traders and failures of banks in its train." Mr. ADAMS said: "Your President has usurped legislative power. He has laid his hands upon your treasure: he has seized it, and now wields it as a weapon of power to himself, and of plunder to his partisans. \* \* \* His chosen State banks are to be his depositories, and engines to restore a metallic currency. With what intuitive sagacity are the means adapted to the end! Sir, his State banks would hurl the nation—they are already hurling it—into universal bankruptcy. His hand must be stayed, or the nation is undone."

All these, and similar predictions, were scoffed at by the friends of the administration at the time, as *panic* speeches. How strikingly have they been verified by the event!

That the administration is *exclusively* responsible for these disasters, I do not contend. Other causes may have contributed, and doubtless did, to the same end. But this I do say, that whatever tendency there may have been to improvident speculation, and to excessive creation of bank capital, was fostered and aggravated by the action of the administration. It fed and fanned the flame: it forced on that monstrous expansion, which has ter-

minated in the present crash. Who can forget the late President's self-satisfied addition to his "EXPERIMENT?" With what headlong rashness he assumed "the responsibility" of the disastrous consequences, which he was warned would ensue upon it? Or the blindfold reckless of coming events, under the influence of which, in his farewell address, he spoke of his "humble efforts" to improve the currency of the United States?

But the direct warfare of the administration against the bank was not the only particular in which it served to bring on the existing state of things. I am well persuaded that the removal of the public deposits from the Atlantic States, where the money had been collected, and where, in the course of trade, it belonged, and its transfer to State banks in the West, to be there discounted upon, was partly instrumental in producing the fever of speculation in public lands, which the late President thought it necessary to check by the Specie circular, and it was the unexampled demand for public lands which filled the Treasury with a surplus, for the revenue from customs alone has held an average of about twenty millions annually for twenty years, and has not equalled the expenditures of the Government.

The importations of gold by the direction of the Executive were also pernicious every way. Being forced importations, contrary to the current of trade, they increased our foreign debt, and so contributed to raise exchange, and to depress our staples. So far from diminishing the paper circulation of the country, as it was fancied the operation would do, it increased the amount, by merely serving to enlarge the basis of bank issues, instead of taking their place. It contributed to alarm the capitalists of Great Britain, and to produce that panic action of the Bank of England, to which the President justly refers as one of the immediate causes of our commercial embarrassments.

Another of the conspiring acts of the Administration has been its loud cry against banks and bank paper; the clamor of its presses and its public men against merchants; their attempts to band the poor against the rich, and to strike down every form of the investments of property; their schemes for the overthrow of charters; all the radicalism and jacobinical projects of disorganization, which are so rife at this time, to the discouragement of that confidence between man and man, and that trust in the stability of business, which are the very life-blood of commercial prosperity.

## BANK OF ENGLAND.

Sir, I do not justify, in any respect, the conduct of the Bank of England in this affair. That company had a direct agency in producing the present crisis. England tempts us to buy, to incur a debt on the credit of our crop, and then all at once abruptly cuts off that credit, and so strikes down the price of our staples to a degree which deprives us of our ability to pay. This, I admit, was iniquitous, if done with sinister motives, and was unwise and impolitic in every point of view. The Bank of England, it may be, in a moment of panic, exploded the bubble. But who blew up the bubble? Who caused that panic?

The Bank of England saw the Executive of the United States embarked in a mad scheme to overturn the credit system of this country, and to drive us back into a specie currency. To accomplish this, the Executive was causing the indemnities due the United States from France and Naples to be remitted in cash. Meanwhile the United States had passed a law, in prosecution of the same policy, changing the relative value of gold and silver. Previously, silver bearing a higher legal value in the United States, relatively to gold, than it did in Great Britain, was the *practical* standard of value in this country; and the importation of it did not injuriously affect the money market of England, or the trade relations between England and the United States. We had in fact, each a separate and distinct specie basis for our respective paper circulations; she gold and we silver. Our late law, changing the value of gold, reversed the old state of things, and rendered the bank and business paper of each country more indissolubly connected with that of the other than ever, and subject to precisely the same fluctuations. When, therefore,



the Bank of England saw all these things, especially the crowning act of the Specie circular, and perceived that its cash was rapidly flowing out for exportation to the United States, it very naturally became alarmed for its own safety, and thereupon adopted, precipitately and inconsiderately, injudicious measures of self-defence.

#### CONDITION OF OTHER COUNTRIES.

Without dwelling upon these and other pertinent considerations, I proceed to a part of the Message which seems to me singularly inaccurate in its facts and deductions. To escape the conclusion that the existing evils are ascribable to the acts of the Government, the President proceeds to say that "evils, similar to those suffered by ourselves, have been experienced in Great Britain, on the continent, and, indeed, throughout the commercial world. This I confidently deny. I challenge any gentleman to produce proofs of the existence of similar evils any where else in the world at the present time.

What are these evils? The President produces no specifications of facts out of Great Britain; and well he might not; for as the bug-bear of the day is "bank paper," he could not venture to suggest any excess of this on the continent of Europe, or among the semi-barbarian communities of Asia and Africa. The commerce of the world is, as it were, a great lake. The water, disturbed at one point, is gradually disturbed at every point. There can not fail to be uneasiness in Europe—nay, in the remotest India, when the vast commerce of the United States is shaken to its foundations. I concede to the President, for the sake of a fair view of the whole case, that recently, very recently, there have been commercial embarrassments in parts of Europe and Asia. But these embarrassments have been limited in scope, and comparatively trivial in amount, as every merchant in the United States knows; they have been the direct consequence of the derangement of our own trade, to which they have chiefly been confined; and they have not constituted a state of facts in any degree corresponding to that which now exists in the United States.

Now, for Great Britain. What are the evils, the "similar evils," existing there? Are the domestic exchanges in England all in confusion? Is the foreign exchange between her and us against her? Does she owe us a commercial debt which she can not pay? Have her banks universally, or any of them, suspended cash payments? Are there any widespread bankruptcies among her merchants? Is the island flooded with a depreciated, unequal, irredeemable paper currency? Has her treasury, in the space of six months, passed from redundancy to insolvency? Not at all. None of these things have occurred in Great Britain. It is a delusion to imagine it.

But, says the President, "a reference to the amount" of paper credit issues in Great Britain, during the years 1834, 1835, and 1836, "will show an augmentation of the paper currency there, as much disproportioned to the real wants of trade, as in the United States." I am constrained, with all due respect to the President, to say, that such a reference will not show any such analogy. It is, however, a remarkable fact, and gentlemen are welcome to the benefit of it, that, during the last few years, there has been a bank controversy in England, not wholly unlike to the contemporaneous bank controversy in this country, between the friends of the Bank of England and the friends of provincial banks, which has led to the multiplication of the latter, and has tempted the latter into errors, somewhat analogous in nature, but nowise analogous in degree, to those committed by the banks in some of the different States of the Union.

But as for "similar evils" in Great Britain, as compared with the United States, there is no such thing. Commercial embarrassments have been chiefly in the American trade, and have reached other departments of business only by the usual sympathy of all the commercial operations of a great mart like London. Money is at this moment a drug there. And it is a most extraordinary proposition to speak, as the President does, of there having been in both countries "nearly the same

overwhelming catastrophe." The British Government will smile at this. With all imaginable gravity and simplicity the Message proceeds to say, that "The most material difference between the results in the two countries has only been, that, with us, there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments, occasioned by the suspension of specie payments by the banks." As if he had said: here are two men equally sick, with only this material difference, that one has scratched his finger, and the other is in a collapse of cholera.

#### OBJECTS FOR CONGRESS.

Having thus endeavored, with what success the committee will judge, to shift from the shoulders of the administration that "responsibility" for existing facts which the late President had assumed for it in advance, and which it must now be content to bear, the Message proceeds to designate the objects calling for our immediate attention, in these words:

"They are, to regulate by law the safe-keeping, transfer, and disbursement of the public moneys; to designate the funds to be received and paid by the Government; to enable the Treasury to meet promptly every demand upon it; to prescribe the terms of indulgence, and the mode of settlement to be adopted, as well in collecting from individuals the revenue that has accrued, as in withdrawing it from former depositors; and to devise and adopt such further measures, within the constitutional competency of Congress, as will be best calculated to revive the enterprise, and to promote the prosperity of the country."

All the objects specifically mentioned, you perceive, are in aid of the Government. Even the indulgence to the public debtors is of the same description; for it is impossible for the merchants and banks to obtain all at once the requisite cash to pay their bonds and deposits; and to drive them, is to deprive the Government of the whole debt. Measures "to revive the enterprise and to promote the prosperity of the country," are impliedly admitted as things to be considered by us; but no such measures are specified or recommended.

Conscious of the disappointment which the people must experience when they came to see this, the President abruptly proceeds to discuss the various means of carrying on the business of the Treasury, and incidentally the effects of each upon the commerce of the country.

He begins, by alleging that a desire exists among the people of the United States to separate the fiscal operations of the Government from those of individuals or corporations. Whether such a separation is really desirable, whether it be practicable, and, if so, how to be effected, and what the thing really is, I shall consider hereafter in connection with another part of the Message.

#### NATIONAL BANK AND POPULAR WILL.

He then starts with the proposition that "to create a national bank, as a fiscal agent, would be to disregard the popular will twice solemnly and unequivocally expressed," which will, he considers to be "deliberately fixed."

Twice, we are told, has the popular will solemnly condemned a national bank. It has done so, first, in 1811; and a second time, in 1834. Let us examine these two decrees of condemnation.

In 1811, Congress refused to renew the charter of the first United States Bank. The "popular will" chose to try the "experiment" of State banks. How did the "experiment" work? It commenced with a great multiplication of banks. Between 1791 and 1811, twenty years, the period of the existence of the old bank, the number of banks had increased from 11 to 88, and the amount of capital from \$8,935,000 to \$42,610,601. Between 1811 and 1816, five years, banks increased in number from 88 to 246, and, in capitals, from \$42,610,601 to \$99,822,422. (Ex. Doc. 1836-7, No. 65, p. 298. The experiment marched on, with suspension of specie payments, floods of paper trash, tender laws, relief laws, commercial revolutions, and all but revolution, in its train, and wound up in 1816 with a new bank of thirty-five in lieu of ten millions capital.

Again. The bank of 1791 expired in 1811. The question of renewal was a party question. The renewal was opposed by the democratic republican party, and lost in the House by a majority of one vote, and in the Senate by the casting vote of the Vice President. In three years, the circulating medium was disordered, the finances deranged, and the public credit impaired to such an extent

that the very same party, becoming sensible of its error, came forward magnanimously, and itself proposed and carried through the act chartering the second United States Bank. It was even a cabinet measure, introduced by the Secretary of the Treasury, carried twice by a decisive majority of the democratic party, and finally approved by Mr. Madison. Never did any set of public men make a more solemn recantation of a political error than they did, in abjuring their party hostility to a national bank. So much for the first condemnation.

The second experiment is still in the full tide of success. We have gone through its early stages, in the multiplication of banks, the circulation of a depreciated and unequal State bank currency, the suspension of specie payments, and the commercial convulsions which surround us. What more is to come I know not. But I do know that what has been is no proof of the "popular will." Quite the reverse. The refusal of the late President to sign the bill rechartering the bank, like the removal of the deposits, was in defiance and violation of the popular will. The bill of recharter, passed by the representatives of the people in both Houses of Congress, was met by the veto of the Executive. The removal of the public deposits, disapproved in advance by both Houses, condemned afterwards by vote in one, and in reality by both, was perpetrated, arbitrarily, without legal authority, by him, with characteristic contempt of the popular will as expressed by Congress. In a word, this "experiment," instead of being any expression of the popular will, was, in despite of it, forced upon the country by the wilfulness, the unbridled passions, and the personal popularity, of Andrew Jackson.

Besides, the party in power is a party of personal coalitions, not a party of principles. The late President himself was distinguished, while in office, by a want of consistent identity of political principles. In yielding up the bank to his vengeance, in re-electing him, the people did not substantiate any thing except their devotion to General Jackson. Least of all was it a decision against a national bank. So far as the events of that day constituted any precise issue, it was not against any bank, but only against the bank. Gen. Jackson repeatedly recommended a national bank in messages to Congress.

What fixedness there may be in this pretended popular will, remains to be proved. It depends upon this: Whether men are patriots, and capable of acting as such; or whether they will obstinately persist in error, for the sake of being consistently wrong. To those of the men of to-day, who think it well to plunge on in reckless desperation from folly to folly, regardless of the good of their country, rather than to retrace their steps into the right path, I commend for study the conduct of the men whom they profess to revere as the ornaments of the democratic faith, from the speech of one of whom on this very question—I mean William H. Crawford—I quote the following:

"Sir, I had always thought that a corporation was an artificial body, existing only in contemplation of law; but if we can believe the rantings of our democratic editors in these great States, and the denunciations of our public declaimers, it exists under the form of every foul and hateful beast, bird, and creeping thing. It is a hydra; it is a cerberus; it is a gorgon; it is a viper; it is a viper."

What should we, at this perilous and miserable stuff? We should, we at this perilous and momentous crisis, abandon a well-tried system; faulty, perhaps, in the detail, but sound in its fundamental principles? Does the pride of opinion revolt at the idea of acquiescing in the system of your political opponents? Come, and with me sacrifice your pride and political resentments at the shrine of political good. Let them be made a propitiatory sacrifice for the promotion of the public welfare, the savor of which will ascend to heaven, and be there recorded as an everlasting evidence of your devotion to the happiness of your country."

So much for the condemnation of a national bank by the people. If it had twice been put down by them, so by them it has twice been put up.

Can the President, when he speaks of "the popular will, twice solemnly and unequivocally expressed," mean to refer, as some have supposed, to the re-election of General Jackson and the election of himself? I will not impute so poor an argument to him.

#### UTILITY OF A NATIONAL BANK.

Next, the President proceeds to argue that a national bank would not, and could not, have pre-

vented the catastrophe which has occurred. Now, I will not undertake to say that the Bank of the United States could have prevented the effect, after the causes were allowed to exist and to operate; but it could have prevented the existence of the causes. No such enormous expansion of bank capitals, and with it all the sequence of evils alleged by the President, would have existed, as I have shown, but for the measures of the administration, including the overthrow of the bank.

The President thinks that the Bank of England has not saved that country from similar disasters. Is not the fact notoriously otherwise? Has it not stepped in to relieve and sustain the merchants and the provincial banks?

He thinks the late United States Bank did not, in fact, prevent similar embarrassments. This opinion assumes, what surely is not the fact, that exactly such a state of things had place in the time of that bank.

He contends that a bank created by the United States would be prone to over-issues, just as much as the banks of the States. This is a question of fact, which the fact disproves. We have had money-troubles at various times, differing in degree; but the two great convulsions, overtopping all others, and distinguished each by that most fatal symptom, a stoppage of specie payments by all the banks, have been during those two very brief periods in our history, when the experiment of dispensing with a national bank has been undergoing trial.

#### EXCHANGES.

Much is urged in the Message on the subject of domestic exchanges, under special reference to the question of a national bank. The President denies that it is the duty of the Government of the United States to aid in or to regulate exchanges. Upon this point I shall have some other things to say in the sequel, in connection with another part of the Message.

At the same moment almost that the Executive disclaims this as a duty of the Government, he admits the propriety of its being done by the United States incidentally, so far as its own fiscal operations contribute to that end. This admission gives up, it seems to me, the whole question, both of the constitutional power and of the official duty of the Government. I do not contend for a national bank, simply as the means of regulating exchanges. It would, I think, be the best fiscal agent the Treasury could have; and, at the same time, it would incidentally be the best regulator of exchanges. The example of the late United States Bank proves it. We all know at how cheap a rate, and how regularly, it performed the functions of an exchange agent. Can private individuals do this? Can State banks do it? We see they have tried to do it, and have failed; and the notes of the United States Bank continue even yet, after the extinction of its charter, in circulation, as a currency of more pervading equality of value than any others.

But the Federal Government has express power, by the Constitution, to regulate commerce, and to provide a standard of currency and exchange. The same power is not given to the States. Does not this conclude the question of authority? The President, indeed, suggests, that it is no more the province of the Government to aid people in the transfer of their funds, than in the transportation of their merchandise. Well, the Government, in virtue of its commerce power, does aid people in the transportation of their merchandise. It provides navigation laws, it constructs light-houses, it regulates pilotage, it improves harbors, it clears out rivers, as in the case of the Mississippi and the Red river. All these are aids of transportation. Under the same power, it precludes the States from impeding the transportation of merchandise, by State monopolies or otherwise. What distinction in principle is there between these cases and exchanges, which are, equally with the other things spoken of, a medium or instrument of commerce? Nay, this administration, and the preceding one, have expressly favored plans of Government aid to exchanges, as in the case of the Treasury bank recommended by the late President, in the "humble efforts" so pertinaciously made by him to im-

prove the currency; and, more recently, in the ambitious aspirations of the Post Office Department.

The President refers us to the way these things are done in Europe. I thank him for the illustration. Exchanges, like many other operations covering the whole of Europe, are conducted in part by private houses, having correspondents in each separate country. But, even there, each principal nation has a great chartered bank, which materially aids in the process of exchange. In addition to which, as fortunes accumulate by primogeniture, a rich banking-house lasts generation after generation, and acquires a permanency and generality of credit which can not easily be attained by private houses in this country. But, with all this, it is not a system to be received as a model for us. First, exchanges are carried on at greater charge than they would be in this country with a national bank. Then, exchange, either on paper or on specie, is to be paid more frequently than here, owing to the existence of a separate coinage and currency in each country. Nor is this all. This question is but the particular under a general question. The traveller in Europe, in passing over a region of country no larger than the United States, must at every hundred miles exchange one coin or credit for another, just as he must pass inspection or pay duty at numerous frontier custom-houses, have his passport changed or *vised* continually, and, it may be, make his way through the ranks of hostile armies. Is this a state of things to commend to the imitation of an American? Our Government is a federal union of States previously independent of one another. This union of States had for its primary objects to provide internal peace, and combination of force in foreign war. Subsidiary to these are unity and uniformity of custom-houses and duties, of mails, of domestic intercourse, (as evinced by the disuse of passports,) and of currency, coin, and exchanges, which, as I contend, are all *one thing* in principle. Our currency consists of 1st, metal, as the constitutional standard of value; 2d, bank notes, legalized paper, received as a practical currency in local dealings by retail and cash; and, 3d, drafts or bills, either of Government, banks, or individuals, and either local or otherwise, the medium of contracts on time or distance. Now, the Constitution contemplates, and the interests of the people require, equality and uniformity of our currency. In proportion as the currency is *local only* in its circulation, in proportion as it is of unequal value in different parts of the country, in proportion as the citizen or the merchant is obstructed in this respect, in the same proportion is the spirit of the Constitution infringed. We can get along, as we do now, subject to the necessity of buying specie, or of exchanging bank notes half a dozen times, in travelling over as many States. We could get along, with different coins, with local banks, with custom-houses on the frontier of each State, and bands of custom-house inspectors, with jealous passports to be *vised* at every change of stage, as they do in Europe; and with distinct sovereignties and consequent wars, which belong to the same category of facts. But is it *wise or well* to get on thus? What is it, but simply the old question, *Union or not?*

#### THE BANK CONTROVERSY.

The President refers to the controversy on the subject of a national bank, which exists out of doors, and the supposed opinion of a majority of the nation, as bearing on the merits of the question. I can not admit this. If it were a free, spontaneous controversy—a controversy unbiassed by the Executive—it might be entitled to consideration. Who made this controversy? Who got it up? Did the bank? Surely not. It was in no respect for the interest of the bank to become in conflict with the Executive, or to be the subject of party contention. It is a controversy which the late President drove the country into; a political device; an engine of party in the hands of the administration. It is easy for the administration, possessed of its vast power and patronage, to create a controversy on any point. Is it fair then, to cite the existence of a controversy, so got up, as evincing the justness of the controversy? Congress passed Mr. Clay's land bill, which would have prevented an accumulation of surplus revenue,

and many consequent evils; and the bill was met with the late President's veto. So Congress re-chartered the bank; and he vetoed the bill. Congress refused to remove the deposits; and he did it, by a high-handed stretch of arbitrary power. The Senate refused to entertain a bill requiring specie in payment for public lands; he exacted it by the Specie circular. Congress rescinded the circular; and he suppressed the rescinding bill. In fact, the people, and Congress representing them, have had all these political agitations forced upon them, like the convulsions of the money market, by the manoeuvres and the violence of the administration. Gentlemen have asked us in this House, whether we are ready to meet them on the issue of *bank or no bank*. I reply, give me a fair field, and I am ready to meet such an issue. But what is to be expected, on this, or any other question, when all the power and popularity of the hero of New Orleans, all the rabid fury of the party presses, all the influence of the paid agents of Government, all the army of office holders scattered over the country, are employed to lash the passions of the people into frenzy, and to mystify, delude, and alarm the public mind, by heaping every epithet of odium and of ribaldry on the head of the bank? And shall the President now appeal to the dispute itself as any evidence of the true sentiments of the people?

#### THE PRESIDENT'S PLEDGES.

Sir, in conclusion of this part of the Message, the President alludes to the pledges he gave, previous to his election, in reference to this subject. He is pledged: I see and lament the fact. It is a misfortune, I think, as well to the country as to himself. There is a mistaken idea prevailing, as to the *non-committalism*, so called, of the President. I think his opinions, on topics of public controversy, have been as distinctly avowed as those of other statesmen. Nay, I think that, in various ways, he has committed himself more absolutely upon party questions, than was wise. Perhaps he was impelled to this by the language of his opponents. He gave pledges in his reply to the North Carolina Committee, in his letter to Mr. Williams, in his Inaugural Address. Doubtless, also, he is yet more deeply pledged to the late President, and to those who surrounded that personage here; as may be inferred from the very significant letters of General Jackson, lately published in the Globe.

Other Presidents, also, have come into office, whose opinions were sufficiently known, at least, by their acts, writings, or speeches. The late President, like his successor, gave formal pledges on many points, such as non-re-election, repudiation of party influences, purity of elections, non-interference with Congress, retrenchment and economy, and reform of public abuses; and his administration of public affairs was a standing violation of every one of these pledges, on the faith of which he was made Chief Magistrate. I should be sorry to see Mr. Van Buren thus false to all engagements. But, if General Jackson, after pledging himself to do so many things which were *right*, forfeited his pledges by going over in each respect to the worse alternative, it would seem that Mr. Van Buren, having pledged himself to do certain things which are wrong, might, with wiser inconsistency, change for the better; in doing which, he would but follow the example of Jefferson and Madison, who, while in office themselves, adopted some of the very measures, which, in the time of Washington and Adams, they were the loudest to condemn. Indeed, men rise to supreme power, not unfrequently, by the help of professions, honestly made, which further experience teaches them are *impracticable*. Nay, parties occasionally use up their own professions, just as troops do their ammunition, by the very process of victory. For Mr. Van Buren to sign a bill chartering a national bank would not be a greater change of opinion or policy, than it was for Mr. Madison to do the same thing. And the time may yet come when he, like Mr. Madison, shall perceive it to be the dictate of honor and of patriotism to sacrifice his prepossessions in this matter on the altar of his country's good. I will not contend, nor will I admit, as the arguments of many of his partisans

on this point would seem to imply, that he is or can be insensible to such exalted considerations.

#### THE PET BANKS.

Upon the next leading topic of the Message, the value of the State banks as fiscal agents of the Federal Government, I have very little to say. The President admits that they have failed to discharge the duties expected of them: General Jackson has denounced them in the harshest terms. It is a family quarrel, in which I will not interfere. I never anticipated that the pet-bank system would succeed; and I have no disposition to triumph over it, now that it has had its trial and been condemned. There is one thing, however, connected with the subject which deserves explanation, especially as it bears directly on the bill now before the committee.

Allusion is made in the Message, much has been imputed out of doors, to an alleged unfavorable operation of the deposit act upon the interests of the deposit banks. Now, I have nothing to say in favor of the mode in which the Secretary of the Treasury executed that law. But it seems to me very strange for those banks, or the administration which adopted them as public depositories, to complain of Congress for calling on them to pay over the deposits into the hands of the States. The argument would amount to this: the deposit banks are good and safe depositories, so long as they are never called upon to pay over; but when that is done, they must fail. Besides, whatever responsibility belongs to the passage of that law, attaches equally to the administration and the opposition. In the Senate, as the journal shows, *all but six* of the friends of the administration voted for it. In the House, it was amended, on motion of Mr. Anthony, of Pennsylvania, a friend of the President, so as to render it acceptable to the latter; and it was confidently said here at the time, and I have never seen it denied, that the amendment he offered was prepared by the Attorney General; and when so amended, the bill received the votes of nearly *two-thirds* of the friends of the administration in the late House. Nay, such a measure had once been expressly recommended to Congress by the Executive. It is too late, now, to seek to impute the sole responsibility of that law to the opposition.

#### DIVORCE OF BANK AND STATE.

Entertaining these views, then, that the establishment of a national bank is out of the question, and that the connection of the Government with the State banks has proved "unsatisfactory"—for with this gentle term does he dismiss them—the President proceeds to recommend the repudiation of all banks as fiscal agents of the Government, and the disuse of bank paper in the dealings of the Treasury. To the latter point I shall refer in the sequel; and I will now consider the former, they being perfectly distinct questions.

The repudiation of banks as fiscal agents of the United States—this is the new scheme, the "untried expedient," the fresh humbug, to be imposed upon the people, under cover of the cry: divorce of Bank and State. This phrase is somewhat ambiguous. It may have different meanings. In the true and legitimate sense of the words, I am for a divorce of Bank and State; and I should rejoice to be able to believe that the administration was sincerely for it. I abhor that close association, that *marriage* of Bank and State, which characterized the system of the late deposit banks, those *pets* of the Government; banks, some of them confessedly the mere tools of the administration; banks, earning the use of the deposits, like the seventh Ward Bank in New-York, by walking on their knees to a despotic Executive. To prevent this marriage, has ever been a favorite object of the whig party throughout the country, North, South and West. To effect this always has been, and I solemnly believe is at this hour, if not the favorite purpose of the administration, at any rate the sure tendency of its measures.

Sir, this is no new question. Do we forget that the late President deliberately proposed to Congress the establishment of a national bank founded on the funds of the Treasury, and conducted by the Government? Do we forget that the unpardonable sin of the late United States Bank was *its independence of the Government*—the refusal of that bank to be *married* to the administration? This, from beginning to end, was the point of that controversy. Do we forget that afterwards, at a later period, when the regulation of the public deposits was under discussion at the second session of the Twenty-third Congress, the friends of the administration, to a man, voted and spoke against this very proposition of a divorce of Bank and State, then made by Mr. Gordon, of Virginia? Nay, that they refused even to consider the subject, when Mr. Robertson moved a reference for inquiry concerning it? And now this, the desperate heresy of 1835, is the orthodox doctrine of 1837. I repeat I am opposed to the union of Bank and State; I am in favor of the separation of Bank and State, if these words have any meaning which I can comprehend. I would have the Government deal with citizens doing business under the style and firm of a bank, as with other citizens—employ them, on proper terms, so long as they are honest and true—otherwise, not. I would have the Government do with its depositors just as I do with mine—selecting a suitable depository, and each contracting fairly with the other for their mutual advantage.

The President infers the inexpediency of employing banks as fiscal agents of the Government, from the fact of the existing embarrassments of the banks, and the inconvenience it occasions the Government. But do individuals never fail to pay? The argument assumes this. The case of war is supposed, and the difficulties we should encounter at such a time, under the present state of things. The supposition is not a fortunate one. It is in time of war that a resort to bankers becomes more especially serviceable, not to say necessary, to all Governments, as the President seems to admit in another part of the Message. Besides, are not individuals just as much subject to pecuniary involvements in time of war as corporations? It is not three years since the present Secretary of the Treasury put forth an elaborate paper, maintaining, and successfully, too, that banks ARE, AND ALWAYS HAVE BEEN, the safest and most trustworthy agents or depositories of the Government.

#### PRACTICE OF OTHER NATIONS.

Nor is the Message very happy in its reference to the practice of other nations in this respect. Ours is the only one, except some of the hard money military despots of Asia and Africa, which ever has a surplus treasure. In most of the countries of Christendom, that revenue is anticipated, and is mortgaged to the bankers, (that is, banks,) by whom the means of daily expenditures are advanced to the Government. A document has been placed on our table, purporting to come from the Treasury, and undertaking to show how the public revenue is collected and kept in England and France. This paper is a sufficiently amusing one, if it is designed to support the recommendations of the Message. It disposes of France with an "it is believed;" and I will not stop to argue that. It is more specific in regard to England. After sundry learned citations of old black-letter laws of the Edwards, which recognise the existence of receivers general, the obvious design of which is to prepare the way for certain snug new offices for the benefit of the faithful, the document brings us at last to the plain English of the whole matter, which is, that, in Great Britain, the revenue is collected, kept, and disbursed by and through the Bank of England, and in Bank of England notes, under regulations of proper accountability of the bank to the Exchequer, and (which is quite as material, since the Government is always in debt) corresponding accountability of the Exchequer to the bank; for, in England, the Government and the bank both endeavor to consult the welfare of each other, and of their common country. No such preposterous folly ever entered into the head of the English Government as to get up a crusade against the industry, capital, and commerce of the nation itself. And if it were worth while to go into the usages of other nations, I could show that all of them, from France, the most enlightened, to Turkey, the least, entertain much closer association with banks (or bankers, which is the same thing) than I desire to see practised in the United States.

#### USE OF GOVERNMENT DEPOSITORIES.

The President proceeds to dwell on the idea that the public depositories are injurious to the banks themselves, and, through them, to the community at large. It is curious to observe that the facts upon which he relies to prove this are the train of evils brought on the country by General Jackson's "humble efforts" to reform the currency. Indeed, the President very candidly declares that the evils he refers to were "strikingly exhibited during the operation of the late deposit system." They were so. But did they exist while the deposits were in the custody of the United States Bank? Never. They are the fruits of the "experiment." Now, I will not concede that the value of banks as the fiscal agents of the Treasury, or the proper disposition of the deposits, or the expediency of allowing them to be discounted on by the banks, or anything else, is concluded by that "experiment," except it be the incompetency of the administration to conduct the affairs of the Government.

I wish to have the Government depositories so placed as to preclude the existence of those evils of Executive favoritism, competition for the deposits, and competing issues for profit, which the President justly reprobates; and the plain and obvious remedy is to establish a well-organized United States Bank.

If the use of the Government depositories by the banks were an evil, it would be no reason for discrediting the banks. The alternative is a very simple one. You would only have to place the public funds in a bank as a special deposit for safe-keeping. But the idea of locking up the treasures of the Government in strong boxes, and keeping so many millions an idle dead capital, is absurd. The bare suggestion of the idea is another example of the facility with which the party now can veer about on every question. It is not a year since General Jackson, in his last annual Message, speaking of the evils of a large revenue, said: "To retain it in the Treasury, unemployed in any way, is impracticable. It is, besides, against the genius of our free institutions to lock up in vaults the treasure of the nation." And yet this is the very thing which the administration now propose to do—that is, "to lock up in vaults the treasure of the nation." The funds in the Treasury, during the interval between their receipt and their disbursement, are the money of the nation, and should be so kept and managed as to be useful to the nation. We tax the people for the necessary service of the country. Why augment that tax, by converting the proceeds into a permanent dead capital? This would be nothing better than the hoarding system of the Barbary States.

#### UTILITY OF CREDIT.

But, while the President objects to the use of the public depositories as a fund for bank discounts, and would thus renounce one of the clear principles of the credit system, he can not venture to dispute the value of the system itself. He admits it in the strongest language. He could not do otherwise. It is the distinguishing feature of civilization and of barbarism, of liberty and of despotism, of simple governments, like the military monarchies of the East, and mixed or republican ones, like those of Christendom.

Doubtless, there are fluctuations incident to the credit system. They belong to business as such; and they are extensive in proportion as that is extensive. It may be pushed to excess, like every thing else. But to condemn the valuable use, because of the incidental abuse, would be very poor wisdom. Banks are to money dealings what shops are to dealings in merchandise. To put down shops, or to put down banks, because of fluctuations of trade, would indicate the same good sense as to prohibit seaboats because of occasional explosions. I have read a book, which scrapes together all possible evil that ever was done by, or happened to, or was said of, banks; and this book is thrust into every body's hands as a treatise on banking. As well might you make a collection of all the shipwrecks and other disasters of the sea, and

present it as a view of maritime commerce. Imperfection belongs to every thing human; and he is but a shallow reasoner, who looks only to the evils, regardless of the advantages, of any of the useful arts and inventions of civilized society.

This great country exists, in all its prosperity, by the combination of character with credit. By the application of credit, were the military means of securing our independence obtained; by it were the territorial resources of the country developed; our mines, agriculture, commerce, manufactures, our public improvements, all bear testimony to the value of credit.

Looking to the case of individuals, credit is the means by which the poor but industrious compete with the rich, and without which, all the business of the country would go into the hands of mere capitalists.

The Government deposits in bank are just as much a proper and useful basis of commercial credits as the deposits of individuals; and for the same reasons, since it would be the extreme of wasteful profusion to hoard up, and keep unproductive, the cash capital, either of individuals or of the Government.

The release of the precious metals from hoards, and so far as may be from circulation—the employment of paper and credit in their stead—in a word, the credit system, which Great Britain and the United States have practised so much more than other countries, is one of the instruments of their superior commercial and general prosperity. Enterprising and cultivated men; free institutions to foster enterprise; credit to supply the capital it needs, and ample territorial resources to act upon; such are the elements of the pre-eminent rapidity of growth and actual greatness of the United States.

#### SUB-TREASURIES.

Admitting, upon such facts, which the President perforce does, the utility of the credit system, what then is the application he makes of it? Is it not singular that he steps at once from a statement of the value of the credit system, to the development of a new policy of administration directly adverse to the premises?

Hereofore, the public treasure has not been in the very hands of the Treasurer of the United States, or of any deputy of his. It has been deposited in bank, to be drawn out only by warrants, countersigned, registered and recorded, and so guarded as to render the actual money wholly inaccessible to the immediate agents of the Treasury. To avoid the evils of bank connections, the President recommends that this public money, instead of being kept on deposit in bank, shall, FOR GREATER SAFETY, be kept in the pockets, chests, or vaults of collectors, receivers, general sub-treasurers, or some other denomination of agents of the Treasury. Such, in plain terms, is the scheme.

#### COMPARATIVE SAFETY.

If the clerks of a rich merchant, or other person using a great deal of money, were to make a similar proposal to their employer, that is, a proposal that large sums of cash of his on hand should be kept in their pockets or chests, instead of being deposited in bank, he would have good reason to suspect their honesty; but if the employer himself were to propose the plan to his clerks, and propose it as a plan of peculiar safety, they would be sure he had lost his senses.

But, demands the President, are bank vaults any stronger than Treasury vaults? Are bank agents any honestier than Treasury agents?

I reply, let. Individuals may abscond with the public money in their pockets, but a bank corporation can not. *Non est in rebus* is a pretty frequent entry on the books of the Treasury Department against the names of individuals entrusted with public money; but I never heard of such an entry against the name of a deposite bank.

2d. There is great difference between the case of money passing at once through the hands of a man, and that of money kept for an indefinite period in his actual custody, especially when there is a stream of it continually coming in; and he can pay over out of the new receipts, so as to conceal for a long time a past defalcation.

3d. A deposite is not dependent on the strength of a bank vault, or the honesty of bank officers. He has the bank, that is, the stockholders, for security. If the bank vault is robbed, or the bank officers commit a fraud, the depositee does not bear the loss; the bank bears it. But if the Government vaults be robbed, or its agents embezzle the money entrusted to them, the deposite is gone, it is absolutely lost to the Government. When the Government depositories in bank, it has all the security of moral honesty, strong vaults and penal bonds or laws, (for bank officers are usually under bond and are indictable for malfeasance,) which it possibly can have with Sub-Treasuries; and it has the additional, and much greater security, of the stock and stockholders of the deposite banks.

4th. There is greater supervision in banks, with directors and stockholders always on the spot, vigilant over their personal interest, and having careful arrangements of inspection; none of which things could by any possibility be, to the same degree, attainable in the Sub-Treasury scheme.

5th. Finally, specific facts are full of evidence to corroborate these views. It appears by a document recently sent in from the Secretary of the Treasury, (Ex. Doc. no. 2.) that the Government sustained no loss by the use of either of the two United States Banks as fiscal agents; none by any of the State banks until 1816. Since that time, there have been some losses by means of State banks. But, in another document, emanating from the same Secretary of the Treasury, being the report to which I have already referred, on the system of keeping the public money, presented to Congress in 1831, (Ex. Doc. 1831-5, no. 2.) I find the following conclusive statement in regard to losses inflicted on the Government by banks:

"It is a singular fact, in praise of this description of public depositories, the selected banks, that there is not now due on deposits, from the whole of them which have ever stopped payment, from the establishment of the Constitution to the present moment, a sum much beyond what is now due to the United States from one mercantile firm that stopped payment in 1825, or 1827, and of whom [which] ample security was required, and supposed to be taken, under the responsibility of an oath. If we include the whole present dues to the Government from discredited banks, at all times and of all kinds, whether as depositories or not, and embrace even counterfeit bills, and every other species of unavailable funds in the Treasury, they will not exceed what is due from two such firms."

Now, in the face of such facts, can the administration have the face to talk of the superior safety of individuals over banks, as depositories of the public money?

#### DEFAULTERS.

But this, being a moral, as well as a political, question, a question of pecuniary trust, may be illustrated by other facts,



25th Cong....1st Sess.

President's Message—Mr. Cushing.

H. of Reps.

There is a statute, of long standing, which requires that all balances due the Treasury from its agents, and remaining unsettled for three years, shall be reported to Congress annually.

Looking into the latest of these documents, I find, in the Executive Document, 1836-7, No. 22, a list of defaulting paymasters, contractors, and Indian agents, reported by the Second Auditor. No. 27, from the Third Auditor, gives one hundred pages of defaulters in army concerns of all sorts, with such edifying entries after their names as *Desperate*, *Non est inventus*, *Nulla bona*, in great abundance. No. 37 contains thirty-seven pages of navy defaulters, with similar annotations affixed to their names. No. 131 gives a list of defaulting custom-houses. No. 144 exhibits the "private concerns"—as these things would be called if attempted to be brought before a committee of investigation—of the land office receivers. If you entertain a doubt as to the truth of the statements made in the passage quoted from the report of 1834, examine these documents.

But further. There is a document on file, showing how this individual responsibility works in the Post Office Department, which professes to be so fully competent to the present exigency. It is Executive Document, 1836-7, No. 185, exhibiting the balances over-due to that Department. It does not include those which are considered absolutely desperate. Nevertheless, you will find that, in the last eight years of the statement, there were upwards of 1,600 defaulting deputy postmasters, which, supposing the average number at any given day of that period to be 10,000, is nearly one sixth part of the whole personnel of the Department.

I do not know what sums the Government has lost by its debtors, strictly speaking; that is, individuals owing it money, without standing in any relation of special trust to the Treasury. Judging from the specimens of such cases, referred to by the Secretary in the report of 1834, the amount must be very large; and yet most of these debtors were bound to the Government in bonds with sureties, the mode in which it is supposed the fidelity of the new agents of the Treasury is to be secured.

Again: This question, in many of its relations, is a mere question of insolvency. Which are most likely to be defaulters to the Government, individuals or bank corporations? That is, which is most liable to insolvency? Now, it is difficult to reckon the number and amount of the cases of individual insolvencies in the United States. There are no means of accurate judgment on this point, within my reach. There is on file, however, one very significant document, appertaining to the city of Washington, if that may be taken as any criterion. By the Executive Document, 1836-7, No. 24, it appears there were 2,001 commitments for debt in this city during the two preceding years. How many cases of insolvency were there without commitment? Doubtless many. Now, compare this evidence of the frequency of individual insolvencies in the United States with the instances of bank insolvencies, which, as we all know, are relatively so rare as to be a sort of portent in the commercial world. By bank insolvencies, I mean actual insolvencies; not mere suspension of specie payments. But, if that were taken into the view, it would not weaken the force of the argument as to the greater comparative frequency of individual insolvency; for, if the suspension of specie payments by the banks is insolvency, then the same suspension by the whole community is insolvency on their part; and the relation will continue the same. Besides, no deduction prejudicial to the general solvency, the solvent capacity, either of banks or of individuals, is to be drawn from the occurrence of this all-pervading calamity, brought on the country by the mal-conduct of the administration.

#### FINANCIAL OPERATIONS.

The Message anticipates facility in the transfer of public money under the new system. It may be so. If it were, it would be a very subordinate consideration, being a mere question of Government convenience. But I doubt the fact of facility, upon the premises assumed by the Message. Either the Government will be subject to the continual transportation of specie to and from under a convoy of a body of troops—a *conduite*, as it is called in some of those half-barbarous communications, in which I myself have seen Government thus clumsily carrying on the domestic exchanges of the country; which would be the pure, simple, hard-money way of doing the thing, and the proper accompaniment of the specie-currency and hoarding system; and which would be perpetually unsettling private business, by forcing specie in one direction or another, contrary to the current of exchanges; or, which is more likely to be the *finale* of the administration scheme, the new agents of the Treasury would draw and redraw upon each other, and become a vast organization of exchange-brokers, overshadowing all the business of the country; in other words, a mammoth Treasury bank.

The President refers to the report of the Secretary of the Treasury, for details of the practical working of this plan, under the experiment of it, which we have had for the last four months. The administration has dealt in this matter of Sub-Treasuries, as it did in that of the deposit banks; it first establishes a system by Treasury edict, and then calls on a supple Congress to ratify the edict. For, an administration which is perpetually disclaiming power, but always usurping it, this course is in true keeping. But there is little in the facts themselves of which the administration can boast itself. The business of the Treasury has been conducted, during the summer, by means of dishonored drafts—drafts dishonored and protested in the first place, and then sold to the brokers and note-shavers, and so put in circulation as a currency. Is not this a beautiful illustration of the golden age so long promised us by the juggle-masters of the administration? Not, it would seem, is this the device of an accidental necessity merely, adopted by the Treasury, in default of a better legal means; for now, with Congress here assembled, ready to receive, and perhaps to sanction by law, whatever the administration may recommend, it is in affectionate companionship with this very thing, inconvertible Treasury paper, issued for sale on the stock exchange, that we are desired to usher into legal being the new financial system of the Government!

In this part of the Message I remark several incidental suggestions, which seem to me singularly fallacious. For instance, to show the fiscal safety of the new scheme, the President assumes a constant balance in the Treasury of only five millions, and says that this, averaged among all the Treasury agents, will be a small sum to each. To which it is obvious to reply, that no such average ever did or can exist in fact. There will be a collector at our post in the custody of millions; one at another, who seldom sees hundreds. Not only is the average a supposititious one, but so likewise is the security. These Treasury agents are not each jointly and severally bound for each other. If they were, there might be force in the suggestion. Furthermore: the average balance he as-

sumes to be only five millions, though, for several years past, it has notoriously been much larger, rising to twenty, thirty, and even forty millions.

Another fallacy. The Message argues in favor of the safety of Sub-Treasuries, from the assumed smallness of sums on hand. In the same breath, it continually argues against bank depositors from the assumed largeness of the sums on hand. This is not just reasoning. In comparing the two methods, the same premises of fact should be assumed for each; if small, equally safe and harmless in banks, if large, equally dangerous and unsafe in Sub-Treasuries.

#### THE POST OFFICE.

It is assumed in the Message, and such is the report of the Postmaster General, that the new system harmonizes fully with the existing organization of the Post Office, which professes to have conducted its business, during the summer, wholly in "the legal currency of the United States," as it is called. If the President affixes to the expression "legal currency," the meaning I do, so as to embrace in it *paper credits*—paper of banks, private individuals and public agents—as well as gold and silver, which are the constitutional standard of value, but in no sense the exclusive "legal currency of the United States"—then doubtless he is correctly informed as to the successful conduct of the affairs of the Post Office Department. But if, by a "legal currency," he means gold and silver, then I take leave to question the fact. It does not correspond with my own observation. And the committee is aware how distinctly and circumstantially the fact has been denied by one of the principal administration journals of the State of Virginia. Add to which the consideration, that the payments made to the Post Office consist of small sums in each individual case; which fact distinguishes its dealings from those of any other branch of the Government.

#### PATRONAGE.

In considering whether the Executive is to gain or to lose patronage by the new system, the President discusses the question mainly on the premises furnished him by the late vicious deposit bank system. He unfolds the political favor tism, the underhand influences; the deep and wide ramifications of secret power, which characterized that alliance between the Treasury and the selected State banks. I accept his testimony on this point. It is just what the opposition have always alleged, and which used to be as constantly denied by the administration and its friends. Doubtless the President understands the true facts of the case. I concede his premises, but I deny his conclusion. The late deposit bank system is not the alternative. If it were, the question might not be so easy to solve, which were the best course to pursue. I wish, as I have said before, to divorce the Government from the State banks. The marriage was pernicious to both. But I do not wish them to be enemies, each of the other. Give to them proper business relations. Let it not be a connection of power and patronage on one side, and of wretched dependence on the other. Compare such a state of things with the Sub-Treasury scheme, and you have a ready answer to the arguments of the Message.

Build up this Sub-Treasury system, and you raise over the head of all the money affairs of the country a mighty money-monster, banking—not like the United States Bank, on a capital of thirty-five millions only, equal to about two millions per annum—but on the sum of thirty millions per annum, that is, on the whole revenue, and all the pecuniary dealings of the United States, and on a capital incalculable, that is, all the resources of the United States. Would not such a mass of money, so held by the agents of the Treasury, be a greater engine of indirect power? It would be the last infatuation, either of blind servility to party, or of self-satisfying one-sidedness of view, not to discern the vast accumulation of power which this plan would throw into the hands of the Federal Government.

The President does not advert to the facilities of speculation which this plan involves, and the attractions it will offer to the activity of the thousands of adventurers and pretenders to Executive favor, with which all communities abound.

Nor does he do justice to the ability of the agents of the Treasury to exert their influence, and to apply the public funds, to purposes of political corruption. The administration seems to be blessed with a most unsophisticated purity, a single-minded simplicity of heart, in regard to the evil doings of the world, which is particularly remarkable, considering all it has gone through.

Nor does he disclose the multitude of new agents of deposit, transfer, and supervision, which the scheme will require. His argument supposed that the requisite agents will be few, and the cost of them small. To say nothing of the costliness of speculations, I think I can see, in the documents emanating from the Treasury Department, the germs of not a few, and those not uncouth, new offices. Such is the paper which so carefully collates the old English statutes about receivers-general. Such, also, is the sly allusion in the report of the Secretary of the Treasury, to an old paper of Mr. Hamilton, in which—prior to the establishment of the United States Bank, and as a means of aiding the Treasury under the imperfect and experimental state of things which existed in 1790—such receivers-general or supervisory agents of the Treasury are spoken of. It is curious to see this administration, which affects such holy horror of the principles of Mr. Hamilton, recur to him on occasion, as authority for the institution of new offices.

Something has been said as to the mode in which the affairs of the Treasury are conducted in France. It is certainly true that the French Government employs a greater number of individual agents in the collection and custody of its revenue, than we do. Such is, and long has been, the fixed policy of the French Government—to associate around itself a vast combination of persons, dependent upon it, as *employees* in its military or civil service, by and through whom to maintain its power. It is a system of administration, also, greatly centralized in all respects, and emphatically described by the well-known name of *bureaucratic*. Is this a system for the United States?

#### TREASURY BANK.

Notwithstanding the disclamations of any desire for added patronage, under cover of which this project is introduced to us, and notwithstanding my unwillingness to suspect the President of insincerity in this matter, still I can not exclude from my mind the conviction that a bank, a national bank, a national Treasury bank, is "the be all and the end all" of the new experiment. We begin with a large issue of Treasury drafts, having circulation as a currency. We proceed with yet larger issues of Treasury notes, expressly framed to be a currency. All these have got to be funded hereafter. Un-

imately they may be of large amount. They not only constitute in themselves the basis of a Treasury bank, but a sort of introduction to the use of Government paper as the paper medium of the country. Advocates of the new scheme admit that Government paper is to be the alternative and the substitute for bank paper. The Sub-Treasuries themselves, when they are put in full operation—drawing back and forth on each other, issuing and receiving large sums of money, and still more frequently issuing and receiving one kind or another of paper credit, based on the Government deposits—will be a genuine bank in every thing but the name.

#### THE ADMINISTRATION COMPUTES ITSELF.

Before dismissing this part of the Message, I can not forbear to contrast the views, now expressed by the administration and its supporters, and those which the same set of persons avowed heretofore. It will be found they have absolutely changed front, chopped short about as the wind, on all the questions involved in the general subject under discussion. Indirect references to it occur in the official papers of General Jackson, which are, also, very express and very full on the points favorable to banks as Treasury agents. When the reputation of banks as fiscal agents began to be talked of in some parts of the country, under a sense of alarm created by the deposit bank system, the objections to the scheme were most pointedly and most ably stated in the principal organ of the administration. Thus it was (truly) said:

"It is as palpable as the sun, that the effect of the scheme would be to bring the public treasure much nearer to the actual custody and control of the President, than it is now, and expose it to be plundered by a hundred hands, where one can not now reach it."

Again: "Had such a suggestion come from General Jackson, it would have been rung through the Old Dominion with the reiterated falsehoods about the proclamation and the protest, as conclusive proof of all the aspirations which have been charged to the Hero of Orleans! 'See (they would say) here he wishes to put the public money directly into the palms of his friends and partisans, instead of keeping it on deposit in banks, whence it can not be drawn, for other than public purposes, without certain detection. In such a case, we should feel that the people had just cause for alarm, and ought to give their most watchful attention to such an effort to enlarge Executive power, and put in its hands the means of corruption.'"

I have spoken already of the action of the House upon this very question, when brought into discussion by Mr. Gordon; as, also, of the report of the Secretary of the Treasury. That report, I repeat, demonstrates the superior fitness of bank corporations as the fiscal agents of Government, to individuals; saying, as the result of the whole matter, that the latter "will probably be found less responsible, safe, convenient, and economical." One or two sentences only, as a further specimen of the spirit of that document:

"These circumstances, with the preference, in case of failure, belonging to depositors and holders of their bills over the stockholders, united with the security, if not priority, given to the Government, render them, in point of safety, generally much superior to individual agents of the United States."

"It is gratifying to reflect, that the credit given by the Government, whether to bank paper or bank agents, has been accompanied by smaller losses, in the experience under the system of State banks in this country at their worst period, and under their severest calamities, than any other kind of credit the Government has ever given in relation to its pecuniary transactions."

Indeed, the whole of that paper deserves to be carefully read, and compared with the conclusions, so singularly different, of the Treasury report laid on our tables the present session.

And I refer to it as I do to other official acts, and to the debates and paragraphs of the time, not so much to show the inconsistency of the administration—although this is glaring enough—but rather to fortify my own position, by calling in aid of its arguments so elaborately deduced, and so forcibly expressed, as those which I have cited.

#### FUNDS RECEIVABLE BY GOVERNMENT.

I can not think that, as appears to be implied by the arguments and language of the Message, the framers of the Constitution, in refusing to insert in it express power to create corporations, had any particular eye to bank paper. It was not bank paper, which made up the depreciated currency of the time, but Government paper. There were but three or four banks in all the United States; and their paper was not, in quality or amount, an evil. But the Government paper was an evil. The people well knew, by bitter experience, what to think of Continental money, bills of credit, Treasury notes, or whatever else you please to call it—for the substance is one, under all these names. Bank paper was rapidly growing into credit, but of its convertibility into specie, and its consequent superiority to the paper of Government.

Now, I do not contend for the receivability of bank paper by the Government, unless it be convertible into specie on demand. If so convertible, it is equally for the convenience of the Government and the country that it should be thus receivable at the Treasury. I deny the wisdom of attempting, or the power of maintaining, one currency for the country, and another for the Government, in this country. Gold for the office holders, and bank rags, as they are called, for every body else. You can not do it.

The President says that such a discrimination is a measure of restriction, not of favor; that is, of restriction to the public agent, as he further explains. This argument, certainly, is a very singular one. Restriction, and no favor to the public agent that he shall receive nothing but gold? Try it now, and see whether it is a restriction or a favor to be compelled to receive gold in payment of a debt. It is a very unwelcome favor to the debtor to be compelled to pay it. But here is the same fallacy, which runs through the Message, and which arises from looking at all the circumstances of the times only in the relations in which they affect the interests of the Government.

#### GOVERNMENT PAPER.

The alternative of bank paper, the admitted alternative, the alternative advocated by the friends of the administration, the alternative proposed in the bill before Congress, is Government paper. It seems to be conceded that the golden dreams of the last four years have vanished before the light of day, and have yielded place to a waking reality of bitter disappointment. We ought not to have, we shall not have, we can not have, a mere metallic currency. This point is now given up. The

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foolish pursuit of a specie currency has come to nothing but the total banishment of all specie from circulation as currency. We are to have a paper currency, recognised by the Government of the United States, and employed in its dealings, but it is to be irredeemable Government paper. This is the newest new humber. The fever fit of gold money has had its day. That of paper money succeeds it.

If the scheme were not too laughably absurd to spend time in arguing about it seriously, if the mischiefs of a Government paper money currency had not had an out and out trial both in Europe and America, I might discuss it as a question of political economy. But I will not occupy the time of the committee in this way. I am astounded at the fatuity of any set of men, who can think of such a project. Has Law's Mississippi bubble—have the bills of credit of the colonies—has the continental money of the confederation—have the assignats of the French Republic—imparted no warning lesson to the present generation? It is notoriously, of all the means by which a Government can raise money, the most liable to abuse—of all the currencies, the most impossible to maintain conformable to any fixed standard of value. We, in the time of the colonies and of the confederation, did every thing we could do to give to the paper of the Government the qualities of money. Did we succeed? You know that in spite of all Government could do or say to prevent it, our paper money went on perpetually depreciating in value, until a hundred dollars of it would scarcely pay for a breakfast. Did the colonies not adopt vigorous means enough to check this depreciation? Well, the French convention did. At the period when that convention governed France, and when it possessed and exercised more power over the lives and fortunes of men than any other Government that ever existed, ancient or modern, it exerted mercilessly the whole of its enormous power to keep the assignats in circulation as money; it did not scruple to apply the guillotine to those who paid or received it for less than par; but it sunk in its proper worthlessness in defiance of all the efforts of that despotic and remorseless convention. Have we power to enforce the experiment with any better prospects of success?

## CURRENCY AND BANK QUESTION.

Amid all the difficulties which environ this question, there are some points, which seem to rise up visibly from the surrounding obscurity.

Bank paper, convertible into specie on demand, is the medium between an exclusive gold currency on the one hand, and mere paper money on the other. For three or four years past, they, whose business, it is to swing the pendulum of popular agitation, have been pushing it one way, towards a purely metallic currency. That was to go backward towards the barbarism of uncivilized countries, or ages anterior to civilization; and keeping on in the same direction, we should have gradually reached the iron money of old Sparta, the cowries of Africa, or the wampum-peag of our own Indians. We are now in danger of sweeping over to the opposite extreme, that anarchy of revolutionary frenzy, which sometimes seizes upon the most highly civilized communities.

To make war upon the State banks, *en masse*, is, in its effects and consequences, to make war upon the States and the rights of the States. Whatever doubt there might be as to the power of the States in this particular, provided it were now an open question, is set at rest by the long acquiescence of the whole country in the exercise of the power, and the impossibility of retracing the ground passed over. Mr. Madison bears witness that he difficulties which have since grown up on this point, or rather the facts which involve those difficulties, were not anticipated by the framers of the Constitution, and were not provided against. Mr. Van Buren himself, in his letter to Mr. Williams, referring to the point, says: "That matter, so far as relates to the mere question of power, must be regarded as settled in favor of the continued authority of the States." To the same effect is a recent decision of the Supreme Court.

Now, gentlemen of the administration, before you enter upon a conflict with the States, on a question of the rights of the States, and that question of right intimately connected with questions of interest and of power, I counsel you to count well the cost of the struggle. When you buckle with all the weight of all the States, you have an antagonist to deal with very different from the late United States Bank.

Furthermore: the United States Bank was a single corporation, having no allies in State pride or State power, its stockholders many of them foreign, and many of its domestic stockholders men of the richer class. Not so with the State banks. The property in them is not, for the greater part, the property of the rich. Certainly it is not in Massachusetts. Having investigated this point for myself, I know and can prove the fact. They are, for the greater part, the property of those not rich, and especially of the earnings of the industrious, the investments of females or other persons desiring safe investments of their small property, and trust funds. As an example of the fact, I give the following exhibit, abstracted not long ago from the books of a State bank:

203 proprietors are men, owning	shares 4919
117 are women, in their own right	1492
54 are trustees or guardians	1242
12 are insurance companies	1413
10 are churches and academies	249
5 are savings institutions	585
406 stockholders.	shares 10,000

And of these only 34, holding but 1,561 shares, are, in any sense of the term, capitalists. I have another similar exhibit, the general result of which is, that of 783 persons interested, all but 59 are either females, guardians, trustees, or persons of small means, by or for whom investment is made on the same principle. I have taken these two corporations at random, and as having nothing peculiar in their character pertinent to this inquiry, except the magnitude of their capital. I presume that similar facts exist in the composition of such companies in other States.

It would carry me too far to go into examination of the relations of banks to the business of the community. The fact is apparent. If you couple this with what I have proved of their composition and ownership, I think you will perceive that you can not overthrow the bank corporations of the States, without disturbing pretty effectually the whole community. They are hallowed with its entire faith. It is this circumstance, and not the power of banks, which has occasioned the suspension of specie payments to take place throughout the

land, from one end of it to the other, without any conflict or collision between the banks and the people. By destroying the banks, then, you will revolutionize the property of the country; not that of the rich only or chiefly, but that of the farmer, the mariner, the mechanic, the manufacturer; and in revolutionizing the property of all these, you revolutionize society. Such an upheaving of society from top to bottom, may be very convenient to the idle and the bad, the needy adventurers, who would like to have all the good things of this world thrown into common stock for a general scramble, every Saturday night, because they are either above or beneath a life of labor. But how would it suit the virtuous and the frugal, who compose the great body of the people of this country, and who see themselves gradually rising into competency and respectability by means of honest industry and enterprise?

But banks commit errors, sometimes frauds; they act from interested motives; they issue too much paper; they do things injurious to the public welfare. That is one side of the facts. But suppose they do. Banks are associated men. Other men, in other relations of life, do wrong. Are we to sweep from the land every thing, in the management of which men err? Is that your rule? If so, what will be left standing? Surely it is mischievous and absurd to give in thus to a blind recklessness of headlong overthrow.

It can not be disguised, there is a jacobinical radicalism of temper, occasionally running through society, as different from true democracy, as darkness from light. Its obvious tendency is general confusion. What are we to deem of the objects of men, who would put an end to legal indebtedness, abolish institutions of religion, have no protection of life or property by law, and whose warfare against banks is but an item in their general warfare against all good order? And yet such there be at work in society. And will not the same desperate spirit which strikes at one form of property, strike at another? It ravages the North, will it spare the South? Can law, order, property, be torn down at one end of the country, and stand untouched or unshaken at the other? Will not anarchy in half, be anarchy in the whole? It seems to me to become every part of the country, north as well as south, and not least of all the south, to guard well the conservative elements in the social organization of these United States.

## OBJECTS OF LEGISLATION.

Mr. Chairman, I have now reached that part of the Message, in which the President, after giving a particular account of the several objects he commends to the attention of Congress, proceeds to apologize for the fact that all these objects appertain to the interest of the Government exclusively, or, like the extension of merchants' bonds and of bank debts, are for the relief of the country only accidentally as it were, and in subordination to the administrative convenience of the Treasury Department. To account for this apparent abandonment of the people, in this their hour of trial, the President favors us with a new theory of Government as the exposition of his conduct.

In the views of the President on this head, I admit there is some plausibility. Nay, it is due to candor to say, that I cordially agree in several of the general principles he lays down. I am ready to go heart and hand in a fair application of them, perhaps further than he himself.

## CEDED POWERS.

The Federal Government, the President suggests, is to be confined to the powers ceded to it by the people of the States.

Well, who proposes to depart beyond these? To be sure, different men entertain different views of the Constitution; but no one thinks of infringing it. For instance, some find authority in the Constitution for a special bankrupt law, aimed at the single heads of the State banks. Others think this a very latitudinarian and questionable reading of the Constitution. Again: some see in the fiscal power, in the commerce power, in the coin power, the authority and duty of Congress to regulate and equalize the currency. Others do not. Again: most of our eminent public men have at one time or another perceived in the Constitution, authority for the establishment of a national bank; and then occasionally a season comes, when they can not find the passages. Again: some of the strictest constructionists read the Constitution in such a way as to find a clause in it somewhere, giving to any one of the States power to veto an act of Congress; which way of reading it, others think to be a marvelously strong case of extreme latitudinarianism of construction. And so we differ.

Take the case of a national bank. I, for instance, think the constitutional power is conclusively established by the arguments of Alexander Hamilton, of Chief Justice Marshall, and others. I think with Mr. Madison that, supposing there was any good cause of doubt on this point originally, it is just as unwise and unstatesmanlike to revive the question, after we have had two banks, for twenty years each, as it would be to deny the right of Louisiana, Arkansas, and Missouri, to be in this Union, although Mr. Jefferson himself thought that the annexation of Louisiana to the United States required an amendment of the Constitution. There should be, at some time or in some way, an end of question about these things. We, in this country, in our management of our institutions, too much resemble the child, who, in his tender care of the growth of his corn, dug it up every morning to see what progress it had made during the night. We seem unwilling to give any thing time fairly to take root in the soil.

But, it is objected, there is no express power in the Constitution to create corporations. Very well—there is no express power to build this edifice in which we are assembled; there is no express power to construct an arena or a frieze; there is no express power to establish SUB TREASURIES; and I suppose if any motion had been made in the convention to insert expressly these, or a thousand other admitted powers which I could instance, it would have been rejected. Indeed with all due respect to this argument, which has been so much relied on, it seems to me, like an insect, to escape the hand that would crush it, only by its smallness. The Government needs certain fiscal agents. Those agents must of course be men acting in concert, and associated under some provision of law. Whether they be associated in that form of law called a corporation, or that form of law called Sub-Treasuries, or that form of law called selected deposit banks, or any other form of law, seems to me a mere question of form, totally devoid of material substance. Each of the Executive Departments possesses many of the essential qualities of a corporation: especially, if some of the grounds of defence, taken in the recent application for a *writ of mandamus* at law against the Postmaster General, be well taken.

Then, I accept the premises of the President on the point of

power. And as I see in the Constitution ample power to enable Congress to exert itself beneficially in the present crisis, I wish to have this done.

## EQUALITY.

So, also, in regard to the duty of a good Government to observe an equality of legislation, I agree in the premises laid down by the President; I do not admit his conclusions. True, it was not the object of the Federal Constitution to confer special "favours" on classes or individuals. Nor was it established to inflict disfavours on classes or individuals. If "to make men rich" is not a legitimate object of good government, no more is it a legitimate object to make men poor. You shall not elevate classes at the expense of others, nor shall you depress classes for the benefit of others. Let the Government "give security to us all in our lawful pursuits." Let it cease to make war upon the merchants, the bankers, the corporations, the business of the community.

But shall there be no such thing as "specific aid" to the citizen on the part of the Government? Is that a just inference from the doctrine of equal laws? By no means. Thus, in ordinary cases of justice, the law is to be equal to all within its purview; but it is a "specific" law for a "specific" set of facts; and the application of the law must of necessity be in any given instance limited or individual, in the very nature of things. So in greater things. Suppose an assault to be made, unconstitutionally, upon the freedom of the press or speech, or upon any given public right. Will you refuse to guard it, because of its being an exigency calling for "specific aid"? All questions of Government come up in specific cases. It would be a disastrous crisis, indeed, if it were one of equal universality of evil. Will you not apply specific remedies to specific evils? If not, then it is impossible ever to remedy any given evil. Accordingly, the President himself recommends to Congress measures of "specific aid," as the extension of custom-house bonds, for instance, to the deposit banks, a bankrupt law for bankers, which last, it seems to me, one of the most specific of all specific measures. What labors at the present time is the currency, and the business of the country, in its various commercial relations. Why not apply to the case such remedial legislation as the particular nature of the subject demands?

## NON-INTERFERENCE OF GOVERNMENT.

Once more. I welcome the general idea that Government should not be over-prone to interfere in the private pursuits of the citizen. One of the mischiefs of the times has been the meddlesome interference of General Jackson in the business of the country, his prurient tampering with the currency under pretext of reforming it. This is the very thing I would prevent. It is one reason why I am against a marriage of Bank and State. I wish to have banks the business agents, not the party banks, of the administration. I oppose the Sub-Treasury scheme for the same reason. If adopted, it would enable the Government to put up exchange or put down exchange, and to produce fluctuations in the money market at will. It would place the whole commerce and business of the United States at the arbitrary mercy of the Government. That is a state of things which I do not wish to see; and I hold the President to his professions and his pledges on this point.

At the same time, I deny that, because Government is "to avoid every unnecessary interference with the pursuits of the citizen," therefore Government is never to do any thing, or attempt any thing, for the relief or advantage of the people. It has powers given it for the express purpose of those powers being beneficially exercised.

General Jackson's idea seemed to be, to spare no occasion to deny, dispute, and fritter away the powers of Congress; but he had no scruples in the exercise of power by the Executive. That was his doctrine of constitutional limitations. All the professions of limited powers, made by the late President, were of this description; they were practically applied only to the action of Congress. He had no opinion of Congress powers; but a very broad one of President powers. Thus it was that he removed the deposits, and established the State bank system, by Executive legislation, and then called on Congress to ratify it. That is the way he understood the Constitution.

Mr. Van Buren seems, in one respect, to be treading in the same path. He first establishes Sub-Treasuries, and then calls on Congress to accept and legalize them.

But, whereas General Jackson could never leave meddling with the currency, Mr. Van Buren, it would appear, has adopted a theory the reverse of that of the former; namely, that, in regard to the currency, the Government of the United States and the people of the United States are to have separate and adverse interests. All the anxiety of the administration in the present crisis is for the Government; it has no cares, no thought, it absolutely disavows all powers in reference to the good of the people.

Each of these opposite courses of policy is wholly unwise, unjust, and pernicious to the public weal. General Jackson was for stretching the finance powers of the Constitution—the Executive finance powers—until they snapped, throwing the country, and all its fiscal and business concerns, into the most deplorable disorder; while his successor, confounded at the spectacle of ruin which surrounded him, proposes to abandon and to repudiate those powers altogether, and to leave the currency and the business interests of the country to their fate. But the administration will find it impossible to shrink. In this way, like a tortoise into its shell. It must act. Inaction is, to all practical purposes, action. Government can neither move, nor decline to move, without deeply affecting the interests of the people. The act of Congress in chartering the bank, the veto of that act by the late President, the transfer of the public deposits to the State banks, the Treasury circular, the proposition to divorce bank and State—all these are, in their visible effects upon the business of the country, pertinent illustrations of the impossibility of separating the Government and the people.

## THE TRUE ISSUE.

And the question for the people now to decide is, whether their Government is to be active in the perpetration of mischief only? Potent as it is for evil, shall it be suffered to make itself utterly impotent for good? Shall it, in the hour of public distress and peril, coward-like, shrink into a corner, in wilful neglect and abandonment of its public duty? Shall it stand upon its safe elevation, and bated on to mischief all the forces of rapine and disorder, which the evil times have drawn forth from their lurking places, re-using meanwhile to stir a step itself for the welfare and happiness of the country, amid the disasters which its own misrule has brought upon us?



Doubtless it is true, as the President suggests, that the country will, in time, recover itself. It has elastic and recuperative energies within it, which no power on earth can subdue. Our forests and our fields, our oceans, lakes, and rivers, our enterprise, industry, and intelligence, our free institutions, the favor of Providence which has never forsaken us—these are elements of greatness and prosperity which baffle and defy all the errors and faults of misgovernment. But, is it any apology for your striking off my arm, that its bones and muscles are endowed with a natural power to knit together again, and regain their pristine health and strength? Doubtless the country will recover itself; but if the recommendations of the Message be followed, it has got to recover, not only without aid from the Federal Government, but in spite of the Government.

Will the people sanction such a doctrine? In the concluding paragraph of the Message, the President reminds us that we are fresh from the people; that we know their embarrassments, and the relief they need. We do so. We have submitted this question to the arbitrament of the people. We cheerfully abide their decision. We tell you that North Carolina, Tennessee, Kentucky, Indiana, Rhode Island, Maine, have pronounced judgment upon the administration. I congratulate Maine, especially, on her emancipation from the thralldom of degrading assentation to every caprice of the Executive, to which her own peculiar interests have so long been sacrificed. We hail the auspicious omen of the bright star in the East. Maine has rung the knell of radicalism. Well may she hold up to the eyes of her sister States the *DRAGON* in her escutcheon. The people have spoken out, and in a voice of thunder, which should be re-echoed by their representatives in this hall, until it penetrate into the innermost recesses of the White House. And if the assembled representatives of the nation do nothing else for the public good in this emergency, if all the power and influence of the Executive are to be exerted as a drag on the wheels of legislation, to preclude the adoption of any measures of general relief, this at least we may and we will do; we may and we will enter up an appeal to the people, against the conduct now pursued, and the purposes professed, by this administration.

### SPEECH OF MR. MERCER, OF VIRGINIA.

*In the House of Representatives, September 26, 1837—*  
On the bill to postpone the fourth instalment of deposits with the States.

The house having resolved itself into a Committee of the Whole, and resumed the consideration of the bill from the Senate to defer indefinitely the payment to the States of the fourth instalment (\$9,367,214 98), to become due on the 1st of October, under the deposit act of the 23d of June, 1836.

Mr. MERCER arose and addressed the committee in substance as follows:

Our days, Mr. Chairman, are numbered. The refusal of the house, this morning, to lay on the table the resolution of the Senate to adjourn on the 9th of October, and the bare majority by which the committee consented to rise, at a very late hour last night, admonish me of the extreme anxiety which exists to close this discussion. It is with no little embarrassment, therefore, that I venture to address the committee.

I am, Mr. Chairman, of late years, (said Mr. M.) unused to debate. My labors in this house have long been confined to the humble path of legislation prescribed to me by the allotment of its committees. Content to aid in the development of the resources, by means of the internal improvement of our common country, I have studiously avoided mingling in the strife of party, that I might more successfully promote those peculiar interests confided, in some small degree, to my charge.

For ten years I have not put pen to paper with a view to report any speech of mine, and have arisen in debate only when impelled by the hope, however groundless, of shedding some light on the question to be decided. As I cannot speak to empty chairs, and find a sufficient reward in the circulation at home of what I utter here, it is the more necessary that I should have your attention, though I may fail to repay it.

That I may not, however, forfeit all title to your indulgence, I will proceed, without further apology, to examine the various Treasury estimates which furnish the basis of the bill on your table.

How little reliance is to be placed on these estimates is made manifest, not only by the conflicting results with regard to the present state of our finances, which have been deduced from the Secretary's first elaborate report by the various gentlemen who have preceded me, but by a palpable misstatement, in the very brief answer returned, in the last week, to a special inquiry of the house.

Taking them collectively, I am compelled to regard the reports of this officer, during the present session, whenever intelligible, as alike defective, erroneous, and inconsistent with each other.

In that which immediately followed the President's message, no information is afforded to this house of the final settlement, which, by one of the last acts of the twenty-fourth Congress, he was empowered to make with the Bank of the United

States. The entire resources of the Treasury to meet the expenses of the last half of the current year, are wrapped up in an obscure paragraph of this report, which furnishes, as the result of his estimate, nine millions and a half, without disclosing the sources from whence this sum is expected to be drawn.

We now discover from the answer returned to a special inquiry of this house, that the Secretary disposed of the Government stock in the Bank of the United States for near eight millions of dollars, and holds the bonds of that institution for this amount, payable, with interest from the third of March, 1836, in four equal annual instalments of \$1,986,539 04. The time of payment is the month of September of the present, and of each of the three succeeding years. The rate of interest to be paid is not furnished by the Secretary, but on personal application at the Treasury, I learnt that it is six per cent.

The first instalment, therefore, will, on the 3d of next month, equal \$2,175,260 24.

But of the whole consideration receivable from the bank, the Secretary apprizes us that "\$741,561 28 is on account of the navy pension fund," and has, to use his own language, "partly been paid, and the residue will be out of the first instalment, when received." It is a portion, he adds, "of a trust fund, and not applicable to general purposes." So that the sum of the first instalment, applicable to public use, would seem to be but \$1,363,250 64.

In the last Treasury estimate, however, that of the 21st of this month, this sum is carried to the credit of the unexpired year, as about a million and a half. Why it is raised to that amount, if, as we are expressly told, the sum of \$741,561, the whole interest of the navy pension fund, is to be paid out of the first instalment received from the bank, or whence the obligation arises to make so large a deduction on account of this fund, we are left to conjecture. A word or two as to the history of this fund. When it amounted to \$656,000, the present chairman of the Committee of Ways and Means proposed, with a view to its enlargement, to permit by law, its investment in a part of the Government bank stock at par; the stock being then fifteen per cent. above par. The humane purpose of the fund, to provide for the destitute widows and orphans of deceased naval officers, out of whose pay the fund had been reserved, prompted the house to acquiesce in this proposal.

Having, at the commencement of this session, looked to the United States bank stock held by the Government as an available and appropriate resource in the present condition of the Treasury and of the currency of the country, I applied to the Treasury office, and there learnt that 6,416 shares of 68,752, the residue of 70,000, originally held by the United States, belonged to the navy pension fund; that a sale of the whole stock had been made to the new Bank of the United States on the 4th of March last, at a premium of \$15 58 per cent., and four bonds of equal amount received in payment.

The sale, thus effected, was obviously for the mutual benefit of the United States and the navy pension fund. The consideration was common and uniform; and the claimants became entitled to a ratable proportion of the several bonds; the navy pension fund to a share of the first bond, equivalent to one-fourth part of its entire interest in the whole consideration.

Instead of \$741,561 29, this fund is, therefore, entitled to claim out of the first instalment due from the bank, \$185,390 32, which, with 19 months' interest, will amount on the 3d of October to \$203,002 40. Deducting this sum from \$2,175,260 24 and the balance of the first instalment to be carried to the credit of the Treasury will be, on the 3d of October next, \$1,972,257 84, instead of a million and a half, at which it was estimated by the chairman of the Committee of Ways and Means, or the sum of \$1,363,250 64, to which the Secretary would seem to reduce it by his letter of a subsequent date. By such reduction, his last estimate excludes the sum of \$609,007 20 from the resources of the fourth quarter of this year, while it continues to omit any allusion whatever to the aid which the Treasury might derive, in its present exigency, from an anticipation, by loan or otherwise, of the payment of the three remaining bonds of the bank; amounting in principal to very near six millions, and with the accruing interest, to a much larger sum.

That this omission has resulted from no desire to favor the credit of the Bank of the United States by withholding its bond from market, will be readily

conceded by all who know the hostility of the Secretary to that institution. To what, then, can it be imputed but to the design manifest upon the face of all the estimates of this officer, by diminishing the resources of the Treasury, to create an apparent necessity for passing the bill on our table?

Further and stronger evidence of such intention will be found by comparing a very short paragraph of his first report with the facts subsequently disclosed by a letter of the Treasurer and a printed document transmitted to this house, from the Senate, but a few days ago.

After appraising us that the public expenditures will exceed the balance remaining in the Treasury on the first of January last, together with the revenue of the current year, by near six millions, (\$5,875,565,) "in order," says the report, "to discharge that excess, and retain of the money reserved on the first of January, one million, which is the smallest sum deemed proper under the acts of Congress for the efficient operations of the Mint, and at least three or four million more, to answer sudden and contingent calls, there will probably be a necessity to resort to the deposits now with the States, and to the deposits destined for them in October, or to some other resource, for a sum equal to ten millions."

Allow me to say, Mr. Chairman, that among the many deceptive estimates of the Secretary there is not one more extraordinary or culpable than this.

The "acts of Congress," to which the Secretary alludes, are comprised in the 31st section of the act of the 18th of January last, (a.) Comparing this paragraph with the provisions of the act, it is obvious that the Secretary assumes the largest sum which the law permits him to employ in the operations of the Mint, "as the smallest deemed proper under those acts," to use his own language. The maximum extent of his discretion he thus makes the minimum; disregarding alike the express reference of the law to the convenience of the Treasury; the authority as expressly given him to withdraw the whole deposit or any part of it; and the alternative left at his discretion, of exchanging, from time to time, coin for bullion, as had been the successful practice of the Mint for a series of years.

It becomes us next to inquire how the authority of the Secretary over this million has been exercised, and to infer from its past, its future use, should it be again intrusted to his discretion.

From a letter of the Treasurer, which accompanied the Secretary's letter to the house, of the 15th instant, it appears that there had been deposited in the Mint, on the 1st of May, one million of dollars; and that, on the 13th of the present month, there yet remained, of this sum, \$776,535; the residue of the million having been recently withdrawn.

Turning to the statement furnished by the Senate, of the operations of the Mint since the 1st of January last, we have, for the fruit of the first eight months of the year, a gold coinage of the value of \$853,825. The least sum coined in any two months, subsequent to January last, falls short of \$41,000 a month. The greatest product of any one month, that of May, is \$268,000, while the average monthly coinage of the whole period is less than \$107,000; and does not, during the last three months, exceed \$87,000. So that, in virtue of a discretionary power, carefully guarded by law, to employ, "if expedient," a sum "not to exceed a million," the Secretary has actually employed that amount in a vain attempt to add \$107,000 a month to the gold coin of the country. He has pushed his authority to its utmost limit, while the fact was staring him in the face, as his report admits, that, (b) as fast as the gold received the impress of the die, it passed abroad, to be again converted into bullion, for the payment of a part of that foreign debt, to the pressure of which upon our currency, and, through it, upon the banks, the Secretary justly ascribes the derangement of the former and the insolvency of the latter.

I need scarcely remind the committee that the coinage of gold does not augment its exportable value; nor need I remark how inadequate is the seigniorage charged for that coinage at the tardy rate of \$87,000 a month, to reimburse the ordinary expenses of the Mint, and the interest of the million abstracted from an embarrassed Treasury. Is it not, therefore, most extraordinary, that the Secretary of the Treasury, with the experience of eight months, should ask of us a million of dollars, for the purpose of repeating so losing a game? Is this committee prepared to grant it? Will they not rather restrain than accelerate an operation so extravagant, by requiring this officer to apply the r



maining deposit in the Mint to the current expenses of the Government; to pay, in good faith, to its creditors, without discrimination, the full value of their just demands, instead of putting a part of them off with the depreciated paper of those banks whom his policy has contributed to break, or with Treasury drafts, which, when issued, he very well knows, will be protested?

Leaving a few thousand dollars in the Mint, for the purchase of copper bullion, according to the former usage of the Government, if the views which I have presented to the committee be correct, \$750,000 of the sum remaining in the Mint may be added to the estimated resources of the present year; and an entire million deducted from the proposed charge upon the Treasury, for the year next ensuing. There does not, indeed, appear to exist any adequate reason for a special appropriation of any large amount to this object, since the surplus of two millions, allowed by the long-settled policy of former years to remain in the Treasury at the end of each, would yield ample means of extending, when expedient, the coinage of gold and silver bullion.

But the Secretary requires, it has been seen, besides the million for the Mint, "at least three or four millions more," to answer sudden and contingent calls. He has underrated, as I trust I have already shown, by more than a million and a quarter, the funds now placed at his disposal, and totally excluded from his estimate near six millions more, that might be derived from the bonds of the Bank of the United States, to meet the current expenses of the year. And what does he now require at our hands? That we shall grant him a clear surplus of *at least three or four millions more*, over and above the amount of his own estimate of all those expenses.

The Secretary would, it seems, avail himself of one of the provisions of the much-abused deposit act, which reserved five millions of the surplus that might be found in the Treasury on the first of January, 1837, to ground a permanent charge upon the country, at war with all the antecedent recommendations of the Treasury Department, and the long settled usage of the Government (*c.*) Permit me to call your attention to the origin and extent of the surplus which every Secretary of the Treasury till the present, and Mr. Woodbury himself, until his late report, has deemed sufficient to maintain the public credit.

Shortly after our last war with Great Britain, when the Treasury was oppressed by a heavy public debt, Mr. Crawford, then Secretary of that Department, recommended, for its speedy extinction, an enlargement of the sinking fund from eight to ten millions, and the further addition to it of all sums beyond two millions of dollars, that might at any time exist in the Treasury, beyond the money required for the service of the year.

This two million surplus he proposed to reserve for contingencies; leaving the current expenses of each year to be met by the current receipts of the Treasury.

To the salutary provisions incorporated by Congress in the act of March, 1817, we owe the final extinguishment of a national debt exceeding one hundred and twenty millions. Since the discharge of that debt and the increased ability of the Government to obtain loans on short notice, the wisdom of continuing to keep inactive so large a surplus as two millions, in order to provide for contingencies which may never happen, might well be questioned. But a permanent extension of this surplus to four millions, at the expense of a new debt, to be contracted by the issue of ten millions of Treasury notes, whether with or without interest, is a position, so preposterous and extraordinary, as to be reserved for the present Secretary, unless indeed, the deposit act, an act temporary in its nature, and the result in all its features of compromise, may be deemed to supply a higher authority.

I appeal to the venerable member from Massachusetts, who composed part of the same cabinet with Mr. Crawford, if I have not correctly stated the origin and extent of the policy of preserving a fixed surplus in the Treasury.

One attempt to reduce it below two millions, I well remember to have failed. It was when, in conjunction with a distinguished chairman of the Military Committee of this house, from South Carolina, (Col. Drayton,) I sought to apply a part of the two millions to the armament of the fortifications on our seaboard. My argument was, that as our fortifications were then defenceless, and as war was the most alarming of those contingencies, for which a surplus revenue was reserved, a part of it

could not, in peace, be better applied, than in arming those forts, on the strength of which, the security of our fleets and seacoast might depend. The metal of the cannon upon their ramparts would be as imperishable, at least, as the coin in the Treasury, and if both were suddenly required by the exigencies of war, money could be more speedily provided, than arms.

But although abortive attempts have been made to reduce this surplus, and it has, at the expiration of the year, often fallen below two millions, no member of this body has, I will venture to say, ever heard its augmentation recommended, as a permanent policy, till the commencement of this extra session, when, if at any time, a reduction of all unnecessary demands upon the currency of the country might have been expected, from those especially, who have so greatly contributed to its derangement. Shall we, Mr. Chairman, depart from the usage of twenty years, by placing at the discretion of the Executive or his agents "a surplus of at least three or four millions, to use the words of the Secretary, and that, too, as he intimates, by a "resort to the deposits with the States, and to the instalments destined for them in October, or some other resource," subsequently explained to be the issue of Treasury notes?

It cannot, Mr. Chairman, (said Mr. M.,) have been unknown to the present Secretary of the Treasury, that his immediate predecessor estimated the balance which would remain at the expiration of 1834 at less than three millions; of which, near a million and a half then consisted of unavailable funds; the notes, and long outstanding balances due from the insolvent banks, which fell amidst the crash of our currency during the last war. Mr. Woodbury's own report of December, 1834, shows that the actual balance in the Treasury on the 1st of January, 1835, including those unavailable funds, scarcely exceeded two millions; yet, in his annual report of December, 1834, so far from complaining of any embarrassment of the Treasury, from the extinction of this surplus, he expressly enforces the policy of the act of March, 1817, which prescribed the limitation of two millions. The same Secretary now requires twice that sum to meet the contingencies of but ninety days, and this, too, along with a special appropriation of more than a million and a half for the Florida war.

Nor should it escape observation, that in the very next paragraph of the report which I have quoted, this officer urges, in favor of the limitation contained in the act of 1817, that "it would leave the bank agents of the Treasury, as its other fiscal agents from the foundation of the Government have been left, wholly disconnected, as far as practicable, with the dangerous relation of borrowers from the Treasury, for relending, and for private gain."

Why the Secretary has discarded the commendable jealousy which he manifested less than two years ago, of the misapplication of the public money in the hands of the disbursing officers, who at this moment hold, with his permission, more than four millions and a quarter, exclusive of three-fourths of a million in the Mint, he has afforded us no explanation whatever. (*d.*)

I come next, Mr. Chairman, to consider that item of his late estimates, for which he has received the eulogy of his friends. It is the deduction of fifteen millions from the estimates for the residue of the present year, on account of the balance of former appropriations which will remain unexpended on the 1st of January next; and for which, therefore, he asks of us no immediate provision.

This deduction is, I perceive, imputed to an actual suspension of the extravagant appropriations of the last Congress, through a spirit of economy. A word or two, Mr. Chairman, as to the origin of those appropriations, of which the Secretary complains in his late letter, as exceeding his estimates, and his friends, as a cause of the present embarrassment of the Treasury.

An honorable member from South Carolina, (Mr. Pickens,) to my great astonishment, charges the national republican party with being responsible for those appropriations, one of which he especially denounces, as an "effort to locate marine hospitals on the rivers and creeks of the west, where it would be difficult to fill them, unless by collecting the bears and wolves of the forest." Would it be believed that the only sites prescribed for the erection of those hospitals are the southern shore of Lake Erie and the banks of the Mississippi and Ohio, and that their object is the preserva-

tion of the lives of the many thousand boatmen engaged in the most extensive inland commerce on the globe, a large proportion of whom are occasionally exposed to a climate of all others most fatal to health?

For the rest of those appropriations, those who seek their origin must look to the reports of the Committee of Commerce, which had, for its chairman, a gentleman from Pennsylvania, of whom, in his absence, I will say no more than that he was, and had been, a most zealous friend of the late administration. The light-house and harbor bills both emanated from this committee, whose encroachments on the province of the Committee on Roads and Canals were sustained by the dominant party of the day, to the utter disregard of one of the positive provisions of a standing rule of the house; and the wholesome condition repeatedly, though vainly, urged by the chairman and other members of that committee, that no appropriation of public money should be made to any object of internal improvement until its national character had been established on the basis of its general utility, and its probable cost ascertained by a careful examination, survey, and estimate. To a departure from these salutary restrictions, may be imputed, the number of those appropriations which the War Department reports its utter inability to expend, because their objects are unknown or unattainable.

A full share, let me add, of the responsibility for all those appropriations rests, immediately, with the present Secretary of the Treasury and the Executive, which sanctioned his annual reports of the last and the preceding years, as their inspection will undeniably prove. For, while the labor of this officer has been directed, during the present session of Congress, to an augmentation of the surplus in the Treasury, far beyond the bounds of any former necessity, under color of providing for contingencies, it appears to have been his constant study, since, as well as prior to the deposit act of 1836, to reduce that surplus by lavish expenditures. Hence, in his report of December, 1835, where he prescribes the most "judicious course to pursue" in using the surplus, which he estimated at "between six and seven millions only," he tells us in so many words, that "in order to reduce it, there might be judiciously authorized, for purposes not enumerated in any of the estimates, other beneficial expenditures, for objects clearly lawful and useful."

As late, indeed, as his last annual report, in treating of the proper disposition of the surplus in the Treasury, which he distinctly intimates, would be likely to continue, he reminds us that "various objects, of a national and constitutional character, were recommended in his prior report, as suitable for the application, by way of extraordinary appropriation, of any surplus funds for which the General Government should happen to have no other immediate use." "Liberal and useful appropriations," he says, "were fortunately made to many of them, which will save expense in the end, and prove to be the soundest economy." "The reasons," he subjoins, "for a continuance of the same wise policy, while our resources remain so ample, have lost none of their original force." Such was his language in December last. That no misconception may exist as to the character of the objects which he regarded as "lawful and useful," the succeeding paragraph to that which I have quoted expressly comprehends among the proper objects for the application of such surplus, the following: "Completing with it, sooner than had been contemplated, the projected fortifications and naval establishments of the country; improving more rapidly the navigation and security of its commercial bays and rivers; and while its imports and exports were prosperous beyond all example, erecting, where needed, appropriate custom and ware-houses, as well as suitable marine hospitals, court-houses, and post-offices." Immediately following this enumeration, will be found an earnest recommendation of the repeal of certain duties on imports, to the extent of "three millions and a half"—a measure which undoubtedly indicated no want of confidence in the revenue of the present year.

It may, therefore, be confidently affirmed, in opposition to all that we have heard in the course of this debate, and to those complaints of the Secretary himself, in the first of his late letters, that he not only entertained no apprehension that the revenue of the current year would fall below his estimate of twenty-four millions; but that he desired a continuation of those very appropriations, by which the expenditures of the year have been made to exceed

his estimates to the extent of five millions. It would be a sufficient answer to his inconsistent reproach of the extravagance of the last Congress, which I am not bound to vindicate, as, I trust, I have shown, that four and a half of these five millions consisted of appropriations for the Florida war and the payment of the outstanding claims of certain volunteers, which originated *subsequently* to the date of those estimates.

I desire not to be misunderstood by the gentleman from South Carolina or any other member of the Committee.

I beg, Mr. Chairman, not to be considered as denouncing the past expenditures of this Government, where they have been discreetly applied to the internal improvement of our country. On the contrary, when I recollect that twenty years ago, the spirit, which now animates this vast republic, from its centre to its remotest extremes, had scarcely penetrated south of the Potomac, I glory in the reflection that, through its beneficent agency, the resources of our common country have been explored, and its capacity for improvement demonstrated; that its loftiest mountains have been subdued, and the navigation of its noble rivers unlocked by the inspirations of science and the labors of art; and, above all, that our people, once severed by natural barriers, have turned these very impediments into facilities of intercourse and bonds of perpetual union. Sir, in whatever party I may be ranked by others, claiming, as I do, independence of all, and asking favors of none, I am no nullifier; and I most truly rejoice, that the State which the honorable member from South Carolina so ably represents, is about to derive from the accomplishment of an enterprise, worthy of the age, a new attraction to that union, in a commercial connexion of her great southern emporium with the noblest rivers and the fairest cities of the west.

The power of this Government to make internal improvements, I consider of diminished value, when I behold the alacrity and zeal with which the several States are superseding the necessity of its exertion. Whenever its great purposes are accomplished, I will abandon its use with far greater pleasure than I have felt in sustaining it; but, until then, I am prepared to meet any reproaches which it may bring upon its friends, from whatever quarter they may proceed.

I am at all times ready to vindicate the mode in which this power has been exercised, by that committee, of which I have so long been the drudge. I aver, sir, without a fear of contradiction, that, so far from the power of internal improvement having been abused by that committee, as an instrument for the partial distribution of the public benefit, which it is designed to dispense, there never has been a moment when an effort, so unworthy, would not have been spurned with disdain.

The committee will pardon a digression provoked by a charge which I could not but regard as applicable, in part, at least, to myself, since the small appropriation of the last Congress, to the purchase of sites for marine hospitals in the west, sprung from a report of the Committee on Roads and Canals, pursuant to an instruction of the late House of Representatives.

In returning to the path I had left, I have to invite the earnest attention of the committee to a palpable disagreement between the Treasury estimates of the probable necessities of the Government during the last quarter of the current year. In his letter of the 5th instant, Mr. Woodbury computes the "outstanding balances at the expiration of the year" to amount to "about sixteen millions," a sum which, he adds, "does not differ much from their amount at the close of the last year;" and this amount, I discover, from his letter to the Senate of the 14th of January last, to have been \$16,862,670, an amount obviously much nearer seventeen, than sixteen millions. But, in reply to a resolution of this house, inquiring what objects of public expenditure may be wholly dispensed with, or will bear a material reduction, during the present year, the Secretary expressly tells us, that "a minute and critical examination, on this point, was instituted in May last, and the result of it was, that enough could and would be postponed, till next year, to amount to fifteen millions;" "consequently," he adds, "the expenditures during the present year were estimated, in my recent report, upon that basis." To exclude any possible misconception of the grounds or extent of his estimate, he subjoins that, "after every delay which the public expenditure would permit, it is, therefore, expected that of the outstanding appropriations,

now exceeding twenty-four millions, not much over nine millions will be necessarily required to be expended during the residue of the year; the result cannot be necessarily varied from that to which the Department arrived last spring."

Thus, within a fortnight of each other, and from the same data, the Secretary deduces two estimates of the wants of the Treasury during the residue of the year, varying from each other to the extent of a million of dollars, or, as might be justly contended, a million and a half.

In the early age of this Government, Mr. Chairman, a million of dollars was a sum sufficient to engage the serious attention of this house, the constitutional guardian of the public purse. Are we to look for an explanation of this palpable inconsistency, between the contemporary estimates of the same officer, to carelessness in the discharge of his duty? The extraordinary length of the Treasury reports, since he has been at the head of that Department, precludes so unjust a surmise. Are we, then, to seek for it in an unexpected opposition to the bill on your table, which, after gliding speedily through the Senate, has been so long obstructed in this house as to require greater urgency to pass it through?

Sir, I have again to complain of palpable omissions, as well as contradictions, in the elaborate reports of this officer. In reply to the late direct inquiry of this house, we had every reason to expect that the Secretary of the Treasury would correctly appraise us, not only of the sum of the balances of former appropriations which would remain unexpended at the end of the year, but of the part of those balances which might be ultimately dispensed with. A heavy cloud is allowed to rest over the prospects of the ensuing year, without the slightest effort to dispel it. And yet there will not be found in the annual reports of this officer for a series of years, a similar omission.

In his report of December last, in which he underrated, by more than two millions and a quarter, the balances of appropriations which would be unexpended at the end of that month, he computes the part of those balances which could be applied in aid of the appropriations of the ensuing year, without a re-appropriation, at more than three millions, and the part which would be carried to the surplus fund, under a provision of the existing laws, to very near two hundred thousand dollars. The two sums, together, constituted nearly one-fifth of the total estimated balance. The actual balances of the appropriations of former years unexpended on the 31st of December last, is stated in the Secretary's communication to the Senate of the 14th of January last to have been, as we have seen, nearly seventeen millions, and no just reason can be assigned for computing those which will exist at the end of the present, or the portion of them which may be carried to the account of the ensuing year, at a less amount.

That I may be better understood by a part of the committee, allow me to remark that those balances of appropriations arise from no superior economy on the part of the Executive, as the large amount which they had reached on the 1st of January last, combined with the desire, manifested by the Secretary, to expend them, sufficiently demonstrates. To some extent, they must ever exist, since they spring from the nature of the objects to which the public revenue is applied.

The present Chief Justice, when Secretary of the Treasury, stated that those balances had averaged about five millions three hundred thousand dollars for the four years preceding his report of December, 1833. In estimating the balances of appropriations at the end of 1834, he assumes that "a portion of the expenditures," for which he submits an estimate, "will not be used during the year; that balances of appropriations, equal to the amount at the close of the current year, will, in like manner, remain in the Treasury at the end of the succeeding year;" and he wisely suggests that "it is not necessary to raise money for the public use sooner than it will be needed."

During the frugal administrations of Washington and his immediate successor, the elder Adams, these balances were inconsiderable compared with their present extent. Their augmentation has, doubtless, been promoted by a favorite doctrine of the opposition to those administrations, a doctrine which contributed, in no small degree, to its triumph in 1801. It had been the practice to distribute the estimates, and the correspondent appropriations for the maintenance of the Government, under a few general heads of expenditure, and to allow the excess of

an appropriation, under one head, to supply any unforeseen deficiency that might arise under any other head of analogous character. The balances of appropriations, under this system, were few in number, and inconsiderable in amount.

This usage was condemned for its supposed tendency to diminish the responsibility and enlarge the power of the Executive. It was charged upon particular officers that, under cover of the protection which it afforded for the misapplication of the public money, speculation had arisen; and one of the earliest measures of the successful party was an inquiry into the conduct of the ex-Secretary of State, Mr. Pickens. This inquiry was instituted and conducted by a distinguished member of this house, from Virginia. It ended in the complete vindication of the officer, but led to the practice of multiplying the specific objects of appropriation, and restricting the disbursements for those objects to the sums severally appropriated. As the excess of one appropriation was no longer permitted to supply the deficiency of another, however close might be the affinity between them, and the precise sums required for each could not be foreseen, it became indispensably necessary to enlarge each of the numerous estimates to which the new usage gave rise, so as to guard against any possible deficiency of means. Hence an unexpended balance would be found at the end of every year, under many, if not all, of the numerous heads of appropriations. The aggregate of these balances became larger as the public expenditure increased with the expansion of the revenue and the multiplication of its objects. As some merit is, moreover, implied in keeping the expenditure for any object within the estimate of its cost, so both the estimates and the appropriations have been gradually and proportionally enlarged.

Whether economy in the public expenditures has been promoted by this modern and still popular system of appropriation, I shall not stop to investigate: my present purpose will be answered, if I shall render intelligible the objections I have made to the estimates on our table.

Before I return to them, I would further remark that the balances of appropriation at the end of each year, which have been so much augmented of late, may be distributed under two distinct heads. The first embracing all such balances as may yet be required for the attainment of the objects to which they are appropriated. The second, those balances ascertained to be unnecessary for the purposes for which they were originally designed, because, those purposes have been already attained, or found to be wholly unattainable, or to be attainable at less than their estimated cost. By a standing law, all such balances as have stood over for two years or more, from the date of their appropriation, pass to what is called the surplus fund, and, since the discharge of the national debt, are mingled with the unappropriated mass of the public revenue.

Without availing myself of the express admission of the Secretary in his letter of the 5th September, that the unexpended balances at the end of the present year will not differ much from those at the close of the last year, ascertained to have exceeded sixteen millions and a half, I shall not err, I trust, in the opinion of the committee, if I set them down at that amount. The Secretary himself expressly states that the appropriations of the last year exceeded his estimates, as they certainly did the appropriations of the year next preceding; and it is obvious that the magnitude of the balances, which remained uncalled for at the end of a year, must bear proportion to the number, variety, and extent of the antecedent appropriations.

Deducting sixteen millions and a half from the twenty-four millions of outstanding balances, comprehended in the Treasury statements of the 11th of September, and we have seven millions and a half for the full measure of the probable demands on the Treasury for the residue of the year, exclusive of the sums required for the Florida war, and the expenses of the present session of Congress.

With regard to the new appropriation asked for this disastrous war, a part of it will doubtless remain to be expended after the close of the present year, and the remainder may be deducted from the annual contingent fund of two millions; since war is not only one, but the chief, of those contingencies, for which this fund is designed to provide, and since three-fourths of the year have, in fact, nearly expired, and to that extent limited the field of contingencies during the current year.

The chairman of the Committee of Ways and Means arrived at his estimate of the expenses of

the last quarter, by averaging the monthly expenditures of the past year, which, on the submission of his first estimate, he made two millions and a half. Why his second estimate extends this average to three millions, I am not apprized; but he cannot consistently extend the average for the three months of the last quarter, as he proposed in both estimates, by adding one million six hundred thousand dollars for the continuation of the Florida war, since four million and a half of the expenses of the three first quarters are ascribable to the prosecution of this very war, and, consequently, included in the aggregate from which his monthly average is deduced.

On the principle upon which his estimate is made, the sixteen hundred thousand dollars now called for, if to be expended in the ensuing quarter, should be deducted from his monthly average. Such a deduction would make the total expenses of the last quarter, exclusive of this new appropriation, according to his former estimate, less than six millions, exclusive of his claim of a million for the Mint, and a surplus of four millions for contingencies.

It would be impossible to fortify the conclusion at which I have arrived, that the sum required for the residue of the year will not exceed seven millions and a half, by recurring to the actual expenses of the corresponding quarter of prior years; when no disorder of the currency or prostration of the industry of the country required a reduction of the public expenditure; and every incentive which the Secretary of the Treasury, the organ of the Executive, could offer for its augmentation, was supplied by the unvarying tenor of all his reports, down to that of the 5th of this month.

Discarding the worse than useless provision of one million for the Mint; the unprecedented and absurd retention of four million for contingencies; allowing three hundred thousand dollars for the extra session of Congress, and assuming, in other respects, the corrected estimate of the chairman of the Committee of Ways and Means, the aggregate of all the expenses of the ensuing quarter will amount to less than eight million of dollars, exclusive of the fourth instalment due to the States under the deposit act of June, 1836.

To provide these eight million, I propose to withdraw three-fourths of a million, now deposited in the Mint, leaving a small sum to purchase copper bullion, and permitting the coinage of gold and silver to proceed as in the year 1835, but without taxing it, as the Secretary recommended in his annual report of 1834. (d)

I propose, moreover, to pay to the navy pension fund that portion only of the first instalment due from the Bank of the United States, to which it is justly entitled, applying the residue of that instalment to meet the public exigencies. In further aid of those sums, for other and higher considerations, which I shall hereafter take occasion to explain, I propose to raise, by a sale and transfer of the three remaining bonds of that bank, the further sum of five million nine hundred and eighteen thousand and thirty-three dollars—their par value on the 3d of October next, after deducting from them the remaining interest of the navy pension fund. The aggregate amount of these specific sums, added to the balances that may be in the hands of the collectors of the customs and the receivers of the proceeds of the sales of the public lands, on the 1st of October, would alone be more than sufficient to provide the eight million required for the last quarter of the present year.

What the receipts of that quarter may amount to, including repayments by disbursing officers and agents, it is impossible now to predict, nor do the Treasury reports afford any certain guide by which to ascertain them. Hitherto, the actual revenue of the year has, in every branch of it except the customs, exceeded the Treasury estimates of the 5th of December last. That from the sales of public lands, during the first half of the year, surpassed, by near half a million, the estimated receipts for the whole year. The chairman of the Committee of Ways and Means computes the revenue from this source, for the last quarter, at a million, which would make the total excess for the year very near \$1,900,000. (e) The estimated receipts from the customs, in the last annual report of the Treasury Department, exceeded by a million and a quarter, the corresponding estimate for the year next preceding. The actual receipts under this head, for the first two quarters have been \$7,234,451; those, for the two last quarters will doubtless fall short of that sum, though no further indulgence be granted on the custom house bonds due, or to become due in the course of the

year; and if indulgence be granted, the magnitude of the sum to be received will depend on the extent of that indulgence.

The receipts from miscellaneous sources have already exceeded their estimate for the whole year; and, restoring to the Treasury the sum improperly paid to the navy pension fund, the actual revenue from all other sources, than the customs, will be found, by the expiration of the year, to have exceeded the estimates by two millions at least.

A passing observation is here due to the prophetic sagacity, claimed by the Secretary of the Treasury in his report of the 5th instant, it is that, however "reluctant" he may have been to estimate the receipts for 1837 "at only twenty-four millions," he did not advert to the fact, that this estimate actually exceeded that which he gave us of the revenue of the very prosperous year next preceding by four millions and a half: the estimate of December, 1835, of the revenue of the following year, having been but \$19,750,000, and the part of it anticipated from the customs but fifteen millions and a quarter. The receipts of that year, we may remember, amounted to fifty millions.

I shall be excused, I trust, after a careful consideration of a series of Treasury reports, so replete with error and so marked by every species of inconsistency of fact and argument, if I allow their author the power of expanding and contracting his estimates, to suit every political emergency of the party with which he has so zealously co-operated.

Amidst all the confusion of ideas necessarily attendant upon so arduous a duty, enough is yet apparent upon the face of the last reports of this officer, to manifest that, without relying on the sums which may remain to his credit with the late deposit banks, on the 1st of October next, resources may be devised, without incurring a new public debt, to carry on the necessary expenditures of the Government to the end of the current year.

I have purposely discarded those sums from my estimate of the resources of the Treasury for its ordinary or current expenses, because, in truth, they were appropriated and set apart, by positive and solemn enactment of law, for a distinct purpose. To the extent of the fourth instalment of the surplus revenue, to be distributed on the 1st of October next, under the act of June, 1836, all authority of the Secretary to dispose of those sums, for any other purpose, ceased on the 1st of January last.

Whether, in his preparation for the execution of that act, by transferring those deposits which it directed him to ascertain and to set apart for the States, the Secretary has transcended, or omitted to exercise his lawful authority, is not, now, a question before this committee. Nor is it material to that which we have to decide, whether those deposits be available or not. They are to become, on the 1st of October next, to the full extent of the sum of \$9,367,214 98, the limited property of the several States, according to their respective proportions, and under the express conditions set forth in the deposit act of June, 1836, which gave to the Secretary of the Treasury no other power than to obey its mandates.

If he has rendered such obedience impracticable, if he has reduced the amount, or impaired the value of the surplus fund intrusted to his care, and set apart by law for a special purpose, the responsibility rests with him.

It cannot be doubted, however, that those States, whose banks are depositories of this fund, will cheerfully accept, for their remaining share of it, the drafts of the Treasury on those banks, for whose credit, they are in some instances, at least, responsible to the public, either as guaranties or as stockholders. The States from whose banks these deposits have been already withdrawn, may, indeed, scruple to accept Treasury drafts on the banks of other States, for their remaining proportion of this surplus fund, on the terms upon which it has been set apart for their common benefit; but they have a right to decide for themselves, whether to accept them or not. If the banks shall tender, in their discharge, ample security for their principal, with the lawful interest accruing upon it until it be paid, such drafts may be made, by negotiation, to subserve all the purposes of money, especially to those States who would prefer an investment of their proportion of this fund in productive stocks, to its immediate expenditure, or any other application of its principal.

The present condition of this fund does not, therefore, furnish, of itself, a sufficient ground for

the passage of the bill from the Senate, for the indefinite postponement of the fourth instalment.

Are there, Mr. Chairman, any other adequate grounds for the passage of such a bill? Will its passage involve a violation of the public faith towards the several States?

Mr. Chairman, said Mr. M., had an intelligent stranger listened only to the various and contradictory arguments of the advocates of this bill, I would cheerfully abide by his decision upon its merits. The *argumentum ad absurdum* is a legitimate mode of reasoning and as applicable to the development of moral and political, as of physical science.

One gentleman has contended that the deposit act, which this bill proposes to repeal in part, was unconstitutional, and therefore not obligatory; although he admits that more than twenty-seven millions of the public money have passed under its provisions from the Federal Government to the States, who have unanimously agreed to receive, and plighted their faith, on certain conditions, to return it.

Another gentleman has contended that no legislature can bind its successors, and, therefore, the act of 1836 is repealable at pleasure.

A third insisted that the deposit act does not pledge the faith of this Government to the fulfilment of its stipulations, because they do not amount, in terms, to a contract; or, as a fourth has argued, if a contract, it is a *nudum pactum*, or without an adequate consideration.

Some of the advocates of this partial repeal of the act have found a solution of their scruples of good faith, in the mere title of the act; others in its context. One gentleman relieves himself from any embarrassment that might accompany his vote, by severing the two provisions of its most important section from the section itself; and regarding them as conveying a mere instruction to the Secretary of the Treasury as to the mode of distributing, and withdrawing the sum to be deposited.

One gentleman, after vindicating his vote for the act of June, 1836, against the very unmerited attack upon it, of one of his colleagues, made quite an original discovery, that the Federal and State Governments are, in truth, identical, being governments of one and the same people, and, consequently, incapable of contracting with each other. Many of the advocates of the bill have, with more truth, admitted the right of those Governments to contract, and that the act in question, if not in itself a contract, authorized a contract to be made between the General and State Governments; but they claim for the former, a release of the obligation arising under it, upon the legal or equitable grounds of mistake, unforeseen accident, or unavoidable necessity.

I do not propose, Mr. Chairman, a separate reply to arguments which, in general, so remarkably serve to answer one another; but shall content myself with such an exposition of my own views of the merits of this bill and such brief notice of the views of others, as may excuse me from yielding assent to a measure inconsistent with the faith of this Government, and calculated to inflict a deep and wanton injury upon the States of this Union.

I most readily concede to the honorable gentleman from Virginia, (Mr. Jones,) who rose early in this debate, that the act of 1836 is to be construed, not as a penal statute, strictly, but liberally; according to its obvious intent and meaning. I cannot, however, infer that intent from its title alone, nor affirm, as two of my colleagues have done, (Mr. Jones and Mr. Garland,) that it is not a distribution act, merely because it is called an act to regulate the deposits of the public money.

It is, in truth, as its context discloses, both a *deposit* and a *distribution* act, since it expressly provides for a *distribution* of a part of the surplus funds of the General Government among the several States, according to a fixed ratio; to be held by them in *deposit*, and returned when called for, after a prescribed notice, in limited proportions.

Both my colleagues (Messrs. Jones and Garland) have contended that the right to use did not pass, with the *possession of the deposits*—the contract authorized by the deposit act being for the *safe-keeping only of the public money*.

If such be the sound construction of the act of 1836, what motive, I would ask, had the States, for accepting, in *deposit*, the sums which it tendered them? Why were the sums so tendered, proportioned to the respective representation of those



States in the two houses of Congress, and the obligation to restore them, when called for, limited in the same ratio? each call confined to so small an amount of the deposits, as not to exceed, in relation to the most populous State in the Union, \$10,000 in any month, unless with a further notice of thirty-one days for every additional sum of \$20,000 that might be called for? No, sir, every provision of this act had reference to the benefit which the several States were to derive from the use of the public money, until required by the necessities of the Government; necessities which, when the act was passed, no man anticipated.

Had the safety of the public treasure, its value, or the facility of its use by this Government, been the sole or even the chief ends of the deposit act, why did it not provide for the special deposit of the entire surplus revenue, where the far greater part of it had been collected, in the mysterious vaults, and beneath the marble roofs of the banks of the great cities of the north, whence it could be drawn on the shortest notice, by bills vendable at par, or at a premium, whenever the public necessities might require its expenditure. Has it been for the security, or readier use of the public deposits, that a considerable portion of them has been transferred to States on the Indian frontier, occasionally the seat of war, and a still larger portion to States in the interior, within whose limits scarcely a dollar of the public money is expended in the year?

Sir, every feature of the deposit act, and all the circumstances which preceded or accompanied its enactment, demonstrate that it empowered the Secretary of the Treasury to enter into contracts with the several States for the mutual advantage of the parties, but especially for the benefit of the States themselves.

The deposit of the surplus money of this Government has ever been a subject of contract, either express or implied. Such, in truth, is ever special or general deposit in a bank; and for forty of the forty-eight years that our present constitution has been in force, the unexpended revenue of this Government has been the subject of special contract with a bank of its own creation.

On the removal of the deposits from the Bank of the United States in 1833, formal articles of agreement for their safe-keeping, on specified conditions, by the selected State banks, were drawn up by the present Chief Justice, then Secretary of the Treasury, and subsequently ratified, sealed with the corporate seal, and subscribed by the proper officers of the State banks. So valid were the obligations of these contracts regarded to be, by that eminent lawyer, that he expressly stipulated for the right to discharge the several banks "from the service of the Government whenever, in his opinion, the public interest might require it."

In the very act which we are considering, the 7th section provides that it shall be lawful for the Secretary of the Treasury to enter into contracts in the name and behalf of the United States with the banks selected as depositories of the public money, and the terms of those contracts are prescribed by the act itself.

Were those contracts made for the mere safe-keeping of the public money? Would the deposit banks have accepted so barren and unprofitable a trust, connected as it was with an obligation, on their part, to give security for the administration of such trust; to permit their books and accounts to be inspected, and their money to be counted by the Secretary of the Treasury, or his agent; to make weekly returns of their condition, subject to periodical publication; to pay, at sight, all warrants which the Treasurer might draw on them; and make all such transfers of the public money to other banks, as he might require, and supply foreign bills of exchange, at cost, without any fee, premium or commission whatever; and, moreover, a part of the expenses of such agents as the Secretary might depute to watch over their fidelity? Would those banks, I say, have entered into obligations so multiplied, embarrassing, and onerous, for the mere credit of keeping the public money, without the liberty to use it for the profit of their stockholders? Their contracts with the Treasury, like that which the deposit act tenders to the several States, are silent as to the use which they may make of the public deposits. The right to use them might be implied from the character of the agent. But a letter from the Secretary of the Treasury of the 26th of September, 1833, to the president of the Girard Bank, contemporaneous in

date with those contracts, and designed to induce their acceptance, avoids all necessity for implication, since it expressly intimates that the "deposits of the public money will enable" the bank, to which his letter was addressed, to "afford increased facilities to commerce, and to extend its accommodations to individuals." "As the duties payable to the Government arise from the business and enterprise of the merchants engaged in foreign trade, it is but reasonable," Mr. Taney adds, "that they should be preferred in the additional accommodation," which the public deposits will enable the banks to give.

A reference to the vast amount of the surplus revenue, designed to be transferred by the deposit act, from the vaults of the banks to the treasuries of the States, forbids the belief, that the friends of that act, or the States who have complied with its conditions, imagined, for a moment, that the sums so transferred were not to be used. The sudden withdrawal of more than thirty-seven millions from the currency and business of a country, whose currency did not exceed, if it equalled, thrice that amount, would have been a measure of such wanton mischief, that no man in his senses could have given it his sanction, and it cannot be imputed to the very large majority of both houses of Congress, by whose vote the act was passed. (f)

How the States have understood it, we are not left to conjecture, although I much regret that the resolution of an honorable member from Massachusetts, (Mr. Adams,) designed to procure for this house copies of the several acts of the State Legislatures accepting and disposing of their respective shares of the public deposits, remains yet unexecuted. Enough, however, has been told us by the Representatives of those States, who have taken part in this debate, to enable the committee to perceive how they have construed the act of June, 1836, and what inconvenience they must suffer from its partial repeal.

Mr. Chairman, said Mr. M., it was my anticipation of the beneficent use which the several States might make of those deposits, which recommended to my favorable regard the act of 1836. I foresaw the noble purposes to which the public money might be applied through their agency, and my heart exulted in the glorious anticipation. I saw the ties of our happy Union multiplied and confirmed by the improvement of old, and the opening new channels of commercial and social intercourse. I beheld the spires of colleges, academies, and village schools glittering on the distant forest, and a wide-spread system of popular education elevating our social condition, augmenting the intelligence, refining the manners, and above all implanting in the hearts of our people the knowledge, and with it the love of our admirable constitution of Government. In order to avoid an Executive veto, which had been prepared, as I was informed, for the act of a former Congress, to provide for the distribution of the proceeds of the sales of our public lands, I most reluctantly, and, as it eventuated, fruitlessly, assented to strike out the three limitations, which the Senate had provided, of the use of the sums to be distributed. Popular education constituted one, and the dearest of them all, in my conception. I wish, Mr. Chairman, to behold a system for this object pervading the Union. But wherever it may exist, if confined to one State or to a small district, I shall hail it as an additional safeguard to the rights of the people I represent. To them, my opinions here are not of more avail than those of any other member of this body, and the security of their freedom and happiness rests upon that public sentiment to which each member of this House is amenable at home, whether he be from Maine or Georgia, from the shores of the Atlantic or the banks of the Mississippi.

We are apprized, Mr. Chairman, that North Carolina, Ohio, and several other States, have consecrated their share of the public deposits to this and other liberal purposes, and my reluctance to pass the bill on your table is augmented, in a ten-fold degree, by this intelligence.

We learn that other States have entered into very solemn engagements, founded upon an anticipation of the receipt of the instalment of those deposits which we are now invited, by the Senate, to withhold, or to postpone indefinitely. Can we, in good faith, withhold it? Let those gentlemen who regard the deposit act as the promise of a mere gratuity, ask themselves the question, whether they would violate the sanctity of their word, when once it had been plighted to the humblest individual in

society, to the beggar at their door? What man can do so, and retain the respect of his fellow men? Who is prepared to set a price on the faithful observance of his word, and to commute his reputation for money? Let him come forth, and sustain this bill.

It is objected to this appeal to the sentiment of honor, that no man can bind himself to perform impossibilities; that mistake or unavoidable necessity absolves us from our obligation to the States; that we have not the money to comply with our engagements, and the continued ability to do so was an implied ingredient of our original contract or promise. It is not pretended that the entire sum of thirty-seven millions was *not in the Treasury* on the 1st of January last, when the appropriation took effect—it is known and admitted that the total amount subject to distribution, after reserving five millions for the immediate necessities of the Government, exceeded *thirty-nine millions*; a million six hundred thousand dollars having been subsequently reported to the Treasurer, by the distant collectors and receivers of the public money, to have been in their hands on that day.

Was it necessity which swelled, at the instance of the Executive organ of the Treasury, and the majority of the last Congress, those excessive appropriations which have caused our present financial embarrassments? We cannot plead a necessity, *created by ourselves*, as the justification of a breach of faith.

The States, it has been urged, had no right to enter into engagements dependent on the receipt of the instalments, prior to their day of payment; and the embarrassments, to which their precipitancy has exposed them, afford, it is said, no additional claim upon the public faith.

Could it have been designed, Mr. Chairman, that the States, who were to receive our deposits and to use them for the public benefit, should make no preparation for their use, prior to their reception? The spirit and the letter of the act which we are construing forbids any such conclusion. Timely notice was given, by it, to the deposit banks, that they were, at fixed periods, to surrender up their trust, and to the States, that they were then to enter upon it. The very instalment of the debt of the banks to the Government, and the uses to which they had applied the public money, with our knowledge and approbation, enjoined it upon them gradually to provide for its withdrawal, and upon the States to renew, as speedily as possible, its active and beneficial employment. The greatest injury which either the banks or the States could have done to the people at large, was to permit their money to lie idle in the vaults of the one, or the Treasury of the other. (f)

If it be contended, that no use of the vast sum committed to their custody should have been devised by the States, inconsistent with their plighted faith to return it to the Government when demanded, I reply that the law itself, as well as the known intention of those who enacted it, guarded the States from any such demand. The far greater part of the majority who voted for the deposit act contemplated no such return, and the last proviso of its thirteenth section rendered the demand for it impracticable. No more than ten thousand dollars of the sum deposited with the State having the largest share of the public money, as from New York, whose proportion would exceed five millions, can be called for in any one month, without thirty days' notice, and but a ratable part of the sum called for, in any one year, can be lawfully demanded of any State. So that when New York should be called upon to pay ten thousand dollars, Virginia would have to provide about a moiety of that sum; and if a larger amount be required, an additional notice of thirty days, for every additional twenty thousand dollars, is to be given. The proportions of the total sum called for from the several States, is to be in the same ratio with the original distribution. In no one year, therefore, could more than a very inconsiderable part of the deposits be demanded under this construction of the deposit act. If such a construction be inconsistent with the title and letter of the act, it is not with its history; for, while a large proportion of those who voted for it, wished and designed to make it a *simple distribution* of the public money, among the people to whom it properly belonged, we were distinctly informed that, unless we introduced those incongruous and absurd provisions, it would encounter the Executive veto.

Mr. Chairman, I was one of that majority, and

would not have given my vote for this act, had I not understood it as I have now expounded its meaning and explained its history. I well remember that, when our public lands were sold on credit, a debt of six millions became due to this Government from the inhabitants of a single State, and my attention was turned, with that of both branches of the National Legislature, of one of which I was then a member, to the impolicy of creating between the people and their Government the relation of debtor and creditor. No man looks with favor, though he may with fear, on his creditor. Debt is a source of dependance, rarely of affection. I have felt its obligation, and have ever preferred indebtedness to banks, which, being incorporeal bodies, I can never see, to individuals whom I must see.

But, if it be impolitic to permit the people to be indebted to the General Government, it is yet more inexpedient to extend this relation to the States. A debt, from a State, to the Union is, to its extent, a bounty offered to nullification—to disunion. I sought, therefore, early in the last session of Congress, to free the deposit act from this objectionable feature, by releasing the several States from any supposed obligation to return the public money in their keeping. I had one other object in view, to liberate them from all restraint in giving to their respective proportions of this money, the most beneficial application. The education of a people should never be dependent on those accidents of war or commerce, which occasionally derange the finances of a State, however well administered, and should, above all, never be the sport of wanton or wicked experiments.

As to any constitutional difficulty in the way of such a distribution, I have been incapable of perceiving it. To tax the people for the mere purpose of distributing a surplus revenue among the States or the people themselves, I should unquestionably regard as alike inexpedient and unconstitutional, if, indeed, a measure can ever be deemed as expedient which is not constitutional. The highest expediency being ever found in reverence for that organic law, which is the guardian of all our rights, liberty, and happiness.

I regard the several States as fairly entitled to claim a distribution of those proceeds of the sales of public lands, which occasioned a surplus to be carried to the Treasury from year to year, till it amounted to a sum dangerous to leave at the disposal of any Government, however pure. The mode of distribution was suggested by the complex theory of our Government; and, although not accordant with the ratio I would have preferred, it increased the portion of those States unduly, which most needed the use of the distributed fund, and, as a compromise, I submitted to it.

I am aware that it is usual to reduce the surplus revenue, arising from the sale of the public lands, by charging upon it the expenses of Indian wars and treaties, and the sums paid for the acquisition of Louisiana and Florida. But I regard the extension of the sovereignty of the United States over the acquired territory as an ample consideration for the sums which it has cost; and, since the discharge of the public debt, the States have become entitled to claim that surplus, under the express terms of the compact, by which so large a portion of that territory was ceded to the United States. I must totally forget the blood and treasure which my native State so freely lavished, in extending her dominion from the Atlantic to the Mississippi; that the entire country between that river and the Ohio was once the Virginia county of Illinois, the theatre of the exploits of her Clarke and his gallant companions in arms, before I can regard, with any doubt, her just title to her full proportion of the revenue which the bill on your table proposes to withhold from her Treasury, in wanton disregard of the twice plighted faith of this Government.

A more efficient argument in favor of this bill may possibly arise, in a part of this committee, from an assurance given by the Executive to the representatives of particular States, that, if the fourth instalment be withheld, their banks will receive an indulgence which the States may not be willing or able to grant. I have in my eye a friend from Alabama, (Mr. Martin,) from whom I should be glad to learn whether any such assurance has been given. (Mr. Martin rose in reply, and said he had none.) The honorable member will not suppose that I imagined he had received any intimation from the Executive, which it would be improper for him to disclose. On the contrary, were

my constituents situated as his, I should not hesitate to inquire how far the deposit banks might rely on the indulgence of the Treasury?

I hold in my hand, Mr. Chairman, two bills, one, apparently originating in the Senate; the other, in this house. They have the same title, are identical in all their provisions, and have evidently proceeded from the same source—the Treasury Department. The banks of this District, Mr. Chairman, are seven in number, and if the clemency of the Executive towards the several deposit banks may be inferred from the tenor of these bills to revoke the charters of the banks of this District—their bitterest foe could not wish them in worse hands. To say nothing of the new criminal offences created by them, in what terms shall we denounce an attempt to coerce the banks of a District, ten miles square, to resume specie payments in the centre of twenty-six States, whose six hundred banks have ceased to do so, and alongside of a Government, which, while it attempts to coerce them to pay specie, does not comply with its own engagements? The President and the Secretary of the Treasury have suggested to Congress the expediency of passing a bankrupt bill, to operate on all banks; and especially on those employed by the Treasury. (g) The bill which lies before me is, or may be presumed to be, a sample of the proposed legislation; and, as such, it well merits the careful examination of the representatives of the southwestern States; the condition of whose banks is least favorable to the speedy resumption of specie payments. Whether those banks are in a condition to wind up their affairs, the representatives of those States are most capable of deciding.

I discover, however, from the late returns of the various deposit banks, annexed to the letter of the Secretary of the 5th of September, that the five deposit banks of the States of Alabama, Mississippi and Louisiana, with a circulation of more than \$6,158,000, and Government deposits to the extent of \$3,547,000, had in specie, a month ago, but \$709,000, while their loans and discounts, together with their bills of exchange, exceeded \$27,292,000, and their suspended debt, six millions and a quarter.

I repeat, it may be well for the representatives of all those States to examine the true character of this District Bank bill, since it cannot be supposed that the Executive would recommend to Congress a harsher measure towards a people, with whom they and we daily associate, than for the constituents of gentlemen who reside in remote districts, west of the Alleghany.

One of the sections of the bill, a part of the title of which is, to "revoke the charters of such banks in the District of Columbia as shall not resume specie payments within a limited time," requires, under the penalty of a forfeiture of their charters, that "they shall resume the payment of specie for all their bills under ten dollars within sixty days, and of all others in six months from the passing of the act;" and, that "they shall, within thirty days, cease to pay out the notes of any corporation or individual which shall not redeem them, on demand, in specie." Another section of this bill provides, that "in case of failure of any of the banks to comply with these conditions, their charters shall be revoked, and the Secretary of the Treasury shall appoint three commissioners for liquidating and settling their accounts and affairs; and, as if this were not enough, this section further ordains, "that such prosecutions shall be instituted by the Attorney of this District, for any violation of their obligations to the Government or the community, as the facts and the law applicable to the case may render proper, beyond what is contained in the provisions of their charter and of this act."

It is but rational to infer that these are some, at least, of the provisions which the Executive would comprehend in the bankrupt law which the Secretary's letter suggests, for the coercion of specie payments by the banks in general. Would the committee desire to know the condition of the seven banks of this District to which those provisions of this bill are to be applied? Their loans and discounts, the Secretary states, in his letter of the 3d of January last, to amount to \$3,157,782; their deposits to \$1,385,523; their circulation to \$961,793; their notes and debts of other banks to \$849,222; their debts due to banks within and without the District, to \$460,768; their specie to \$843,532.

What portion of their circulation consists of notes of a denomination under ten dollars, I have no certain data to determine. Surrounded, as this

District is, by five towns and cities within fifty miles, which have their rival institutions, the proportion of large notes in their circulation must be small. A report of a bank of Ohio, the Clinton Bank of Columbus, the capital of that flourishing State, makes its notes of the denomination of five dollars and under two-thirds in value of its whole circulation, and its notes of five dollars comprehend about one-half of that amount. How fatal a blow the passage of such a bill would give to the credit and property of this District, I leave it to the committee to imagine; but I desire the representatives of the deposit banks, in general, to look to the temper which such a proposition discloses, on the part of the Executive branch of this Government, before they vote for the measure we are considering. Sir, said Mr. M., I represent a people interested in whatever concerns the ultimate prosperity of this District. They find in its three cities their most convenient market; and among its citizens, persons to whom many of them are closely allied, by the ties of consanguinity, and habits of social and friendly intercourse. In their behalf, I protest, in advance, against the rash experiment contemplated by the bill on my table. The report of such a bill, by a respectable committee, wherever it may have originated, is calculated to excite uneasiness, to awaken just alarm. If it be not intended to press the adoption of such a measure, the attempt to do so is a wanton cruelty, meriting the severest reprehension. If it speak the deliberate purpose of its rash inventors, all who feel an interest in the fate of the deposit banks should rather trust to the amity of the States, who may become their creditors, States having one common interest, than to a Government which has flattered those banks in their prosperity, only, as it would appear, more effectually to work their ruin.

Mr. Chairman, I have hitherto considered the bill on your table apart from the great end for which, when I read the President's recent proclamation, I supposed we were to be suddenly convened in this city, at this unusual season of the year. I had not imagined, until I heard his message read from that desk, that this end would be regarded as of subordinate magnitude, and the necessities of the Government exalted above the wants of the people. It has been truly said, that a disordered currency is, next to war, pestilence, and famine, the greatest calamity which can afflict a civilized, and, especially, a commercial nation; and, although the Executive has thought proper to recommend to our adoption, a system of measures which, he tells us, should have no reference to the chief cause of the general distress of the country, I cannot consider any one of them, solely, in the light in which he is pleased to regard them all.

This message contains the outlines of a scheme of finance, which, whether borrowed from the Secretary of the Treasury, or itself the type of the disordered speculations of that officer, partakes, in every quality but its style, of the defects and errors of the Treasury reports.

The President claims a million for the operations of the Mint, without adverting to the fact, stated in another part of his message, that the coinage had been most successfully conducted, prior to the conditional appropriation of that sum to its aid. He insists upon having a permanent surplus of four or five million, in contradiction of the settled policy which, for twenty years, under the sanction, if not the requisition, of law, had limited that surplus to two millions only. He not only omits to compute the debt of the Bank of the United States among the available resources of the Treasury, but, while his Secretary recommends, in a letter accompanying his message, the issue of Treasury notes to the amount of ten millions, bearing an interest not exceeding six per cent., he denounces "a new loan" as a measure "which would scarcely be sanctioned by the American people."

Sir, the great evil of which the American people complain, is the suspension of specie payments by the banks, and the consequent disorders of their currency. They are afflicted and perplexed, but they do not impute their misfortunes to the banks alone; looking beyond them, to the remote cause of their embarrassments, they expected relief from measures which shall operate in favor of the banks, as well as themselves.

The resumption of specie payments cannot be promoted by any of the measures which the President's message recommends. There is not one of them that does not directly tend to retard, rather

than to accelerate, the restoration of a sound currency.

The withdrawal of the fourth instalment of the State deposits, by embarrassing the States themselves, and occasioning, in many instances, the prostration or suspension of their internal improvements, will reduce the demand for money of any description, and force home upon the banks a further portion of their depreciated notes.

The issue of ten millions of Treasury notes will produce the same effect, by a different operation; by superseding the use of bank paper to a certain extent, if the views which prompt their issue be accomplished, and they supply a part of the currency. It is proposed to limit the denomination of those notes, it is true, to sums of not less than \$100. But, in an abstract which lies before me, from the reports of eighty-nine banks of the State of New York, of the 1st of January, 1836, designating the various denominations, and respective amounts of the bills issued by all of them, with the exception of two only, the paper circulation of the banks of that State amounted to \$21,000,000, (the sum was \$21,123,089,) of which the bills of \$100 and upwards, exceeded the aggregate of \$5,000,000, (5,015,600,) constituting near one-fourth of the entire paper circulation of that flourishing State.

The Treasury notes to be issued will scarcely maintain the identical value of the notes of the several banks of a like denomination. If bearing an interest, calculated daily to change their value, it surpasses that of the rival bills of the banks, those Treasury notes will be bought up for investment till they become due. If without interest, and of either equal or inferior value, they will displace a corresponding amount of the bank bills in circulation, and occasion to the banks on whom they are returned, a new demand for specie.

No truth is more consonant to reason, or more firmly established by experience, than that two currencies of unequal value cannot co-exist in the same country. The worse will be used in preference to the better, for the same reason that in the boyish game of "Jack lives in my hand and dies in yours," the burning straw is pushed from hand to hand, until it is consumed, or the flame expires.

The third measure of the Executive, the Treasury bank scheme, strikes at the banks and their currency, a blow yet more fatal, since, if it prevail, it will imply, on the part of Government itself, an absence of all confidence in their fidelity as its fiscal agents, at a time when they need its utmost aid.

Mr. Chairman, whatever may have been the causes of the suspension of specie payments by the banks, two obstacles only interfere with their immediate resumption: the pressure for specie from abroad, and the absence of confidence at home. The former is ascribable solely to the existence of a foreign debt, and can be removed in but one of two modes: by the payment of that debt, or the renewed indulgence of the foreign creditor.

The payment of the debt, if it be as large as the Secretary of the Treasury conjectures—for a mere conjecture is all that can be furnished—if it has amounted to thirty millions of dollars, and but a moiety of it has been paid, or extinguished by insolvencies, the discharge of the residue must be the work of time. The economy of the future, a diminished consumption of foreign commodities, must gradually pay for the lavish expenditures of past years. To suspend the residue of the foreign debt while this process is maturing, the confidence of the foreign creditor in the American merchant must be renewed. But what prospect is there for such renewal, while he stands condemned and unsupported by his own Government, and the very officers of that Government are holding out to him an invitation to violate the faith which binds him to the honest fulfilment of his engagements? Sir, there is a turpitude in such advice, which I have not language strong enough to denounce, and I congratulate my country that it has been spurned with indignation and scorn, by those to whom it was addressed. The credit of a merchant is the life and soul of his occupation, and he who would seek its ruin, acts with a demoniac inspiration.

A Spanish monarch, during a war with England, absolved his subjects from the payment of their British debts. The merchants of Spain were ready to pour out their blood and lavish their treasure, to attest their loyalty, but the pride of Castile revolted from dishonor. They paid their debts. And every dollar which has left our shores for a like office, since the suspension of specie payments, has gone to redeem the most valuable stock in all

our mercantile capital—the credit of our merchants—who will never yield in reputation to those of Spain or Britain.

Whatever may be the condition of the banks to the north and west, specie payments cannot be, every where, immediately resumed. They may, and I believe they will be, in the northern States of this Union, at no distant period. In those States, the payment of specie was not suspended amidst all the commercial distress and embarrassment of our last war with Great Britain. It may not be generally recollected, that, immediately after the close of that war, the State of Virginia required her banks to resume specie payments, prior to the action of her sister States or of Congress, on the same subject. A distinguished member of her Legislature, who has since occupied a seat on the floor of the other house, (Mr. Tazewell,) predicted that, on the day when the law requiring specie payments should be enforced, the main street of Richmond would be rendered impassable by the mob which would gather around the doors of the Bank of Virginia. The day passed, and so little was it regarded, that inquiries followed whether it had arrived. And how could it be otherwise, since the staple commodities of Virginia were never in greater demand nor at a higher price, than at this period? A favorable balance existed in her commerce abroad; and with her sister States. The merchants of Virginia needed no specie to remit; and, without her limits, those who stood indebted to them preferred the notes of her banks to specie, for an obvious reason. Such is not the present condition of the staples of the United States, of their foreign exchange, or paper currency. One aspect of the condition of the deposit banks, made manifest by the tabular statements laid on our tables at various periods, does not seem to have attracted the notice of the Secretary of the Treasury in his elaborate report at the commencement of this session. He says, speaking of their "prudence and ability," "that, between last November and May, their specie had been reduced only from fifteen to thirteen millions, and their calculation fell from forty-one to thirty-seven millions," to which he adds, that "many of them have reduced their discounts; that their reduction, as a whole, since the first of May, has amounted to more than twenty millions."

I deduce very different conclusions from the facts furnished by this officer. In November, 1836, the loans and discounts of those deposit banks amounted, in the aggregate, to one hundred and fifteen millions. At their last returns, in August, they fell short, but one hundred thousand dollars, of one hundred and thirteen millions; so that the entire reduction, between the 1st of November and the latest returns we have, scarcely exceeds two millions. And how has this reduction been effected? By calls upon their debtors, which, in reducing their discounts two millions, have swelled their suspended debt to twelve millions three hundred and eighty-three thousand dollars! Of this sum, as I have already stated, the suspended debt of five of those banks, situated in three of the southwestern States, amounted, in August last, to more than six millions and a quarter, while their entire loans and discounts were near twenty-three millions and a half.

The debtors to those banks, a part only of the banking institutions of those three States, have my sympathy; they have purchased the property of my constituents, at enormous prices; and I wish all possible indulgence, consistent with the public interest, to be extended to them. They are not in a condition to supply specie to the various banks who are their creditors, five of which have not \$709,000 to sustain a circulation of \$6,158,000, and have to pay a deposit, due to the Government alone, of more than three millions and a half.

Are they, with their associates in affliction, the deposit banks of other States, proper objects of the vindictive feelings of the late and present chief magistrate's feelings, to which I cannot but impute the various Executive recommendations on our table.

It is impossible, Mr. Chairman, to leave this topic, without glancing briefly, at least, towards some of the causes of the present public calamity, the derangement of the currency.

Four years ago, we had a currency unsurpassed by that of any other nation on earth; and, considering the vast extent and various productions of our wide-spread territory, the uniformity of that currency constituted one of the most striking manifestations of the wisdom of our free institutions, and of the value of that Union, from which they resulted, and which, in its turn, gave to them an assur-

ance of perpetuity. We were not content with our happy condition; and in seeking to improve it, we tampered with the currency of other nations as well as our own.

By removing more than forty-three millions of the public money from the Bank of the United States, and diffusing it among the various States of the Union, we invited the multiplication of their banks, the extension of the accommodation which those banks afforded to their customers, and, as a necessary consequence, a vast increase of their paper circulation.

While the banks to the north of the Potomac, collectively taken, maintained a circulation at the rate of six and a half dollars of paper for every dollar of the precious metals in their vaults, those to the south of that river maintained, in like manner, an average of five and a half to one: the compound of those proportions give, as the basis of the paper circulation of the Atlantic States, one specie to six paper dollars.

The confidence of the people, notwithstanding this extension of the currency, a fact known to few of them, sustained the credit of the banks. The Executive, by reiterated commendations of the "prudence and ability of the deposit banks" confirmed the general faith in their solvency. (f) A popular President, whose will was law, sought to do more—to increase the ratio of their specie to their paper circulation, not by a reduction of the latter, but by a speedy and great extension of the former. New mints for the coinage of gold were established, and bullion was invited from every quarter by all the influence of the Executive over the banks which it favored with the use of the public money. Congress co-operated in this policy, by augmenting the relative value of the gold compared with the silver coin of the United States, so as to induce the importation of gold in preference to silver, and to retain the former whenever the rate of foreign exchange should warrant the importation or exportation of either. The effect of this measure was distinctly foreseen, with his characteristic sagacity, by a member from Massachusetts, (Mr. Gorham,) who traced its future operation with that simplicity, and perspicuity, which ever distinguished him in debate.

Our currency had been silver coin. We identified our currency with that of Great Britain, by the act regulating the value of gold and silver coins, and hung up, "in Leadenhall street, a barometer to measure its rise or fall." We entered into an immediate competition with England, for gold bullion. The Neapolitan and French indemnities, due to our citizens under existing treaties, were imported in gold, when the subsisting rate of exchange did not warrant the insurance, freight, and charges of such importation.

Every dollar in value, thus imported, afforded to the banks, by increasing their specie basis, the means of extending their paper circulation in a threefold proportion. The Executive Government, by pouring gold into their vaults, literally pumped out, for every dollar of specie deposited, three, four, five, and, in some instances, six dollars of paper.

Not content with a process so tardy, the Executive gathered up, by the notorious specie circular, without intending it, the specie of the seaboard, to constitute the basis of a circulation where the only commodity in the home market was wild lands, and the only product for exportation abroad, except schemes on paper for rail-roads and canals, maps of harbors unknown to navigation, and plats of cities without inhabitants, was that very specie furnished by the Executive, and daily, nay hourly, exchanged for the paper of banks established to receive it and profit by its use.

Two provisions of the deposit act of June, 1836, contributed not a little to the nominal, in some cases doubtless to the real, augmentation of bank capital, and to swell the current of paper circulation. One allowed the use of the public deposits, *without interest*, where they did not exceed *one-fourth* of the capital of the bank to which they were intrusted, and another, required that the sum deposited in any bank should not exceed *three-fourths* of its capital.

By turning to the tables (see page 32,) which have been transmitted at various times to the house, it will be seen that, between the passage of the act of June, 1836, and the ensuing November, in the brief course of five months, the capitals of the deposit banks had been augmented by the addition of no less than thirty-one millions.

It cannot be doubted, unless we discard all consideration of the usual springs of human action, but



that this augmentation of their real or nominal capital was designed by the banks to accommodate themselves to those provisions of the deposit act; and, accordingly, in the same period, their deposits to the credit of the Treasurer were extended from thirty-seven to forty-five millions, and those on behalf of the disbursing officers of the same Department, from three millions seven hundred thousand, to four millions one hundred thousand dollars, and the discounts and loans of the banks from seventy-one to one hundred and fifteen millions.

Such, nevertheless, was the confidence of the Treasury in the security of these deposits, that this circumstance passed unheeded, and as late as his annual report of December last, the Secretary informed Congress that "the prospect of the currency is on the whole becoming more satisfactory even without further legislation."

It became the boast of the Executive Government, as this Treasury report announced and the message echoed, that it had augmented the specie in the country by forty-three millions, consisting chiefly of gold, yet gold was scarcely anywhere visible in the hands or pockets of the people: continuing to serve, in all its uses, as the basis of a constantly increasing paper circulation. By common consent, the precious metals constitute the standard of value throughout the civilized world; but while they impart a certain degree of uniformity and stability to the currency of the world, they constitute, of themselves, but an inconsiderable part of the medium of exchange in any highly commercial country.

The money exchanges of the city of London, alone, were, more than thirty years ago, computed, by a highly respectable member of Parliament, (*Henry Thornton*), to amount to between four and five millions sterling a day. To these, were to be added all the dealings of a hundred other city and country bankers, and of a people spread over the surface of the greatest manufacturing country in Christendom. But when, on the 26th of February, 1797, the Bank of England was authorized to suspend specie payments, the whole value of the bullion in the possession of the Bank, added to the amount of their bills discounted, was, in a statement of the Bank to a Committee of the House of Commons, reported to amount to about seven millions. In this report, the bullion of the Bank, corresponding in its uses, to our specie, is not distinguished from its loans; but no computation extended the former beyond a moiety of the whole amount, or to three and a half million sterling, which, according to our present legal rate of exchange, was less than seventeen millions of dollars.

The Secretary of the Treasury, in his letter of the 5th instant, speaking of the condition of the deposit banks, tells us that, as a whole, their specie, compared with their circulation, averaged, in May last, more "than one to three, or was over the relative quantity held by all the banks in England at the same period," and "was, in proportion, one-fourth larger than that in the Bank of England."

When it is considered that of the fourteen or fifteen hundred millions sterling of exchanges in London, seventy private bankers are parties to a share of them, and when bank paper is required, which is seldom, use it alone, issuing no paper themselves, that they keep their gold in the vaults of that bank, it may well be conceived how small a portion of specie or bullion sustains the credit system of England. The specie currency of France is, I know, computed at a much larger proportional amount, and its ratio is undoubtedly much greater, though I do not believe that it equals the half of six hundred million of dollars, its estimated amount. It is easier, by far, to count a people, than the money in their pockets, and, as to the numbers of mankind, we have only to consult Wallace and other writers prior to the institution of a regular census any where, to perceive how loose and uncertain all calculations are.

But, in proportion to the very small ratio of specie, to bank paper, and of the still smaller ratio of both, to the actual evidences of debt, and instruments of exchange, which suffice to sustain the business of the wealthiest and most commercial countries in the world, is the danger resulting from the sudden reduction of the specie of such a country as England.

That this consideration should not have struck the late Executive Magistrate, in the midst of those efforts of which he often boasted, to increase, by artificial and extraordinary means, the specie of the United States at the expense of that of Europe and of England, especially, is more a subject of regret

than of surprise. But its effect has been very apparent. The common currency is the lifeblood of the commercial world. Its circulation cannot be impeded or accelerated greatly in one country, without its effects being sensible to all. Not England alone, but France, (*h*) and even China, distant as that country is from us, could not but feel the effect which the sudden addition of forty three millions to the specie of the United States occasioned upon the currency of the rest of the commercial world.

Its operation on England we have realized in its most disastrous, though most natural and inevitable reaction upon our currency—in the ruin of the first American houses in London, and the utter, though transient, as I hope and believe, prostration of all confidence in the commercial intercourse of two nations who were gradually becoming more and more assimilated by interest and affection.

I have carried my views, Mr. Chairman, of the causes of the present public distress, farther than I designed, and, forbearing other details of its nature and extent, return to a brief consideration of its appropriate remedy.

I have said that the impediments to a resumption of specie payments are to be found in the existence of a heavy foreign debt and the absence of confidence at home. The specie that sustained our paper circulation still remains: to restore its agency, we need only the restoration of the confidence of the people at home, and of the creditors of our merchants abroad.

What should be the study of every branch of the Government in such a crisis? Undoubtedly to restore that confidence by every measure in its power. Let us take lessons from the conduct of other States if we are debarred by insurmountable prejudices, from availing ourselves of the natural suggestions of our own experience. Laying aside all consideration of the agency of the Bank of the United States in preserving, and restoring when unsound, the currency of our country, let us look to the course pursued, under like circumstances, with our own, by a foreign Government, not less sensitive to public opinion, but less free than ours; a Government with a real not a nominal monarch at its head, and with a Parliament, one branch of which is hereditary, and the other elected for a period of seven years.

The failure of the banks in the west of England, in 1793, spread consternation throughout that ancient kingdom from Land's End to the Tweed. The Parliament of England assembled, not to study the relief of the Crown, but of the people, and the result of their measures, I will read you from the author whom I have already quoted, and whose work has been, for several weeks, in my drawer, awaiting this occasion for its use.

In adverting to the events of the year 1793, this writer says, that "through the failure of many country banks much general distrust took place. The alarm (the first material one of the kind which had for a long time happened) was extremely great.

"The success of the remedy which the Parliament administered, denotes what was the nature of the evil. A loan of exchequer bills, was directed to be made to as many mercantile persons, giving proper security, as should apply. It is a fact worthy of serious attention, that the failures abated greatly, and mercantile credit began to be restored, not at the period when the exchequer bills were actually delivered, but at a time antecedent to that era. It also deserves notice, that, though the failures had originated in an extraordinary demand for guineas, it was not any supply of gold which effected the cure. That fear of not being able to obtain guineas, which arose in the country, led, in its consequences, to an extraordinary demand for bank notes in London; and the want of bank notes in London became, after a time, the chief evil. The very expectation of a supply of exchequer bills, that is, of the supply of an article which almost any trader might obtain, and which it was known that he might then sell, and thus turn into bank notes, and, after turning into bank notes, might also convert into guineas, created an idea of general solvency. This expectation cured, in the first instance, the distress of London, and it then lessened the demand for guineas in the country, through that punctuality in effecting the London payments which it produced, and the universal confidence which it thus inspired. The sum permitted by Parliament to be advanced in exchequer bills was five million, of which not one-half was taken; of the sum taken, no part was lost; on the contrary,

the small compensation of extra interest which was paid to Government for lending its credit, (for it was mere credit, and not either money or bank notes that the Government advanced,) amounted to something more than was necessary to defray the charges, and a small balance of profit accrued to the public. For this seasonable interference, (a measure at first not well understood, and opposed at the time, chiefly on the ground of constitutional jealousy,) the mercantile as well as manufacturing interests of the country were certainly much indebted to the Parliament and to the Government."

Under very different circumstances, when the Bank of England was threatened, as was generally believed, with embarrassment from various causes, occurring during the continental war of 1797, the British Parliament interposed for its relief, by authorizing a suspension of its issues of gold and silver. Instead of dispensing with the use of its notes, which might have been expected to sink in the money market below par, the suspending act authorized the private bankers to issue them in lieu of the precious metals, and made them a legal tender in all pecuniary transactions within the kingdom.

The consequence was, that, although the war continued four years longer, and with such disastrous consequences to the allies of England, the danger which threatened the bank blew over; and, although two millions of small notes were issued under the authority of the same act, to supply the place of gold and silver coin in the smaller dealings of society, both metals mingled in the daily currency with specie, at par value.

It was not till three years after the revival of the war with France, following the short peace of Amiens, or nine years from the date of the suspending act, that any public notice was taken of the depreciation of bank paper, which the policy of Napoleon occasioned, by deranging the commerce of England with the continental nations controlled by his councils and his arms.

This interposition of Parliament to protect the bank, unnecessary as it for a long time proved to be, has been imputed wholly to the connexion subsisting between the bank and the Government.

The writer, to whose treatise I have before referred, demonstrably shows that this supposition is without foundation. The entire capital of the bank, it is true, was vested then, as now, in three per cent. Government stocks to the amount of more than eleven million and a half.

But this investment was made and continued for the benefit of the bank itself, since the stock was at all times convertible into specie, and produced a profit that mere bullion or specie could not yield; while the Government annually negotiated with the private bankers of the kingdom loans to the extent of thrice the capital of the bank, in order to supply the means of prosecuting a protracted and perilous naval and continental war.

In one interest, indeed, the bank and the Government, as well as the people of England were most intimately allied—in preserving public and private credit from the shock of a suddenly deranged paper currency.

This Government, unlike that of England, has no direct authority over the paper currency of the United States, and I do not propose, Mr. Chairman, a direct loan from the Government, to our merchants; unhappily, it would now be too late to save from ruin the many, who have already sunk beneath the rage for experiment that has agitated our currency for the last four years; but I would protect the occupation of the survivors from the unfavorable exchange which is draining our currency of its specie, and has prompted the banks, universally, to lock up from general use, that which they retain.

Shall I be asked how can this be done? I reply,

"The commissioners named in the act state in their report, that the knowledge that loans might have been obtained, sufficed, in several instances, to render them unnecessary; that the whole number of applications was three hundred and thirty-two, for sums amounting to £3,856,634; of which two hundred and thirty-eight were granted, amounting to £2,202,000; forty-five for sums to the amount of £1,215,100 were withdrawn; and forty-nine were rejected for various reasons. That the whole sum advanced on loans was paid, a considerable part before it was due, and the remainder regularly at the stated periods without apparent difficulty or delay."

"They observe that, the advantages of this measure were evinced by a speedy restoration of confidence in mercantile transactions, which produced a facility in raising money that was presently felt, not only in the metropolis, but through the whole extent of Great Britain. Nor was the operation of the act less beneficial with respect to a variety of eminent manufacturers, who, having in a great degree suspended their works, were enabled to resume them, and to afford employment to a number of workmen who must otherwise have been thrown on the public."

by creating abroad the necessity of sending specie to the United States; by balancing, in other words, the demand now setting against us, by one in our favor; and this I would effect, either by instituting a temporary loan, the securities of which might, and would go abroad, or by a sale in London of the bonds of the Bank of the United States, which we now hold.

The rate of exchange which at present exposes the specie of our mixed currency to a foreign drain has varied in five and twenty years forty per cent.; foreign bills which have recently been twenty per cent. above, having been, in 1812, twenty per cent. below par.

Since our arrival here, foreign exchange has fallen 5 per cent., and the premium given for converting current bank notes into specie has fallen, in amount one-half. The price of the bank notes of this District, which were 10 per cent. below specie, in value, are now within 5 per cent. of par.

From the best intelligence we have received, though all information on such a subject is liable to great uncertainty, between five and six million of specie have been exported to England in payment of the foreign debt of our merchants; and has contributed, with other causes, to produce that improvement of the foreign exchange to which I have referred. Instead of causing a further depreciation of our paper currency, this large remittance of specie, or gold bullion, by helping to restore confidence in the integrity and solvency of our merchants, has relaxed, as might have been expected, the pressure of their creditors from abroad, and diminished, to that extent, the demand for specie.

With this evidence before us, it cannot be doubted that a loan of six millions, by supplying the means of remittance; or a sale in Europe of the bonds of the Bank of the United States, which we held to that amount; would most essentially contribute to the same happy result.

If it be objected that the first expedient, which is the more simple of the two, and more likely to prove efficient, would create a new national debt, I reply that we are reduced to a choice of evils; and the issue of Treasury notes, either with or without interest, is the creation of a debt to the extent of their nominal sum, whether they are made to bear interest or not. They are, some time or other, to be redeemed by their reception in discharge of the public dues, or their payment in specie.

So far as they may serve for a currency at home, they will directly interfere with the resumption of specie payments, by supplanting that of the banks. If the subject of speculation, and not, therefore, current in the course of exchange, they have every quality of the mere evidences of a national debt, without a capacity to be used for remittances abroad.

The proposition to issue such notes, it is remarkable, the late executive message recommends, in the same breath, with which it denounces, as unpopular, the creation of a new debt; and the friends of the administration follow in the cry, and talk of a party, who regard "a national debt as a national blessing."

This is but a revival of a stale slander upon the first Secretary of the Treasury, which was without the slightest foundation in truth, was both contradicted by his friends, and denied by himself, but, nevertheless, uttered by his enemies, until it was believed.

But the sale of the bonds of the Bank of the United States, amounting to near six millions, and bearing an interest of six per cent., is free from any conceivable objection, except that of one of my colleagues, (Mr. Jones), who charges the motion of my friend from Kentucky, (Mr. Underwood,) with an attempt to convert the Treasury into a "shaving shop;" I quote his words. Has the honorable member forgot the recommendation of the Secretary of the Treasury, in December last, to invest the unexpended surplus revenue, in State stocks; or does he not remember, that for more than forty years of the forty-nine, which have elapsed since a solid foundation was laid for the public credit, the Chief Justice of the United States, the Vice President, Secretary of the Treasury, and Attorney General, as Commissioners of the Sinking Fund, were empowered by law, to purchase daily, in the money market, evidences of the public debt, which arose from loans negotiated in the same market, by one of those officers, acting with the approbation of the President? To the epithet which my colleague has applied to those ordinary operations of every Government, I have only to reply, that an epithet is not an argument, though it often conceals the want of one.

Mr. Chairman, I believe that confidence at home, would result from the establishment of confidence abroad, and as remittances to the amount of five millions, have raised our depreciated paper currency to within five percent. of par, the sale of the bonds of the United States, by creating a foreign credit of six millions, would raise that currency to par, in all the Atlantic, and the greater part of the Western States. It would injure no public interest, since the Bank of the United States has, for a similar purpose, offered for sale in the foreign market, similar securities, having a shorter time to run. They are now, as I understand, selling in London, within two per cent. of their nominal par value, which is six per cent. above the real par of exchange. If objected, that the bonds which we should offer in the same market, are each of a very large amount, let an effort be made, with the assent of the bank, to reduce their sums by increasing their number.

The president and directors of the bank could have no hesitation in so far aiding the Government, to effect a purpose so important to their institution and to their country at large, with whose prosperity their own is so intimately blended.

Such a transfer would not place their bonds in hands more unfriendly than those which now hold them, and the foreign being much lower than the domestic rate of interest, should the bank desire to prolong their time of payment, such indulgence could be more readily purchased, and on cheaper terms, in England, than at home.

Viewed in every aspect, and I have long contemplated the measure I now urge upon the committee, I cannot resist the conviction that it would lead, in a few months, to the restoration of specie payments by the greater part of the banks in the United States; and the more especially, if it be accompanied by the manifestation of a temper, on the part of Congress and the Executive, friendly to the banks and the mercantile class of the community.

It does not follow, because a part of those banks have been imprudently conducted, that their debtors should be punished. So far as I have been able to learn their history, they have been led astray by the action of their own Government; they are the victims of a policy which originated with the Executive, and has been countenanced by Congress.

A leading motive to the substitution of the measure which I have labored to recommend, for the bill on our table from the Senate, is, that the latter is part of a system adverse to the currency, the banks, and the country.

To sum up the whole of my objections to this bill, in a few words; it involves a breach of faith as wanton and reckless in its motives, as it will prove pernicious in its consequences.

#### NOTES.

(a) Thirty-first section of the act of January 18, 1837. "That, for the purpose of enabling the Mint to make returns to depositors with as little delay as possible, it shall be the duty of the Secretary of the Treasury to keep in the said Mint, when the state of the Treasury will admit thereof, a deposit of such amount of public money, or of bullion procured for the purpose, as he shall judge convenient and necessary, not exceeding \$1,000,000; out of which, those who bring bullion to the Mint may be paid the value thereof, as soon as practicable after the value has been ascertained; that the bullion so deposited shall become the property of the United States; that no discount or interest shall be charged on moneys so advanced; and that the Secretary of the Treasury may, at any time, withdraw the said deposits or any part thereof; or may, at his discretion, allow the coins formed at the Mint to be given for their equivalent in money."

(b) Among the causes and remedies of the present embarrassments, the report enumerates, in the 27th page, "a foreign debt, merely commercial, whose balance against us, after all proper deductions for freights, profits, and similar considerations, probably exceeded the aggregate of thirty millions of dollars."

On the 19th page of the same report, the Secretary says, that "the objection usually urged against an early resumption of specie payments by the banks, that the unfavorable balance of trade against this country would, in that event, cause some of the specie in the banks to be drawn out and shipped, will, however true in point of fact, possess much less force when it is considered that the delay has not prevented the export of specie. On the contrary, considerable sums which were in ordinary circulation, have, since the suspension, been withdrawn, and a portion of them sent abroad, while their place is badly supplied with depreciated paper."

(c) Of former surpluses in the Treasury, the Secretary says, in the 28th page of his letter of September 5, 1837, "That surplus was often depreciated; and the only sound and legal preventives still appear to this Department to be the measures before enumerated, for preventing its accumulation; and after it had undesignedly happened, the wisest disposal of it was supposed to be, to expend as fast as useful, on proper objects of a public character; and, in the mean time, not to leave it in the deposit banks, but to invest it in State stocks."

Those measures are pointed out in Mr. Woodbury's report of the 6th of December, 1836, in the following language:

"As the present surplus had chiefly arisen from an earlier

sale of larger portions of the public lands than had been expected, it seemed to this Department judicious to suggest completing with it, sooner than had been contemplated, the projected fortifications and naval establishments of the country; improving more rapidly the navigation and security of its commercial bays and rivers; erecting, where needed, appropriate custom and warehouses, as well as suitable marine hospitals, court houses, and post offices."

In the preceding annual report, of the 8th of December, 1836, speaking on the same subject, Mr. Woodbury lays down two general principles, which are suggested as proper to have a material bearing on the whole subject:

"First. That whatever mode may be adopted, it would conform to the spirit of the act of March, 1817, which has been in successful operation ever since the surplus became likely to be large and frequent, and which required, before the investment of them in purchase or extinguishment of the public debt, that enough should be left in the Treasury to meet all outstanding appropriations, and two millions more to secure facility and promptitude in its various and distant operations."

"And secondly. That, following the analogy of the above act, which separates the investment of any surplus from pecuniary profit, entirely from the management of the public deposits, and the deposit banks, it would leave the bank agents of the Treasury as they and all its other fiscal agents from the foundation of the Government have been left, wholly disconnected, so far as practicable, in regard to their agencies with the dangerous relation of borrowers from the Treasury, for reloading and for private gain."

By the "outstanding appropriations," mentioned in the first of his two principles, Mr. Woodbury meant, it is presumed, as Mr. Crawford is known to have done, such outstanding appropriations as would require disbursements within the year. The fourth section of the act of the 3d of March, 1818, provided: "That, after the year 1817, whenever there shall be, at any time after an adjournment of Congress, in any year, a surplus of money in the Treasury, above the sums appropriated for the service of such year, the payment of which, to the commissioners of the sinking fund, will leave in the Treasury, at the end of the year, a balance equal to two millions of dollars, then such surplus shall be, and the same is hereby, appropriated to the sinking fund, to be paid at such times as the situation of the Treasury will best permit; and shall be applied by the commissioners thereof to the payment of the public debt."

The balances in the Treasury, after the end of 1819, was \$2,079,992; and of each of the years 1818, 1820, and 1821, was less than \$2,000,000, as it again was at the end of 1824. Within the eight years of General Washington's administration, the balance at the end of the year exceeded a million but twice, and never reached a million and a quarter.

(d) To disembarass an argument already overlaid with quotations, the following paragraph from Mr. Woodbury's report of December, 1834, relative to the Mint, is here inserted in a note, designed to confirm the views already presented of the gross mismanagement of that institution under color of a legal sanction:

"The new coinage has, as yet, been confined principally to the half and quarter eagles, and has equalled, in all, about three million one hundred and fourteen thousand and ninety dollars, or in four months, more than four times the annual average coinage of gold for many years past."

"The demand for other coins has also been promptly met throughout the year. To aid in carrying the new law into efficient operation, this Department, last August, placed in the hands of the Director of the Mint, under the act of April 2, 1792, twenty thousand dollars, and ten thousand more in September, as it was needed, and could be, without inconvenience, spared from the Treasury. By this course, many have been enabled, at once, to realize funds from their deposits of bullion or coin, and the Mint to continue its operations uninterruptedly, and to supply promptly, when desired, coins already prepared for circulation."

"But it is considered proper to invite the attention of Congress to a change in the law respecting the organization of the Mint establishment, so as hereafter to prevent its operations in refining and coining for others from being a tax on the Treasury, and any longer swelling the large amount of our annual expenditure. This could easily be effected by imposing a duty or seigniorage of about one per cent. on the prompt coinage of silver, and one-fourth per cent. on that of gold; the present coinage of copper now defraying its own expense. This would be no more burdensome to the persons holding bullion than the delay now allowed for the recoinage; and which delay of forty days, (or one-half per cent. discount if delivered in five days,) and consequent loss of interest, could, with such a seigniorage, and the advances now authorized from the Treasury, be, without inconvenience, reduced to eight or ten days, and the whole establishment be thus sustained by its own earnings, without much, if any, increased cost to either individuals or the public. But, in such case, if the cost should ever be increased to individuals, some additional inducement will be held out to prevent either the exportation or melting of our coin, which have been so great, before the late change in the law, as to have left in deposit and circulation, in this country, an amount of it not exceeding that struck in two or three out of the forty years during which the Mint has been in operation. The expenses and labors of the Mint, equalling, on an average, about twenty thousand dollars a year, or eight hundred thousand dollars in all, excluding buildings, have thus, except for about two years, been entirely lost to the country."

Let the reader contrast this with the "smallest sum deemed proper" by the Secretary, in his letter of September the 5th, and the amount of gold coined in the present year by the employment of a million of dollars.

(e) The receipts for the first six months were \$5,472,482 72, and the total receipts down to a period in August, as far as intelligence had been received, amounted to \$5,888,815 41. The estimate for the year was five millions only.

The situation of the deposit banks on the 1st of November, 1836.

Circulation		
Deposited by the Treasurer	\$41,482,897 82	
By public officers	45,069,539 31	
Due to other banks	4,318,446 00	
Other liabilities	24,083,161 00	
	13,700,299 00	
Specie	128,644,322 14	
Capital stock	15,530,202 00	
Contingent fund	77,576,449 67	
	3,959,035 75	



25th Cong....1st Sess.

Upon Nouns, Pronouns, Verbs, and Adverbs—Mr. Adams.

H. of Reps.

*The situation of the deposit banks at various times.*

	June, 1, 1836.	Nov. 1, 1836.	Aug. 1837.
Loans and discounts	\$71,232,000	\$115,075,200	\$112,302,000
Domestic exchange	37,150,000	48,897,624	17,604,000
Specie	10,450,000	15,520,000	10,590,000
Due from banks	17,367,000	26,662,000	24,683,000
Notes of other banks	10,982,000	16,412,000	9,545,000
Other investments	12,221,000	12,703,000	14,436,000
Circulation	27,967,000	41,482,000	32,626,000
Due to banks	17,110,000	24,083,000	25,053,000
Capital	46,418,000	47,596,000	81,623,000
Deposits by the Treasurer of the United States	37,261,000	45,059,000	12,944,000
By public officers	3,742,000	4,318,446	4,574,000
Other deposits	16,044,000	26,573,000	29,492,080
Other liabilities	6,763,000	13,700,000	11,056,000
Contingent fund	1,015,000	3,950,000	5,119,000
Suspended debt	-	-	12,383,000
Stocks	-	-	5,324,000

*(f) President's message of December 6, 1836.*

The President's message of the 6th of December, 1836, opened with a congratulation of Congress "on the high state of prosperity which our beloved country has attained."

"With no causes at home or abroad to lessen the confidence with which we look to the future for continuing proofs of the capacity of our free institutions to produce all the fruits of good Government, the general condition of our affairs may well excite our national pride."

"The expenditures for all objects during the year," then about to expire, "are estimated," he told us, "not to exceed thirty-two million, and will leave in the Treasury, for public purposes on the 1st day of January, about \$41,723,959. The sum, with the exception of five millions, will be transferred to the several States, in accordance with the provisions of the act regulating the deposits of the public money."

"Under our present revenue system there is every probability that there will continue to be a surplus beyond the wants of the Government, and it has become our duty to decide whether such a result be consistent with the true objects of our Government."

"Should a surplus be permitted to accumulate beyond the appropriations, it must be retained in the Treasury as it now is, or be distributed among the people or the States."

"To retain it in the Treasury unemployed in any way is impracticable."

"It is, besides, against the genius of our free institutions to lock up in vaults the treasure of the nation."

"A distribution to the people is impracticable, and unjust in other respects."

"Experience continues to realize the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government at the time of the removal of the deposits."

"It is now well ascertained that the real domestic exchanges, performed through discounts of the United States Bank and its twenty-five branches, were at least one-third less than those of the deposit banks for an equal period of time."

"Independently of these services, which are far greater than those rendered by the United States Bank and its twenty-five branches, a number of the deposit banks have, with a commendable zeal to aid in the improvement of the currency, imported from abroad, at their own expense, large sums of the precious metals for coinage and circulation."

*(g) The Secretary of the Treasury here reiterates the message, as the following extract from the latter plainly manifests:*

"In the mean time, it is our duty to provide all the remedies against a depreciated paper currency which the constitution enables us to afford. The Treasury Department, on several former occasions, has suggested the propriety and importance of a uniform law concerning bankruptcies of corporations and other banks. Through the instrumentality of such a law, a salutary check may doubtless be imposed on the issues of paper money, and an effectual remedy given to the citizen, in a way at once equal in all parts of the Union, and fully authorized by the constitution." *President's Message, Sept. 5, 1837.*

*(h) The following extract from a report recently made by the Governor of the Bank of France to a general meeting of the stockholders, furnishes the grounds of the allusion to France. That to the money market of China is derived from a late English newspaper:*

"During the second half of the year 1836, the security of commerce appeared shaken, confidence was, for a moment, weakened. From the month of July some symptoms of a partial distress had begun to manifest themselves. The march of our manufactures had been so rapid, that there could not have failed to arrive a period of reaction. Some exportations of coin, the importance of which was exaggerated, and which are now insensibly reduced, excited a certain degree of anxiety, when a crisis rather severe overtook the United States. The scarcity of specie raised the interests of money there to an exorbitant rate. It was at London that the reaction of this crisis was first felt. The Bank of England, notwithstanding the power of her means of action, and her well known skill, found herself obliged to raise the rate of discount from 4 to 4½ per cent., and subsequently to 5. The Bank of Amsterdam imitated this example. France could not withdraw herself entirely from the influence of these events, for the commerce of the whole world is more or less responsible for all its parts."

"Although this commercial reaction only reached us second hand, and consequently enfeebled, it could not fail to develop the seeds of embarrassment which I have just now alluded to. Thus, in many towns of the kingdom, the interest of money rose to 5 and 5½ and even for a moment to 6 per cent. Money became scarce; demands for specie were addressed to Paris from different points of France and from neighboring countries. The coffers of the bank alone could furnish it. She had then to administer simultaneously to the wants of the capital and to those of the departments, as well as to those of the adjoining States. If the bank had shown the least hesitation, fears would probably have become general. The public funds, which had already declined, would, perhaps, have experienced a much heavier depression; this momentary pressure might have been converted into a real crisis."

"The bank, in this situation, restricted neither the length of

time which paper had to run, nor diminished the amount of her discounts. She delivered up to the circulation 105 million of specie, and discounted 450 million in six months. She maintained, at 4 per cent., the rate of her interest, when this limit had been exceeded by a great part of Europe. It was thus that she was able to arrest or to check a movement which seemed to be assuming a serious aspect."

SPEECH OF MR. J. Q. ADAMS,  
OF MASSACHUSETTS,

[As revised by himself, and reported in the Nat. Intelligencer.]

In the House of Representatives, October 14, 1837.—

In Committee of the Whole on the state of the Union,

UPON NOUNS, PRONOUNS, VERBS, AND ADVERBS.

The following bill from the Senate being under consideration, in Committee of the Whole:

An ACT for adjusting the remaining claims upon the late deposit banks.

Be it enacted, &c. That the Secretary of the Treasury be, and he is hereby, authorized to continue to withdraw the public moneys now remaining in any of the former deposit banks, in a manner as gradual and convenient to the institutions as shall be consistent with the pecuniary wants of the Government, and the safety of the funds thus to be drawn; and that no further interest than that required by the deposit act of the twenty-third of June, one thousand eight hundred and thirty-six, under which those deposits were made, shall be demanded of any bank which has met, and shall hereafter meet, the requisitions of the Department. This provision shall also extend to such public moneys as may remain in any of the said banks, whether standing to the credit of the Treasurer of the United States, or of any disbursing or other public officer of the Government.

Sec. 2. And be it further enacted, That, in case of neglect or refusal by any of the said banks to comply with the requisitions of the Secretary of the Treasury, as he shall make them, in conformity with the first section of this act, suits shall be instituted, where that has not already been done, to recover the amounts due to the United States, unless the defaulting bank shall forthwith cause to be executed, and delivered to the Secretary of the Treasury, a bond, with security to be approved by the Solicitor of the Treasury, to pay to the United States the whole moneys due from it, in three instalments: the first to be paid at the expiration of four months from the passage of this act, the second at the expiration of six months, and the remaining instalment at the expiration of nine months from the same period; and interest thereupon, at the rate of six per cent. per annum, from the time of default, together with any damages which may have accrued to the United States from protests of drafts drawn upon it, or from any other consequence of its failure to fulfil its obligations to the public Treasury.

Passed the Senate, September 19, 1837.

ASBURY DICKINS, Secretary.

To this bill Mr. LOOMIS, of New York, had moved, in Committee of the Whole House on the state of the Union, the following amendment to the first section:

"Providing that all banks give security for the payment of four per cent. per annum on all sums of money remaining in their possession as depositors."

Mr. ADAMS rose, and said he had some inquiries to make in regard to the meaning of the first section of the bill. He would ask the chairman of the Committee of Ways and Means to what banks the following words were intended to apply: "And that no further interest than that required by the deposit act of the twenty-third of June, one thousand eight hundred and thirty-six, under which those deposits were made, shall be demanded of any bank which has met, and shall hereafter meet, the requisitions of the Department."

Mr. CAMBRELENG replied, that the gentleman from Massachusetts had answered his own interrogatory, by reading from the bill itself. The section simply meant to hold the deposit banks to the performance of their obligations.

Mr. ADAMS resumed. He could not perceive the need of any law at all on the subject, unless there was some particular allusion in this provision of the bill to delinquent banks. According to this reply of the chairman of the Committee of Ways and Means, the banks that have paid every dollar they owed the Treasury, and faithfully complied with their engagements, are to be treated precisely as defaulting banks are.

Mr. CAMBRELENG remarked that the act would hold out inducements to comply faithfully with their engagements.

Mr. ADAMS. But of what earthly use is it to make such an inducement for those banks which have already and always done this? This was somewhat insulting to such institutions. The question was not answered; and he conceived that if the bill were to pass in its present form, it would not operate as any relief to the deposit banks, being simply an act declaring that the Government will not charge with unlawful interest any institution which has always faithfully performed its engagements. The law would be a perfect dead letter. And here Mr. Adams referred again to the language of the bill. It provides, he said, that the money was to be positively drawn—in a gradual manner—with no further interest chargeable thereon than that provided by the deposit act of 1836, to any bank which has met, and which shall meet, its engagements. If a bank had not complied with its engagements, though the default should be ever so small, this section has no application to the case. It simply says to those which have fulfilled all their engagements, we will not play the Shylock with you, because you have been true to your engagements. The next section of the bill proposes to put the claims described in the first section in suit. This certainly could not be done, inasmuch as the only banks to which any direct allusion is had in that section are those which have met, and shall meet, all their engagements. This was the first inquiry Mr. Adams wished to make. The committee could decide for themselves how far it had been answered, and what necessity there was for the passage of any such law as is now proposed.

The second question he would propound (and he asked pardon of the gentleman from New York, Mr. Cambreleng, for troubling him, but he confessed that his faculties of comprehension did not permit him to understand the phraseology of the bill) was, what is meant by "no further interest" in this section? He would ask what "further interest" could be demanded than that contemplated by the act of 1836? The object

of a law was ever to remedy some existing evil; but in this case the terms of the law itself deny that any evil exists.

Mr. CAMBRELENG rose quickly, and remarked, that at so late a period of the session, the last working night, he could not waste his time in discussing nouns and pronouns, verbs and adverbs, with the gentleman from Massachusetts.

Mr. ADAMS resumed. Well, sir, as language is composed of nouns and pronouns, verbs and adverbs, when they are put together to constitute the law of the land, the meaning of them may surely be demanded of the legislator, and those parts of speech may well be used for such a purpose. But if such explanation be impossible, it certainly ought not to be expected that this House will consent to pass a law composed of nouns and pronouns, verbs and adverbs, which the author of it himself does not understand.

But, sir, the act goes on to provide as follows: "This provision shall also extend to such public moneys as may remain in any of the said banks, whether standing to the credit of the Treasurer of the United States, or of any disbursing or other public officer of the Government."

Mr. ADAMS would ask what suit could be brought on the first section of this bill against any bank or corporation? It operates on nothing. It is a dead letter, and ought not to be adopted by this committee.

Mr. A. presumed that the bill was susceptible of amendment; and if the chairman of the Committee of Ways and Means, or any other gentleman, would move such a one as would make the bill operative for some end or object, he would go for such an amendment, although he should afterwards vote against the bill. He should not himself offer any such amendment. He would suppose that it was generally believed by members, who had not particularly noted the phraseology of the bill, that it was intended to relieve delinquent deposit banks—banks which had suspended specie payments—banks which had not met the requisitions of the Department—banks which had dishonored its drafts, and thereby become liable to the demand of some further interest than that required by the deposit act of 23d June, 1836; which further interest it is the purpose of this provision of the bill to relinquish, on the part of the United States. But this section has no reference to any such bank. It applies solely and exclusively to banks which have met, and shall meet, all the requisitions of the Department—which have not suspended specie payments—which have punctually paid, and shall hereafter pay, every dollar of draft due by them; and with exquisite absurdity this section provides that no further interest shall be demanded of them than that required by the deposit act of June, 1836; that is, that the Government will not demand of them that which it has not the shadow or pretence of a right to demand. Now, Mr. A. said, he would suppose it intended to apply to the delinquent banks, and he must ask another question, which, in the opinion of the chairman of the Committee of Ways and Means, might seem to betray great ignorance on his part, and that was, what was the true import of the proviso contained in this bill, that "no further interest shall be demanded of the banks, though delinquent, than that required by the deposit act of 23d June, 1836?"

It was necessary to presuppose, in order to give any meaning to this passage, that the Government have a right to demand something more than this; and, although the chairman of the Committee of Ways and Means was so unwilling to answer his questions, he must still hold him responsible to the committee for a proper explanation of his own proposition. And what does the Government, in this section, resign by this promise? What is the substance of this promise? What right have we to demand what this bill makes us promise to resign? Mr. A. took it for granted that it was some penalty incurred by the delinquent banks, in not meeting the demands of the Government, that was intended hereby to be relinquished, on certain conditions. By the charters of most banks, so far as he knew, the suspension of specie payments forfeited their charters, or subjected them to the payment of extraordinary interest. The charter of the late Bank of the United States required the payment of twelve per cent. per annum interest after refusal to pay specie; and the banks of his own State (Massachusetts), by suspending specie payments, incurred the penalty of paying twenty-four per cent. interest. Mr. A. took this section to apply to such provisions as these in the charters of the deposit banks; and he demanded again for whom this relief was intended? What is relinquished in each of the contemplated cases? The country should know. It was not our own claims that were to be given up or compromised, but those of the people of the United States. It was their money which these banks were refusing to pay. Now this bill promises to relinquish every thing—the penalty, whatever it may be, in each case—the extra interest—every thing, in short, if the banks will only pay the Government what they owe, in a reasonable time. Now, will the chairman of the Committee of Ways and Means tell this committee what it is which he proposes to give away, and relinquish to these banks, in the name of the people?

Mr. CAMBRELENG said he had but one way of responding to the gentleman from Massachusetts. He would call for the consideration of some other bills before the committee.

Mr. ADAMS called the chairman of the Committee of Ways and Means to order, and the latter resumed his seat.

Mr. LEXON, of Alabama, remarked that, by a provision in the charter of one of the banks alluded to, the Bank of Alabama, no penalty for the non-redemption of its notes in specie could be demanded by the United States of that institution.

Mr. ADAMS asked how it then happened that the Secretary of the Treasury had confided the public money to an institution in which it was not protected by the liability of such institution to the same penalty as in other cases? It was the duty of Congress to see that justice was done to this Government as to the keeping safely of the public moneys. If the Secretary of the Treasury had acted thus, he had wasted, and risked the safety of the money of the people.

But the section referred to does not apply even to the Bank of Alabama. Even though that institution has failed to comply with its obligations to the Government, it is not held by any penalty in the act before the committee to answer for its delinquency. It is perfectly clear, and may safely continue in such delinquency, for this provision of the act is, to all intents and purposes, even if passed, a dead letter. And thus gentlemen are in a dilemma. Either the bank has subjected itself to the payment of extra interest by refusing to pay specie, or the Secretary of the Treasury has made with that bank a ruinous bargain (so far as the country is concerned), by which it escapes with impunity. And, by the way, it might be remarked, said Mr. A. that this answers another gentleman who had com-

\* Of which \$7,761,000 are due to the deposit banks of six States.



plained of the bill before the committee as an *ex post facto* law, and oppressive and cruel in its operations upon the State he came from. Certainly there was nothing cruel in the terms of the act; but, on the contrary, it was excessively indulgent to all the delinquent banks.

Mr. A. remarked, that the committee now perceived the relation in which the Bank of Alabama stood to the State itself: the bank itself being the State. But it had been said by a gentleman from Kentucky, (Mr. Chambers,) that it was impossible, in this particular case, to raise the money required. What, sir, (asked Mr. A.) is the credit of the State of Alabama worth nothing? Sir, could not the State of Alabama raise by her credit, in twenty-four hours, a loan of one million of dollars, and pay off this debt of her bank?

[Mr. CHAPMAN, of Alabama, said, "Yes, at five per cent. interest."]

It was, then, perfectly possible, and it was natural that the gentleman from that State should feel indignant at the imputation that it was not, especially when, as had been said by one of them, (Mr. Chapman,) that that State could, at any moment, raise a loan of a million of dollars! And where, then, (asked Mr. A.) would be the charge of cruelty, on the part of this dead letter law?

As to the second section of the bill, Mr. A. did not know any very strong objections which could be brought against it. He referred to the provisions of the law of June, 1836, depositing the surplus money in the Treasury with the States, and adverted to the facts that three of the instalments authorized by that act of Congress, had been paid over, and that the fourth instalment, payable on the first day of the current month, had been postponed, by a recent act, until January, 1839. In connection with these facts, Mr. A. took a comparative view of the amounts to which the States were severally entitled on the first of October, 1837, under the deposit act of June, 1836, and of the amounts of public moneys actually on deposit with the several States in July and August, 1837, observing that he derived these statements from the report of the Secretary of the Treasury.

Mr. Speaker, (continued Mr. A.) there is one point of view in which this bill, together with that to which it is a mere supplement, or rider—I mean the bill for the postponement of the fourth instalment of the deposits with the States—is so deeply interesting to my immediate constituents, to those of my colleagues, and to those of many other members of this House, that I deem it my indispensable duty to expose it to the House and to the country, in minute, though in dry and tedious detail; as a preliminary to which, I must read so much of the deposit act of the 23d of June, 1836, as prescribes the payment of the deposits to the States. It is in these words:

"Sec. 13. And he further enacted, That the money which shall be in the Treasury of the United States on the first day of January, 1837, reserving the sum of five millions of dollars, shall be deposited with the several States in proportion to their respective representation in the Senate and House of Representatives of the United States, as shall by law authorize their treasurers or other competent authorities to receive the same on the terms hereinafter specified, &c."

"Sec. 14. And he further enacted, That the said deposits shall be made with the said States in the following proportions, and at the following times, to wit: One-quarter part on the first day of January, 1837, or as soon thereafter as may be; one-quarter part on the first day of April; one-quarter part on the first day of July, and one-quarter part on the first day of October, all of the same year."

The conditions were accepted by all the States. The pledge, you will observe, was positive and unqualified. The surplus (reserving the five millions) actually in the Treasury on the first day of January last, was all positively and expressly devoted to be deposited with the States. The word appropriated was not used, because it was to be a deposit; but the identical money was as specifically denoted as it could have been by a direct appropriation.

Accordingly, on the third day of January, 1837, the Secretary of the Treasury reported to the Speaker of the House of Representatives that the balance in the Treasury on the first day of that month, subject to be apportioned among the different States, had been ascertained to be thirty-seven million four hundred and sixty-eight thousand eight hundred and fifty-nine dollars ninety-seven cents; and appended to that report was a statement of the sums payable to each of the several States of the Union, in the fulfilment of that act in the course of the present year.

The first, second, and third instalments have accordingly been paid; excepting a part of the third, which yet remains *in transitu*: and on the first day of this month the sum of \$9,267,214 99 cents should have been paid to the several States in the same proportion as the three previous instalments had been paid, and as had been specified in the report of the Secretary of the Treasury to the House of the 3d of January, 1837.

The money was, on the 1st of October, all in the deposit banks selected by the Secretary of the Treasury himself. It was to have been expected that with the ample notice which he had enjoyed of more than fifteen months since the enactment of the deposit law, he would at least have taken care to place in the deposit banks of each State a sum adequate to the payment of the instalment payable to that same State. By this simple operation, when the 1st day of October came, the instalment due each State would have been deposited in its own banks, ready to be passed to the credit of its treasurer, or other officer duly authorized to receive the money.

Instead of this, what had the Secretary of the Treasury done with it? I held in my hand a comparative statement of the sums which each of the States was, by the deposit act of the 23d of June, 1836, entitled, on the 1st of October, 1837, to receive, with the sums in actual deposit, in the late deposit banks throughout the Union, at the commencement of the present session, and again with the balances due by the same deposit banks on the 4th of October, three days after the fourth instalment of the deposit with the States should have been paid.

It is a very curious paper; and, as the chairman of the Committee of Ways and Means laid before the House, and obtained an order for the printing of a statement by himself of the condition of the Treasury, if I possessed as much as he does of the favor of the House, I would solicit the same privilege for this statement of mine, all drawn from the reports of the Secretary of the Treasury himself. But I shall not make that request. I shall merely publish it for the information of the people, and I commend it to the special attention of the members upon this floor, of what used to be called the good old thirteen States; above all, to the representatives of the six New England States, that they may see how naturally the mo-

ney of this Union flows to the North or to the East. And, as some of them have been taught, by sundry learned statistics of the Globe, to think that the payment of the fourth instalment of the deposits ought to be repeated because it would require a new tax upon the people, I respectfully ask them to perform the simple process of arithmetical subtraction of nine million three hundred and sixty-seven thousand two hundred and fourteen dollars and ninety-nine cents, the whole sum which should have been paid to the States on the first of October, from the sum of nine million eight hundred and one thousand nine hundred and twenty-one dollars and forty-nine cents, which on that very first of October was actually deposited in the favorite depository banks so cordially cherished, and so often eulogized by the profound calculator of the Treasury Department. The money was all there. At least it had been all there; and if it had been, at the special recommendation of the Secretary of the Treasury, scattered abroad in discounts among the people, to purchase friends to the administration, he was at least responsible that the money should be forthcoming when it should be wanted for the payment of the fourth instalment. He had, I say, more than fifteen months' notice of that coming day—more than ten months' notice of it before the suspension of specie payments by any of the banks. The specie circular was issued within twenty days after the enactment of the deposit law. Nothing but the constitutional currency, gold and silver, was, with a trifling exception, to be received at all the land offices for the proceeds of sales of the public lands. Why is it that the Secretary had not, before the first of October, 1837, placed in deposit in the banks of each State in the Union a sum sufficient to pay the instalment due to that State on that day? Why is it that after draining the Atlantic States of their gold and silver, to pay at western land offices, and into western banks, for all the wild speculations in western lands, when the day of payment comes for the fourth instalment, the funds are found all or nearly all drawn off from all the deposit banks in the Atlantic States, and millions upon millions, not of constitutional currency, but of unavailable funds of rags and shillings, are heaped up in those very western and southwestern States, where the land was sold, and where the specie circular was to prove a mine, "outstriking far the wealth of Ormus or of Ind?"

[Mr. A. referred to the following statement, which he held in his hand:]

Comparative Statement of the sums which each State of the Union was, by the deposit act of 23d June, 1836, entitled to receive on the 1st of October, 1837—with the sums which were actually in deposit in the Deposit Banks of each State, in July and August, 1837, as appears in the Report of the Secretary of the Treasury on the Finance, at the commencement of the session—and with the balances still due by the said banks on the 4th of October, 1837, according to the Treasurer's weekly statement of that date, appended to the Report of the Secretary of the Treasury to the House of Representatives, of 6th October, 1837; showing the sums drawn from the Deposit Banks between August and October.

TABLE.

Deposites due to the several States on the 1st of October, 1837.	Actual deposits, July and August, 1837.	Balances still due 4th October, 1837.
Maine	10 \$318,612 5	\$117,042 3
New Hampshire	7 223,028 6	114,026 8
Massachusetts	14 446,057 4	84,278 3
Rhode Island	4 127,445 2	6,433 2
Vermont	2 253,820 2	5 8 2
Connecticut	8 254,890 2	31,642 3
New York	42 1,338,173 15	1,336,919 14
New Jersey	8 254,890 2	95,606 3
Pennsylvania	30 955,538 2	255,445 3
Delaware	3 95,568 1	2,906 1
Maryland	10 318,612 5	280,192 2
Virginia	23 732,509 4	401,136 3
North Carolina	15 477,019 1	146,050 1
South Carolina	11 350,474 2	111,690 2
Georgia	11 350,474 3	174,639 3
Alabama	7 223,028 6	1,020,873 1
Mississippi	4 127,445 2	1,744,873 2
Louisiana	9 139,360 2	1,450,377 2
Missouri	4 127,445 2	589,377 2
Kentucky	15 477,019 1	813,246 2
Tennessee	15 477,019 1	514,616 2
Ohio	21 669,068 8	1,127,977 8
Indiana	9 226,761 5	743,129 5
Illinois	6 159,306 1	39,795 1
Arkansas	3 95,568 1	39,323 1
Michigan	3 95,568 1	998,050 2
	\$9,267,214	\$12,385,300
		\$3,801,921

\* Number of Electoral votes. † No. of Banks. ‡ No. of Banks.

[In the above table, Mr. A. was so particular as to calculate not only the cents, but the fractions of cents, in the proportion of the surplus due to each State; but, for the sake of compressing the table into the width of the newspaper column, we have omitted both the cents and the fractions.]

Let us now compare the three columns of this comparative statement with each other, and see how the different States of the Union have been treated, first by the deposit law, the act of Congress, and secondly by the Secretary of the Treasury and the Executive administration.

The first column shows the sum which each State of the Union was, by the deposit act of 23d June, 1836, entitled on the 1st of this present month of October to receive.

The second column shows the amount which the deposit banks in each State had received from the Secretary of the Treasury, and was due from them at the commencement of the present session of Congress.

The third column shows the amount of balances still due from the same deposit banks on the 4th day of the present month, that is, precisely at the time when the fourth instalment should have been paid.

Examine this statement, and you will find that on the first of this month the State of Maine was entitled to receive \$318,612 dollars 75 cents; that at the commencement of this session

there were in the five deposit banks of that State only \$117,042 dollars 95 cents; and that on the 4th of October that sum had been reduced to \$117,042 dollars and 92 cents. Maine, therefore, was entitled to receive largely more than 200,000 dollars. She had received in deposit in her banks on the first day of this session, \$117,000 dollars; and this scanty sum had, on the 1st of October, been reduced to \$117,042 dollars 92 cents. Little short of two hundred and eighty thousand dollars has thus been filched from the people of the State of Maine, and given, for the present at least, to the States at the south and western extremities of the Union.

The State of New Hampshire was entitled to receive \$223,028 dollars and 92 cents. She had in six deposit banks at the commencement of the session \$1,426 dollars and 31 cents; out of which were squeezed before the 4th of October so much as left only \$63,635 dollars 93 cents. Her contribution to the south-western banks was only about one hundred and sixty thousand dollars. The Secretary can not be charged with partiality to his native State. How is it with mine? Massachusetts was entitled to receive \$446,057 dollars and 85 cents. At the commencement of the session she had in four banks \$1,278 dollars and 0 cents; which on the 4th of October was reduced to \$2,891 dollars and 30 cents; but, in the last return of the Treasurer's accounts, several new columns are introduced, one of which is of *overdrafts*, and two of the Massachusetts banks are credited with these over-drafts to the amount of \$13,006 dollars, which, if subtracted from the balance still charged against them, will leave it less than \$30,000 dollars. It is indeed doubtful whether at this day, there is a dollar due from the late deposit banks of Massachusetts to the Treasurer of the United States. Her present loss by the postponement of the fourth instalment is at least equal to the whole sum which she was entitled to receive, little short of \$40,000.

Rhode Island, Vermont, Connecticut, may also well make up their accounts for a present total loss.

Rhode Island was entitled to receive \$127,445 dollars and 10 cents. She had in two banks at the commencement of the session \$4,433 dollars 6 cents—reduced on the 4th of October to \$1,133 dollars 41 cents.

The portion of Vermont on the 1st of October was \$253,820 dollars 92 cents, the same as New Hampshire, and the same as Alabama. But the amount of balance due from the two deposit banks in Vermont was, at the commencement of the session, \$583 dollars 64 cents, and on the 4th of October \$466 dollars 83 cents; while the balance due from the single deposite bank of Alabama was, at the commencement of the session, one million and twenty thousand eight hundred and fifty-six dollars (twenty-six cents, and on the 4th of October nine hundred and six thousand three hundred and seventy-nine dollars 23 cents; and this Bank of Alabama is the property of the State. I have seen lately some vain boastings in certain public journals, that the administration was going ahead, and growing popular in the State of Vermont. I should like to hear what the Green Mountain boys will say to this administration mode of settling parallel accounts. The State of Connecticut was, on the first of this month, entitled by the deposit act to the receipt of \$254,890 dollars and 20 cents. The balance due from her two deposit banks at the commencement of the present session was \$1,629 dollars 18 cents; and from her three deposit banks on the 4th of October current was \$7,409 dollars and 2 cents. How it happened that there was on the 4th of October one more deposite bank in the State of Connecticut than there had been at the commencement of the session, I do not know; but as the aggregate amount of the balance due from the three banks was so much decreased from that which had been due by the two, the

addition of one to the deposite banks was, in the last account scarcely forms a sufficient cause for inquiry how it has happened. I heard a distinguished member from the State of Connecticut on this floor deliver an able and very earnest speech in favor of the postponing bill, as it came from the Senate, because he considered it, as it was, a repeal, a total and final repeal, of the fourth instalment, which would have replenished the Treasury of his own State with a sum of about two hundred and fifty-five thousand dollars; he decried the idea that it would be necessary to raise this sum, if the instalment should be paid, by taxation. Now I put it to the consideration of that gentleman and of his constituents, that there can be no possible need of taxation to raise this sum at all. It exists as it existed when the Secretary of the Treasury announced the deposite surplus in the Treasury on the first of January last. It is all as it was then in balances due from the southwestern and western banks; those very balances, the prompt payment of which the bill now before you is about to relinquish. Sir, I have pointed out the comparison between the sums which each of the New England States separately was entitled to receive on the first of this month in deposit, and the sums which their banks then actually had in deposit, first, at the commencement of the present session; and, secondly, one month later, that is, on the 4th of October. Let us now make the same comparison in the aggregate.

The sum which the six New England States were entitled to receive on the first of this month by the deposit act was one million five hundred and thirty-three thousand and sixty-three dollars and seventy-seven cents.

The whole amount of the balances due from all their reputed deposite banks at the commencement of the present session was three hundred and forty-nine thousand nine hundred and ninety-eight dollars and fifty-four cents, nearly one hundred thousand dollars less than the State of Massachusetts alone was entitled to receive.

And the whole amount of the balances due from the same banks one month later, on the 4th of October, three days after the fourth instalment should have been paid, was one hundred and forty-seven thousand two hundred and forty-five dollars and fifty-six cents, nearly one hundred thousand dollars less than the State of Connecticut alone was entitled to receive for her portion of the fourth instalment.

Now for the other side of the account.

On the first of this month, the State of Mississippi was, by the deposit act of 23d June, 1836, entitled to receive the sum of one hundred and twenty-seven thousand four hundred and forty-five dollars and ten cents, precisely the same portion as that of Rhode Island.

The balances due from the late deposite banks in the State of Mississippi, at the commencement of the present session, were one million seven hundred and forty-four thousand three hundred and seventy-three dollars and seventy-one cents.

The balances due from the same banks on the 4th of October, three days after the fourth instalment should have been paid, were one million six hundred and sixty-six thousand three hundred and sixty-seven dollars and thirty-three cents.

If you deduct from the whole amount payable to the six

25th CONG....1st Sess.

Upon Nouns, Pronouns, Verbs, and Adverbs—Mr. Adams.

H. of Reps.

New England States for the fourth instalment the whole amount of the balances due from all their deposit banks, there will remain due one million four hundred and thirty thousand eight hundred and eighteen dollars and thirty-one cents payable to them.

If you deduct the whole sum payable for the fourth instalment to the State of Mississippi from the whole amount of the balances due on the 4th of October by her late deposit banks, there will remain due from them the sum of one million five hundred and twenty-eight thousand nine hundred and twenty-two dollars and twenty-three cents.

The balances due, therefore, from the deposit banks, in the single State of Mississippi, a State with four electoral votes, are nearly one hundred thousand dollars more than adequate to pay the whole fourth instalment receivable by herself, and by the six New England States.

Suppose we state the two cases in the form of accounts current:

<i>Dr. United States of America, in account with the six New England States.</i>		
1837. 1st Oct. To fourth instalment	\$1,593,063 77	Cr.
By balances in all their deposit banks	157,246 46	
Due to the six States	1,435,818 31	

<i>Dr. United States of America, in account with the State of Mississippi.</i>		
1837. 1st Oct. To fourth instalment	\$127,445 10	
To balances due by her	1,523,922 23	

By balances in her deposit banks	\$1,656,367 33	\$1,656,367 33
----------------------------------	----------------	----------------

Sir, I hope we shall hear no more of the necessity of raising, by taxation upon the people, the sums necessary for the payment of the fourth instalment.

I will not pursue this comparative review of the sums due to each State for the fourth instalment, and of the sums due from the deposit banks in each State through the whole twenty-five, (for it seems there was no deposit bank in Arkansas) but if any indifferent person or philosophical observer will compare the relative amount of the three several columns against the name of each State, in this table, and then mark the names in the lists of yeas and nays upon your journal, first on the passage of the act to postpone the fourth instalment, and then on the passage of this act, I do assure him that he will discover secrets worth knowing. He will find in these elements a key to the system of measures prepared by the present Executive for the action of Congress, in this emergency, for relief to the distress of the country. He will see how these measures were adapted in advance of each other—how the excessive balances due from one set of States were to be made easy, by withholding from another set of States the fourth instalment, to which they were entitled. He may chance to discover some insight into the art magic of application to motives. He may trace the cause of that uneasy solicitude manifested by more than one member from the *DEBtor STATES*, when the postponement bill was on its passage, to set it aside and take up *this bill*, before they should be compelled to vote *ay* or *no* upon that.

This bill, as it came from the Senate, was not sufficiently indulgent to their delinquent banks. Instead of four, six, and nine months of delay before they should be called to disgorge their millions upon millions of the public spoils, nine, fifteen, twenty-one months of time, were to be granted them, without even the payment of interest to the plundered sister States. And here, on this floor, we beheld a pledge demanded of the chairman of the committee, and given by him, in the face of the House, that when that bill should have passed, and this one should be taken up, a liberal indulgence of time should be allowed to the over-burdened and discarded depository banks. That bargain was not only concluded in the presence of the House, but was signally and indignantly rebuked at the time by two members of the House, one from Georgia (Mr. Dawson) and one from Ohio, (Mr. Samson Mason); yet we are now witnessing its consummation. This bill is the equivalent for the votes indispensable to carry that—this amendment is the *premium pudicitia* for the wear and tear of chastity in the accomplishment of that.

Sir, when that bill came from the Senate, and through that body from the Treasury, it came with fraud upon its face.

Mr. CAMBRELENG called the gentleman from Massachusetts to order, observing that that was not the first time that gentleman had thus transgressed the rules of order.

The CHAIR (Mr. Howard of Maryland) could not see the relevancy of Mr. A's remarks to the subject before the committee.

Mr. ADAMS. Am I not permitted to refer to a bill, and to the manner in which that bill passed the House, without which, as I contend, this bill now before the committee would not be here, at all? [Cries from all sides of the House, "Go on! go on!"]

Mr. ADAMS resumed the thread of his remarks. Yes, sir, it came with fraud upon its face. It professed to be a bill to postpone the fourth instalment: it was, in fact, a bill to repeal it. It was, in fact, a bill to raise revenue; and, as such, not having originated in this House, ought never to have been entertained by it. A member from South Carolina (Mr. Pickens) proposed an amendment, which made it what it professed to be, a bill to postpone the fourth instalment to a day fixed—the 1st of January, 1839; to which I proposed an additional amendment, appropriating these balances due from the delinquent banks, and a supplementary fund if it should be necessary, for punctual payment at the day fixed by the amendment of the gentleman from South Carolina. With those amendments I pledged myself to vote for the bill.

I was fully aware of the sacrifice of the just rights and interests of my own constituents to which I must assent by voting for the bill in that form; and I knew that I hazarded incurring the displeasure of some of them by yielding so much. But I knew they were a generous people. I came here knowing that the executive administration was reduced to great straits for the means to perform the pecuniary engagements of the nation. In their distress, however brought upon themselves, I saw only the distress of the country, and trusted that my constituents would sustain me in giving up a portion of their just claims for the general benefit of all. These were the sentiments with which I came to Washington, and, as a pledge of their sincerity, I offered, with these amendments, to vote for that bill, and how was this disposition received and returned? The chairman of the Committee of Ways and Means, substantially the representative of the Executive in this House, would neither accept

my amendment, nor that of the gentleman from South Carolina. He forced the bill, with all its imperfections on its head, as it came from the Senate, to a third reading; and he carried it in the fullest vote ever taken in this House by yeas and nays, 119 to 117; and of the 119, one was the gentleman from South Carolina, who so voted, as he declared at the time, for the express purpose of moving a reconsideration of the vote; which he immediately did. The real vote, therefore, was a tie, 118 to 118; and if the bill was to be carried at all, it could only be by the casting vote of the Speaker. The chairman of the Committee of Ways and Means did not venture upon that experiment. He voted against the reconsideration himself, but he suffered it to be carried by his friends. My amendment, which was nothing more than a pledge that the bill, as amended by the gentleman from South Carolina, should be executed in good faith, he still refused to accept. Ninety-four members of the House voted for my amendment. I can not vouch that every one of them would have voted for the bill, if the amendment had been adopted; but I would have voted for it myself. I have reason to believe that a majority, if not all, of my colleagues would have voted for it; and I have no doubt that sixty or more affirmative votes would have been for the passage of the bill, beyond the meagre majority of twelve, which was secured only by accepting, as a forlorn hope, the previously rejected amendment of the gentleman from South Carolina.

Mr. Chairman, I impeach the sincerity of no man upon this floor. But when I saw the chairman of the Committee of Ways and Means cling so tenaciously to that bill as it came from the Senate; when I saw him, at the last gasp, permit the amendment of the gentleman from South Carolina to be carried against his own vote, to save the life of the bill; and when I saw him still inflexibly excluding my amendment, and spurn a majority of four-fifths of the House, on the passage of a bill so immensely important to the administration as that was, it was impossible for me to divert my own mind from the inquiry why it was that so feeble a majority, purchased by so humiliating a concession as had been extorted by the gentleman from South Carolina, should have been preferred to an almost unanimous vote, obtained by the mere mite of additional concession, yielded by a pledge of faith that the promise of that amendment should be performed; and I could account for this preference no otherwise than by the belief that it is still not intended that the fourth instalment shall ever be paid; that the promise to pay it on the first of January, 1839, is a deception, and that the amendment of the gentleman from South Carolina will fare no better than the 13th and 14th sections of the deposit law of June 23, 1836.

How far this apprehension is prophetic, we shall see in the course of the ensuing year; and I now predict that the present postponement will be succeeded by another. That, as the first of January, 1839, shall approach, new disclosures will be made of the rancid nakedness of the Treasury; and then the argument, now merely fictitious, may be urged in sad reality, that the instalment can not be paid without a new tax upon the people. If the money now in the defaulting deposit banks should be collected by the Government, and applied to other purposes; to be sure, in that case, the fourth instalment can not be paid without taxing anew the people to raise the money; and that is precisely the reason why I anxiously wished to appropriate the money while it was there. Was it the reason why the appropriation was so stubbornly refused by the chairman of the Committee of Ways and Means? Sir, we have been told, over and over, that the late deposit banks in Louisiana, in Alabama, in Mississippi, in Ohio, in Kentucky, in Indiana, are all sound, all solvent, all able and willing to pay every dollar of their debt, give them but reasonable time. Then the money is there. The balances in those States due from those banks is amply sufficient, and more than sufficient, to pay the fourth instalment due to themselves, and that due to all the other States.

Let us now resume the comparison in this tabular statement between the amount which by law, that is, by the act of 23d June, 1836, should have been deposited in each of the several States, and the amount which was actually deposited in the same States at the commencement of the present session of Congress and on the 4th of October, one month later. We have gone through the New England States, and have there found the deposits *de jure* more than a million and a half of dollars; the deposits *de facto* less than a tenth of that sum—less than one hundred and fifty thousand dollars. We next came to New York—the *Empire State*; her proportion of the fourth instalment would have been one million three hundred and thirty-eight thousand one hundred and seventy-three dollars fifty-seven cents. The sum which her banks actually had in deposit at the commencement of the session was one million three hundred and eighty-six thousand nine hundred and nineteen dollars and eighty-two cents. There, sir, was something like a set-off; no injustice was done to the great State of New York. The deposit of fact was about fifty thousand dollars more than the deposit of the law. But the Secretary of the Treasury has been most industriously occupied during the whole month of September, in drawing off from the New York deposit banks the balances due by them. By the last returns of the Treasurer's accounts, it appears that on the fourth of October there remained in balances due from all the deposit banks of the State of New York only eight hundred and three thousand five hundred and seventy dollars and seventy cents; nearly six hundred thousand dollars has been drawn from them in the month of September. And further, I have seen a series of resolutions very recently adopted by a highly respectable and numerous assembly of citizens of that city, in one of which it asserted that the banks of that State have paid off almost the whole of the balances due by them. Sir, our compassion has been appealed to in behalf of these southwestern banks. We have been told it would be cruel to exact payment from those banks; that it would be an *ex post facto* law to charge them with interest for the public moneys, which they have received in deposit, and refuse to pay at the requisition of the Treasury Department; that they can not themselves pay without exacting payment from their debtors; and that indulgence must be granted to them, that they may be enabled to grant indulgence to the people. Sir, how stands this argument, in its application to the banks and people of the North? They, too, were and are indebted to their banks. Were they not in need of indulgence, as much as the people of Louisiana, of Mississippi, of Alabama, of Kentucky, Ohio, Indiana, Missouri, and Michigan? But what has the Secretary of the Treasury been doing with them? Has he not been draining them almost to their last dollar, as long as he could claim a dollar of balance from them? And have they not been obliged to put the screws upon their debtors, that they might be enabled to pay the balances due by them, at the requisition of the Secretary of the Treasury? Sir, the people of the North

have endured, they are now enduring, that very cruelty and oppression which you are told the people of the Southwest and the West can not bear. You are straining from them their last cent to pay their balances, while at the same time you have wrested from them their fourth instalment, which your Secretary of the Treasury has transferred to the State banks of the Southwest and the West, there to be locked up for six, fifteen, and twenty-one months, without payment of interest, because it would be a *cruel ex post facto* law to call upon them for any consideration for the use of the money.

Let us pass over the State of New Jersey—no longer a doubtful State—and come to the Keystone State of Pennsylvania. The portion of the instalment which she ought on the first of this month to have received was nine hundred and fifty-five thousand eight hundred and thirty-eight dollars and twenty-six cents. The sum actually deposited in all her deposit banks, at the commencement of the session, was \$255,445 92; and on the 4th of this month, it had been reduced to \$131,571 17. Eight hundred and twenty-five thousand dollars is the tribute of Pennsylvania to the State banks of Alabama, Louisiana, and Mississippi, to promote the multiplication of the blessings of slavery and the cultivation of sugar and cotton. Great and glorious as have been the exertions and sacrifices of the State of Pennsylvania in the cause of internal improvement, and in that career she has not been surpassed by any State in the Union, not even by the Empire State, yet, if I understand the character of her hardy yeomanry aright, not even their partiality to the democracy of numbers will reconcile them to the application of her property to the multiplication of slaves and slavery, for the cultivation of sugar and cotton, by abstracting it from the appropriations of her own Legislature to internal improvements within her own domain, rather more congenial to the principles of her heraldic motto—*Virtue, Liberty, and Independence*.

Maryland! Your own State, Mr. Chairman. The sum which on the first of this month she was entitled to receive was \$318,619 75. The sum which her deposit banks held in deposit at the commencement of the session was \$250, 93 25; which, on the fourth of this month, was reduced to \$212,102 54. Your State, Mr. Chairman, has been marvellously well treated, for one of the old thirteen. Her contribution to the southwestern State banks is not much more than 106,000 dollars.

But, ah! *Virginia! Old Virginia! The Ancient Dominion!* Beware, Mr. Financier of the Treasury, how you tread upon her toes! She has no fancy for a divorce of bank and State. Her State banks are bone of her bone, and flesh of her flesh; and when she releases them from the payment of their debts, she only releases herself from the performance of her own engagements. Deal tenderly with her, Mr. Secretary, or like Hannibal, she will carry the war into Africa. Sir, on the 1st of this month the State of Virginia was, by the deposit act of 23d June, 1836, entitled to receive seven hundred and thirty-two thousand eight hundred and nine dollars and thirty-three cents. At the commencement of the present session, the whole amount of balances due from her deposit banks to the Treasury of the United States was 403,136 dollars and 97 cents. This was not enough, sir; and, accordingly, on the fourth of this month, the balance due from her deposit banks was 739,302 dollars and 19 cents, not quite seven thousand dollars more than she was entitled to receive for the fourth instalment. She loses nothing by the postponement, and this bill gives her the use of the money for a term at least equivalent to the loss by the delay of the postponement to the 1st of January, 1839. Virginia, therefore, is propitiated to secure the suffrage of her members in Congress for the passage of both the bills—the postponement bill and this bill; and you find most of them voting accordingly. By what art magic it has happened that, while the balances of all the other old thirteen, but one were, between the commencement of the session and the 4th of October, so severely reduced, hers were so largely increased as to be nearly doubled, I know not, and am only left to conjecture. My table is taken from the returns of the Treasurer's accounts, communicated to this House by the Secretary of the Treasury himself. I merely state the facts as I find them.

But North Carolina has not been so favored. Her portion of the fourth instalment, payable on the 1st of this month, was 477,919 dollars and 13 cents. The balance due from her one solitary deposit bank at the commencement of the session, was 146,030 dollars and 12 cents, which, on the 4th of this month, was reduced to 64,638 dollars and 61 cents. The loss of Virginia by these two bills—these *Slamie* twins—is nothing. The loss of North Carolina, like that of the six New England States, is almost total.

South Carolina and Georgia are not much better treated, though with this difference: the sum that each of them was entitled to receive was the same, three hundred and fifty thousand four hundred and seventy-four dollars and three cents. The balances due from the South Carolina ex-deposit banks, at the commencement of the session, were one hundred and eleven thousand five hundred and ninety dollars and one cent; those from the banks of Georgia were one hundred and seventy-two thousand two hundred and sixty-nine dollars and sixty-nine cents. On the 4th of this month the balances of South Carolina had increased to one hundred and twenty-five thousand four hundred and thirty-three dollars and eighty-nine cents, while those of Georgia had diminished to one hundred and nineteen thousand seven hundred and six dollars and forty-one cents. The banks of South Carolina, like those of Virginia, have enjoyed the special privilege of increasing their balances of debt, while all the rest of the old thirteen have been inexorably held to contract theirs. The increase of the South Carolina balances is not large. It discloses only a relaxation of the rigor of exactions, and was happily, simultaneous with a conciliatory settlement of old political balances here at the seat of Government, which, to those who took a good deal ahead, has furnished the materials for much speculative animadversion.

And now, sir, that we have seen how, by the postponement, which was intended to have been, and still threatens to be, the repeal of the fourth instalment, the old thirteen States have been, with the single exception of Virginia, stripped of the spoils of the public Treasury which had been allotted to them—now that we have seen how, with the same exception of Virginia, they have been, during the month of September, fleeced by Treasury drafts, like sheep in the hands of the shearer, of their remaining balances, let us look beyond the borders of the old thirteen, to that teeming mother of nations, the valley of the Mississippi, and that storehouse of embryo republics bordering on our Mediterranean sea—the Northern Lakes. We begin with the State of Alabama, geographically the first, and entitled, further, to the distinction, inasmuch as her deposit



bank is wholly the property of the State, and the debts of the bank are the debts of the State. The portion of the fourth instalment payable on the first of this month to her was, as I have already stated, two hundred and twenty-three thousand twenty-eight dollars and ninety-two cents, the same with that of the States of New Hampshire and of Vermont. But the sum which her bank at Mobile had in actual deposit, at the commencement of the present session, was one million and twenty thousand eight hundred and fifty-six dollars and twenty-six cents; and, on the 4th of this month, it was still nine hundred and six thousand three hundred and seventy-nine dollars and twenty-three cents.

The portion of the State of Mississippi of the fourth instalment was one hundred and twenty-seven thousand four hundred and forty-five dollars and ten cents, the same as that of Rhode Island. The balance due from her banks at the opening of the session, was one million seven hundred and forty-four thousand three hundred and seventy-three dollars and seventy-one cents; and on the fourth of this month they were still one million six hundred and fifty-six thousand three hundred and sixty-seven dollars and thirty-three cents.

The sum to which the State of Louisiana was entitled for the fourth instalment was one hundred and fifty-nine thousand three hundred and six dollars and thirty-seven cents. The debt of her banks at the commencement of the session, was one million four hundred and fifty thousand and twenty-three dollars and three cents; and on the fourth of October, nine hundred and eighty thousand seven hundred and forty-nine dollars and three cents.

And so it was with all the southwestern and western States, excepting Arkansas; which, having no deposit banks, could have no debt, and excepting Illinois, for what reason I know not, unless it was to secure the fidelity of Missouri at her expense. The share of Missouri of the fourth instalment would have been one hundred and twenty-seven thousand four hundred and forty-five dollars and ten cents. The debt of the agency of the Commercial Bank of Cincinnati, at St. Louis, Missouri, at the commencement of the session, was five hundred and eighty-nine thousand three hundred and twenty-seven dollars and forty-three cents. On the fourth of October it was reduced to two hundred and thirty-nine thousand four hundred and twenty-two dollars and fifty-five cents; but there was an additional deposit in the Bank of the State of Missouri, a specie-paying bank, of one hundred and fifteen thousand eight hundred and fifty-eight dollars and four cents; making the whole sum in deposits there three hundred and fifty-five thousand two hundred and eighty dollars and sixty-nine cents. The actual deposit in that State is yet nearly three times the amount of the rightful deposit in her banks by the deposit law; but as the Bank of the State of Missouri is not one of the late deposit banks, but is one of those which has met, and will meet, all the requisitions of the Department, it is presumed that no further interest will be required of it than that provided by the deposit law, and that it will be able to pay its balances due to the Treasury without needing a delay of nine, fifteen and twenty-one months to collect them.

Kentucky and Tennessee were entitled to the same sum for the fourth instalment, 477,919 dollars and 13 cents. Neither of them loses any thing by the postponement; but their profits, by the withholding of the instalment from the northern and eastern States, are not exactly the same. Tennessee is, indeed, something of a loser by the alacrity with which the Secretary of the Treasury has withdrawn from her banks the balances due by them at the commencement of the present session. They were then 514,516 dollars and 48 cents. On the fourth of October they were reduced to 182,932 dollars and 18 cents; while those of the banks of Kentucky, which, at the commencement of the session, were 813,245 dollars and 74 cents, on the fourth of October had increased to 845,013 dollars and 31 cents. What is it that has procured this remarkable good fortune? Is it that she is a daughter of the Old Dominion, or that she has a representative superintendency in another part of this Capitol?

Ohio, too, has shared largely in this bounty of the Secretary of the Treasury, to one section of the Union at the expense of the other. Her portion of the fourth instalment, rightfully paid on the first of this month, would have been \$669,086 dollars and 78 cents. At the commencement of the present session, her banks held in deposit, without owing to them the balance of the agency at St. Louis, Missouri, one million one hundred and twenty-seven thousand nine hundred and eighty-nine dollars and fifty cents, and on the 4th of October, they still held 660,061 dollars and 98 cents—still three hundred thousand dollars beyond her rightful instalment. Can we wonder that most of her representatives have been willing to postpone it? There is, however, one consolation, which is, that we have the warrant of the members from that State that all their banks are safe, sound, solvent, and able to pay all their balances in reasonable time, though it is admitted that their specie is at a discount of from ten to fourteen per cent.

Then, again, Indiana was entitled to receive for her fourth instalment 588,761 dollars and 48 cents. At the commencement of the session her banks had in deposit seven hundred and forty-three thousand one hundred and twenty-nine dollars and sixty-three cents; and on the 4th of October they were 660,723 dollars and 51 cents.

As to Illinois, I think the Secretary must have mistaken her for a New England State. She has at least the same step-mother's fate. She was entitled to receive for her portion of the fourth instalment 150,306 dollars and 37 cents. The balance due from her single deposit bank was, at the commencement of the session, 39,795 dollars and 90 cents; and on the 4th of this month it was within a few hundred of the same, that is, 39,223 dollars and 51 cents.

But, lastly, Michigan is a prodigious favorite. Her portion of the fourth instalment was 95,583 dollars and 82 cents, the same as that of Delaware. But the balances due from her banks at the commencement of the session, were 998,050 dollars and 81 cents; on the 4th of October they were still 882,994 dollars and 15 cents.

When the Secretary of the Treasury, in his report to Congress, of the 31 of January last, announced the amount of the surplus in the Treasury two days before, and the proportional sums in which it was to be deposited among the several States, he intimated no inconsiderable doubt whether Michigan was entitled to any proportion of the deposit at all, and he declared her portion for the final decision of Congress upon her right. Harshly, indeed, had Michigan been treated in the terms prescribed for her admission into the Union. I had fought her battles, and maintained her rights upon this floor, till she deserted her own banners. I had raised my voice to claim justice

in her behalf till she accepted, however reluctantly, an equivalent. While her fate was pending, this rod was held over her head by the Secretary of the Treasury, as if her right to the deposit of her portion, among her sisters, of the public treasure, was to be purchased by her unconditional submission to the most humiliating terms prescribed by power, forgetful of right. Sir, she did submit, and accepted the proffered equivalent; that was her concern, not mine. But did that equivalent still not heal the wound that had been inflicted upon her; and is this gushing torrent of the public moneys poured out at her feet, as the gorgeous East showers upon her kings barbaric pearls and gold; was this profusion of the public funds substituted for the stingy doubt whether she was entitled to receive of the public deposits any portion whatever; was it to appease her anger, to soothe her resentments, to implore her forgiveness, to court her favor? If so, there may be some excuse for the partiality; a tarnished atonement for a pure tribute that was due.

Sir, we have gone through, with a few exceptions, the detail of this comparative statement between the amount of deposits which the law had prescribed should be committed to each of the States of the Union, and the amount of deposits which the Secretary of the Treasury had actually made among the same States when the fourth instalment should have been paid. Such is the detail; and was ever such a monstrous scene of partiality and inequality beheld among men? The late President of the United States had made it a charge against the deposit law of the 23d of June, 1836, which he himself had signed, that the principle of its apportionment was a perfectly equal. I admit that it was not so: an apportionment according to the representation of the people in this House would have been more equal as well as more favorable to the Commonwealth, a part of whose people I have the honor to represent. But the apportionment according to the number of electoral votes was more favorable to the small and to the new States, and I thought there were considerations of equity, and even of justice, to sanction this, which I trusted my constituents would approve, although it might diminish to some extent their own portion. I said so at the time on this floor, and accordingly voted for the bill. But if there was inequality in that apportionment, in the name of the Heavenly Balance, what is there in this? Look at this tabular statement; take the fifteen Northern States—that is, the old thirteen, with the addition of Maine and Vermont, which in the revolutionary times composed a part of them; take them on one side, and the ten new Southern and Western States on the other, and what a comparison have we?

By the deposit act of 26th June, 1836, the fifteen northern, being the thirteen original, States were, on the first day of this month, entitled to receive in deposit - \$6,467,838 92  
The ten new Southern and Western States were by the same act entitled to receive - 2,399,376 07

Making in the whole - 9,867,214 99  
On the 4th day of September, 1837, the balances of what the Secretary of the Treasury had actually deposited in the fifteen Northern States were - 3,204,002 91  
He at the same time had deposited in the ten Southern and Western States - 9,071,299 76

Making in the whole - 12,275,302 67  
And on the first of October, the day when the fourth instalment was by the law required to be paid to all, how stood the account?  
In the 15 Northern States, which by the law should have received \$6,467,214 99, there were towards paying it, \$3,204,002 91 and no more.

While in the ten Southern and Western States, entitled by the law to receive only \$2,399,376 07 cents, there were actually deposited balances - 7,407,885 31

Making in the whole - 9,801,921 49  
So you see, Mr. Chairman, there were, on the first of October, and thirty thousand dollars more than enough to have paid the fourth instalment to them all—every dollar—every cent.

But observe that, through the whole month of September, although the deposit act of 23d June, 1836, was in full force, the Secretary of the Treasury continued to draw from the banks of the North to the amount of more than eight hundred thousand dollars of those balances which ought to have been applied towards the payment of the fourth instalment to the States of the North; while, at the same time, he left in the hands of the Southern and Western States nearly seven millions and a half, nearly five millions more than the fourth instalment which they were entitled to receive.

And, throughout all these transactions, is it not worthy of the highest admiration to remark with what address the single State of Virginia, of the old thirteen, is the only one shielded from all inconvenience by the postponement of the instalment. The payment of the fourth instalment is not postponed for her. She has it already, and seven thousand dollars more, in her banks; and while the postponement act now puts her off as it does her Northern sisters, till the 1st of January, 1839, to receive the instalment, this act gives her an average of precisely the same time to pay the balances already in her banks—and without interest, if the amendment of the gentleman from Louisiana, (Mr. Johnson) to the exclusion of that of the gentleman from New York, (Mr. Loomis) should prevail.

And is it expected, Mr. Chairman, that the people of the fourteen Northern States (the voice of Virginia being hushed with a sugar plum) will put up with this prodigy of fiscal invention? Is it expected that they will hail with shouts of hosanna this expunging of their fourth instalment, this evanescence of their funds from their treasuries; that they are to be humbugged out of their vested rights by a bowl of frenzy against Nicholas Biddle and the Pennsylvania Bank of the United States? That they are to be mystified out of their moneys and out of their senses, by a bare fallow against all Bank and State? It may be so; but it shall not be with my consent. Here are fifteen, or rather fourteen, creditor States, and ten debtor States, as my friend and colleague, (Mr. Lincoln) has justly denominated them—made so by the Secretary of the Treasury—made so by an unwarrantable transfer of the funds devoted to the payment of the fourth instalment. The ten debtor States have received not only their own portion of the fourth instalment, but the whole portion of the fourteen creditor States. And you are now passing two laws—one to withhold from the fourteen creditor States the moneys which you had solemnly promised to deposit with them; and the other to

authorize the debtor States, not only to retain the fourth instalment promised them, and which they have received, but to keep for nine, fifteen, and twenty-one months, the fourth instalment due to their creditor sister States. Such is unquestionably, such will be, under these two acts, their relative condition towards each other. By the fiscal incantations of the Secretary of the Treasury, consummated by these two bills, reeking from his Department, the State of Mississippi is indebted to the six New England States in the sum of nearly one million and a half of dollars; the State of Louisiana is indebted to the State of Pennsylvania nearly eight hundred thousand dollars; the State of Alabama owes to the State of New York from six to seven hundred thousand dollars; the State of Ohio owes to the State of North Carolina three hundred thousand dollars; and the whole ten Southern and Western States are indebted to the fourteen Northern and Atlantic States the whole of the fourth instalment, which they were by law entitled to receive. The postponement law has no operation in the ten debtor States; they have received in advance not only their own fourth instalment, but that of all the others; and so unequivocally are the ten States indebted to the fourteen, that, if the same transactions had happened between individuals, there is no question that the fourteen could recover, by process of law, their fourth instalment, by the common action for moneys had and received to their use.

And let me now inquire why the Secretary of the Treasury has not seen fit to account for this most extraordinary state of things in his annual, or in any other report to this House. I have asked, why, armed as he was with the specie circular of 11th July, 1836, from the very passage of the deposit act—why, notified as he was from that time that he would be required to have in the fifteen original States, in deposit on the 1st of October, 1837, a sum of six millions and a half of dollars, in readiness to pay the fourth instalment to those States, he had, in fact, on that day, within those States, less than two millions and a half of dollars—four millions less than was required for the fulfilment of the promise and the redemption of the pledge of the public faith to those States by the deposit act. I have inquired why, on that same 1st of October, he had hoarded up in the ten Southernmost and Western States, armed as he had been with the specie circular, seven millions and a half of dollars, when those ten States were entitled to receive, for the fourth instalment, less than three millions of dollars. The excess hoarded up in the ten favored States was four millions and a half. The deficit in the fourteen despoiled States was four millions. Had the whole sum required for the payment of the fourth instalment been deposited in the banks, where it ought to have been, the instalment would have been paid to the last dollar, and half a million of surplus would still have remained in deposit to the credit of the Treasurer of the United States in the extreme South and the West.

Mr. Chairman, if there be any duty more sacredly incumbent upon the Executive Government of the United States than all the rest, it is, in the execution of the laws, to render equal and impartial justice to the people of all the States. The vitals of the Union are there: legislative partialities in favor of one portion of the Union at the expense of another, if any such should creep in, will never be of long duration. The established equality of representation of the people in this House, and of the States in the other, will soon correct any deviation from the golden rule of right, upon which the obstinacy of party spirit, or the undue influence of individual talent or popularity, may occasionally infringe. The pendulum will range alternately to the right hand and to the left, but will return from short and equal distances to the centre. But if a President of the United States, in the administration of his official trust, divides the people under his care into a best and worst part of the population—if the father of the land has in the common family one set of children favorites, and another set of children castaways—if he divides the people into a favored and an unfavored class, or into a privileged and a despised class, and for the democracy of numbers, a part for the whole—if a Jesuitical and sophistical axiom that the end of good government is the greatest good of the greatest number, without regard to the equal rights of the smallest number, I say if these transatlantic, spurious, and heretical creeds of late years are to be substituted for the primitive faith and maidenly rights of the Declaration of Independence, the days of our Union itself are numbered. The people of no one part of this nation will submit, for any length of time, to be the thralls or the dupes of another portion.

What could have been the motive for this array of the three geographical divisions of the Union against each other as debtor and creditor States, with that most extraordinary exception of the State of Virginia, is yet to be, and I hope at the next session of Congress will be explained. If the demon of disunion himself had invented and inspired it as an experiment, to excite heart-burnings, ill-will, and hatred between the members of the family, he could not have contrived a device of more odious ingenuity. I had supposed that this enormous accumulation of funds in the extreme South and West had been one of the fruits of the specie circular. But then where was the specie? It was to be supposed that the circular had at least produced that; and what has become of it? It has all vanished; or what is left of it is detained in the vaults of the same deposit banks, which yet refuse to pay in specie the drafts of the Treasury Department upon them.

These accumulations in the banks of the South and the West are the more unaccountable, inasmuch as on the 4th of July, 1836, an act of Congress supplementary to the deposit act was passed, expressly authorizing the Secretary of the Treasury to make transfers from the banks in one State to the banks in another, whenever such transfers might be required in order to prevent large and inconvenient accumulations in particular places, or in order to produce a due equality and just proportion, according to the provisions of the said act. Here was a law expressly made to prevent accumulations, to restore proportions; and no small part of the Secretary's annual report in December, 1836, consists in detailing the laborious fidelity with which he had carried that supplementary act into execution. What a commentary upon that law and its execution is my tabular statement, the act for postponing the fourth instalment, and this bill now before the committee.

That the transfers might have been made with perfect ease, and the balances in the southern and western banks reduced, even after the suspension of specie payments, I will now undertake to prove.

It will be recollected that the deposits of the public moneys were removed from the Bank of the United States towards the close of the year 1833. It will also be remembered that this was precisely the time of the extinction of the national debt. Until that time there could be no considerable accumulation of public



moneys in deposits, because, whenever any surplus occurred, it was immediately applied by the commissioneers of the sinking fund to the purchase of the public debt. The irresponsible agents behind the scenes, who instigated the removal of the deposits, selected with instinctive sagacity their time. They had other passions to gratify besides their vindictive malignity. They saw the uses to be made of large and long continued surpluses, and that the moneys of the nation might be lavished for the conjoint and united prodigality of political plunder and private speculation. That they might not want the countenance of the administration in this laudable pursuit, the Secretary of the Treasury spurred them to it with the eagerness of a huntsman panting for his prey.

"The depositors of the public money," said the Secretary of the Treasury to the president of the branch of the Bank of the State of Alabama at Mobile, in his letter selecting that bank as one of the new depositories, "will enable you to afford increased facilities to the commercial and other classes of the community, and the Department anticipates from you the adoption of such a course respecting your accommodations as will prove acceptable to the people and safe to the Government."

The Branch of the Bank of the State of Alabama at Mobile had been chartered in December, 1832. Its capital of two millions of dollars consists of the proceeds of sales of the bonds of the State, irredeemable for thirty years. Its 14 directors are all annually chosen by the Legislature. There is no penalty prescribed for their suspension of specie payments, but the faith of the State is pledged for the final payment of their liabilities. This bank, in October, 1833, was selected as one of the depositories of the public funds, instead of the Branch of the United States Bank at Mobile.

On the 1st day of October, 1833, there were deposited in the Bank of the United States \$6,475 4 5 82, which had been accumulating from the first quarter of the year, some small fragments of public debt still remaining to be paid, but not enough to arrest the tide of the public revenue flowing into the Treasury.

On the 1st of January, 1834, this sum had been reduced to less than one million of dollars, and in the mean time the Branch of the State Bank of Alabama had become a depository for \$231,614 35;

which sum continued increasing from quarter to quarter, with one exception, till April, 1835, when the deposit in the State Branch Bank of Alabama, at Mobile, was \$1,309,738 65. Since which time, that is, for more than two years before the suspension of specie payments, there has been in that bank a permanent average deposit of twelve hundred thousand dollars—never reduced so low as \$900,000, and once swelling to upwards of sixteen hundred thousand dollars—little short of the whole capital of the bank.

I have been desirous of ascertaining, and shall be obliged to any of the members, especially from the States of Alabama, Louisiana, or Mississippi, if they can inform me what were the semi-annual dividends of the deposit banks in those States, from the time when they became depositories of the public moneys until their suspension of specie payments; but this is a secret. On the 3d of January last, a resolution of this House called on the Secretary of the Treasury for this as well as other information, if within his power; but on the 12th of that month he reported that it was not within his power. It seems that the amount of dividends declared, of surpluses retained, and of contingent funds reserved, is not understood to be a part of their condition, of which they are required to give account from time to time to the Secretary of the Treasury. He says that by none of the agreements made with them by him either before or since the deposit act of the 23d of June, 1836, has it ever been stipulated that they should furnish this specific information, and that they have not furnished it. Sir, it was precisely the most important of all possible information to show their actual condition; and the omission to call for it would be inexcusable, but for the reason pleaded by the Secretary, that it was not required by law. The omission was the fault of the law, and not of the Secretary, and yet it would have been just and judicious if he had required it. There can be no honest reason for the banks to refuse it, and it would now be the best of all evidence to show what profit was derived by those banks from the deposits. We must, therefore, be content with an estimate; and a permanent deposit of twelve hundred thousand dollars for more than two years may be fairly estimated at ten per cent. or one hundred and twenty thousand dollars a year; and as it is to be continued for nine, fifteen, and twenty-one months longer, the whole sum is in such deposit equivalent to a gratuity to the State of Alabama of four hundred thousand dollars at the expense of her northern sisters.

Mr. ADAMS was proceeding to comment on this statement, when

Mr. CAMBRELENG rose, and appealed to him to permit the question to be taken on the bill before the committee. He thought the gentleman was going to talk all night, (he said,) and it was late.

Mr. ADAMS was sorry the gentleman from New York did not relish his remarks.

Mr. CAMBRELENG assured the gentleman from Massachusetts that he had not listened to a single word he had said.

Mr. ADAMS pursued his remarks. He argued from the facts he had been commenting on, that the accumulation of the public moneys in certain States had been permitted for political effect, and that this had been used as an argument with gentlemen from those States, to induce them to sustain other measures of the administration; and was proceeding on this view of the subject, by adducing facts, when he was called to order by

The CHAIRMAN, who intimated that he was wandering from the question immediately before the Committee of the Whole.

Mr. ADAMS observed that this was the first time any gentleman had been called to order in Committee of the Whole by the Chairman, for not confining himself strictly to the question immediately before the committee. It would be impossible to enumerate the different subjects which had been discussed under questions to which they had no relevancy; and he gave, as an instance, the brilliant speech of the gentleman from South Carolina, (Mr. Legare.) The amendment of a gentleman from Georgia had been under the consideration of the committee, when that gentleman had delivered a philosophical, historical, admirable discourse upon finance, to which the House had listened with great pleasure, but which did not in the remotest manner relate to the particular motion before the committee, and had not been interrupted. The chairman of the Committee of Ways and Means himself had made a speech the night before upon the same amendment of the gentleman from Georgia, which gave rise to a dialogue between himself

and a colleague, (Mr. Hoffman,) and which induced a dispute which had, doubtless, been settled to the entire satisfaction of both those gentlemen. It was a skirmish instigated by the private personal enmities and passions of the chairman of the Committee of Ways and Means himself, and he was not restrained by the Chair from wandering from the subject of debate; while he (Mr. Adams) had been pronounced out of order for connecting with the subject before the committee such allusions to another bill as tended to show the influence that the manner in which that bill passed would have upon his vote. [Cries from the House, "Go on!" "Go on!"]

From the time of the passage of the deposit act of June, 1835, it was obviously the duty of the Secretary of the Treasury to withdraw from the bank at Mobile all superfluous deposits necessary to pay the whole of the four instalments to which other States were entitled. The supplementary act of July 4, 1836, made it most emphatically his duty to do so. The Specie circular, if it had any practical effect at all, by pouring specie largely into that bank, afforded every facility necessary for that operation. In his annual report of December, 1836, he recognises that duty, and enlarges with no equivocal self-complacency upon his vigorous assiduity in performing it. And what has he done?

In the fourth quarter of 1836, there was in deposit of public funds in that bank \$1,000,246 30. The four instalments of the deposits payable to the State of Alabama in the year 1837, amounted to \$922,115 71.

What had the Secretary of the Treasury to do but to require of that bank to credit the Treasurer of the United States with the four instalments due to the State of Alabama as they became payable, and there would have yet remained upwards of one hundred thousand dollars in that bank to be accounted for. That the Secretary himself understood this to be his duty, is apparent from the fact which appears in his report of the 25th of September last to this House, that he did actually so pay off the first second and third instalments, amounting to \$669,357 50.

Who, then, could have imagined that, after all these payments, when Congress came together on the fourth of last month, the debt of the Branch Bank of the State of Alabama, at Mobile, was still \$1,008,836 27? That from the fourth quarter of 1836, in eleven months, and after a set-off of nearly seven hundred thousand dollars, the debt of the bank had not been reduced so much as forty thousand dollars? It can possibly have happened only by the Secretary's permitting the funds of the nation, devoted to other objects, to flow into this bank as fast as they went out by the payment of the three instalments.

I find in the reports of the Secretary of the Treasury no correspondence with the Branch Bank of the State of Alabama, at Mobile, concerning the payment of the instalments to the State, nor respecting the warrant for two hundred and thirteen thousand nine hundred and thirty-two dollars and fifty-nine cents, entered in the column of not yet paid, though payable. I have selected this Bank of the State of Alabama, at Mobile, as one of those, the relations of the Treasury with which are marked with a wilderness of confusion. The case of the Agricultural Bank at Natchez is still more extraordinary. That bank got the start of all the rest in the suspension of payments, not merely of specie, but of others. A Treasury draft upon it, which the holder of it was willing to receive in decent rags, was yet protested for non-payment on the second of May last. By the last return of the Treasurer's accounts, there was a balance still due from that bank of upwards of eight hundred thousand dollars. Their correspondence with the Secretary of the Treasury, communicated with his report of 25th September, is truly edifying. The whole correspondence with the late deposit banks in that document, is scarcely less instructive. The Secretaries of the Treasury, since the removal of the deposits from the Bank of the United States and its branches, year after year, have lectured Congress upon the transcendent wisdom of that measure; and the present Secretary, in his annual panegyric upon the deposit State banks, informed us, I think, that this measure was no longer an experiment. Its success was unqualified: its triumph was complete. In looking over the Secretary's fiscal reports to Congress, and especially the correspondence with the deposit banks, I could not but wish that this correspondence could be printed in parallel columns with the correspondence between the former Secretaries of the Treasury and the President of the Bank of the United States, from 1816 to 1833, particularly relating to the payment of large sums for the public, in short time, or on sudden emergencies. With the Bank of the United States, when the former Secretaries of the Treasury had large sums to pay, to transfer, or to borrow, they used no circumlocutions, made no timid inquiries when and how it would suit their convenience, offered no apologies for drawing upon them beyond their means; no promises that he would not for an indefinite time draw upon them again; nor did the president of that bank ever answer heavy drafts or warrants from the Treasury with excuses and entreaties and excuses, and discourses about the pressure of the times, the multitude of bankruptcies, the want of long notices before his drafts; and still less with inquiries whether he could not suspend them from March till the next January, or with proposals to borrow a million of dollars from an appropriation for an Indian treaty, and pay off the Indians with rags, because they preferred them.

The result of all this, sir, has been the twin evils with which this session of Congress began, and is to close: one to postpone for fifteen months the payment of the fourth instalment of the deposit act of 23d June, 1836, to sixteen States of this Union, and the other to authorize the ten other States to retain in their banks, effectively, for the same term of time, not only the fourth instalment which they were themselves entitled to receive, but the portion of the sixteen others, which the Secretary of the Treasury has suffered to flow into their banks, and which their banks refuse to pay. As the immediate representative of a part of the people of one of the plundered States, I have felt it my duty to expose this system of measures in both its parts, and even to repeat it in these last hours of session to expose it in all its nakedness. If the chairman of the Committee of Ways and Means will not hear me, I hope that his constituents and mine will. I have laid the whole system bare to the bone. The question of further postponement of the fourth instalment will come up again at the next or the succeeding session of Congress. I am determined that whatever pretences may then be alleged for that postponement, or for the total repeal which even now was intended and too thinly disguised, not a shadow of the pretence shall be left that the fourth instalment could not have been paid without a new tax upon the people. Every man woman, and child, conversant with the four rules of arithmetic, who will look at this my tabular statement, will see that when this session of Congress commenced, there were in the deposit banks of the ten South-

most and Western States balances due to the Treasury sufficient not only to pay off the whole fourth instalment to the whole twenty-six States, but to leave still balances of millions for the lawful expenses of the nation; that even on the 1st of October, when the instalment should have been paid, and when, after the session commenced, more than two millions and a half had been extracted from those balances, there was still left of them an amount adequate to pay the whole fourth instalment, and to leave half a million of surplus for other exigencies of the Treasury.

Mr. Chairman, when I first observed in the statement annexed to the report of the Secretary of the Treasury at the commencement of the session, the enormous disproportion between the balances due from the Northern and those from the most Southern and Western banks, I attributed this pernicious engorgement of the public funds, the proximate cause of the ostensible necessity for postponing the payment of the fourth instalment, to the far-famed specie circular. By that document, all the receivers of public moneys were required to annex to their monthly returns to the Treasury Department the amount of gold and silver received by them respectively, and each deposit bank was required to annex to every certificate given upon a deposit of money, the proportions of it actually paid in gold, in silver, and bank notes. The object of this order could be no other than to keep the department at all times apprized of the aggregate amount of the gold and silver which had been received, and where it was all deposited. There was no use in requiring the returns, unless the returns as they came in were continually digested by some subordinate clerk of the Department, to keep the Secretary constantly advised of the aggregate amounts, and where they were to be found. This information was precisely what I wanted, and the House, at my motion, on the 30th of last month, adopted a resolution calling upon the Secretary of the Treasury for copies of these returns required by the Specie circular. I hold in my hand the report of the Secretary in answer to the call. It is, that the returns and certificates will amount in the aggregate to near one thousand five hundred documents, and that it would not be in the power of the Department, without a great addition to its clerical force, to have them all copied in season to be submitted during the present session of Congress.

The purpose of the call must have been perfectly obvious to the Secretary. It was a summary abstract of the amount of gold and silver received by virtue of the Specie circular; the names of the officers by whom it had been received, and of the banks in which it had been deposited. If he had not, as I think he should have, such an abstract constantly before him, he surely has not in the Department a thousand dollar clerk, who could not have made it out from his fifteen hundred documents in two days. But he seems to have thought that this labor could be more easily performed by a deliberative assembly of two hundred and forty members in session, than by one of his clerks, for he adds, that "if the information contained in them is wanted at an early day, the Department (clerks and all) would respectfully propose, at once, to lay the original returns and certificates of deposits before the House for examination, should that course meet with its approbation."

Mr. Chairman, the Department might as respectfully have proposed to send up to this House the whole mass of its records and files, as these fifteen hundred original documents. I reminded me of a caricature which, in my youthful days, more than half a century ago, amused me in London. It was on the occasion of Charles Fox's famous India bill, which proposed to take from the East India Company the government of that country, and transfer it to commissioners appointed by Parliament. It produced a prodigious excitement throughout the kingdom, and ended in the total overthrow of the coalition ministry of Fox and North. There was a large majority for it in the House of Commons, but it was detested by the King, and excessively odious as a violation of chartered rights to the people. I was then in London, and remember seeing, at the print shops, a caricature of Charles Fox, with the immense pile of buildings called the India House, in Leadenhall street, upon his back, staggering up with it to Saint Stephen's chapel. The respectful proposal of the Department reminds me of this caricature. Methinks I see the Secretary with the Department on his back, upheaving its vastness to mount the Capitol, and break its way into this Hall. I should be sorry to give him the trouble, and prefer to lack the desired information.

Mr. Chairman, I can not vote for this bill in any shape; not that I am unwilling to afford relief to the people of the States where these delinquent banks are situated, or even to grant every reasonable indulgence of time to the banks themselves. Rash and reckless as the directors of these banks must have been to involve themselves and their institutions in such an enormous mass of debt, upon the credit of deposits of funds belonging to the nation, as to be unable, without a letter of license, for years, to restore the trust, as they had pledged themselves to do, on demand, I hold this Government, and especially the last administration, nor can I except the present, swamped in a far deeper responsibility, for the delinquency of these banks, than the banks themselves. "Lead us not into temptation," is the daily prayer which the Founder of our religion has taught frail and feeble man to address to his Maker—and it is founded upon the principle that from the constitution of our nature, the leader into temptation is responsible for the fall of him who is led. Under whatever form of government the human being is associated, the most sacred duty of the ruler is not to lead the subject of his rule into temptation. The administration which wilfully and wantonly took away the custody of the public moneys from the institution to which it had been committed by law, shivered the trust into tatters, and thus encouraged it, in broken fragments, to irresponsible State banks, committed the double wrong of robbing the nation in violation of its right, and of leading its new trustees into temptation, and as if that was not enough, it prompted, it philtered them into seduction. I can not have the heart to visit with severe punishment the weakness of the victim, while the tempter is beyond the reach of my power, and still glories in his shame; while the successor to his authority still clings to the leeks and onions of Egypt, and is not ashamed to tell this suffering nation that the people of Europe—the people of England—are afflicted at this time with the same calamity, and springing from the same causes, as themselves.

I feel with deep sensibility the distresses of the people of Alabama, of Louisiana, of Mississippi, and of the whole debtor States, and can have no possible animosity against their banks; but my own immediate constituents are suffering still more intensely from the same heartless experiment—more intensely, because the Department, smooth as the down of thistle to the Southern and Western banks, has been sharp as the thistle

itself to the banks of the North. The only reason, the only necessity, for withholding the fourth instalment from the fourteen creditor States is to postpone the payment of the balances due by the banks of the ten debtor States. To this I can not consent.

Nor is my opposition to these two bills prompted by the mere consideration that they are unwise and unjust in themselves, but that they are the pioneers of a system of policy to pervade this commencing administration throughout its whole career—a system of sacrificing the rights and interests, as well as the feelings, of the North, to the overwhelming influence of southern theories, southern interests, and southern domination. This is but the first step of a long line of march; and the preposterous divorce of Bank and State, so delicious to the taste, and so cheering to the hopes, of nullification, is undoubtedly the second. This measure, too absurd for serious reasoning, too alarming for scornful derision, so absurd that it was impossible to believe it proposed with sincerity, so terrible to the future of this nation, if really sincere, after floating triumphantly, in its passage from the Department, through the Senate into this House, has this day, by a timid and almost despairing resistance, been deferred till the winter session, for the scary and the wavering to go home and feel the pulse of the democracy of numbers. With the winter session it will come back, and nullification, under the rankest exhalation of whose pestilential breath it poured forth its first fetid infusions into this Hall, will again make her harpy feast upon its officials. That it will ever receive the sanction of this House, may a merciful Heaven forbid! In the interval, at least, I will cherish the hope of better things, and catch every gleam of brighter prospects to illuminate the auspices of the coming year.

## NOTE.

Immediately after Mr. Adams concluded, Mr. Cambreleng moved the Committee of the Whole on the state of the Union to lay aside this bill, without taking the question upon either of the amendments proposed by Mr. Loomis of New York, or by Mr. Johnson of Louisiana, and to take up the general appropriation bill. This was accordingly done. That bill was debated between two and three hours, and Mr. Cambreleng moved it should be reported to the House. It was so reported, and the chairman (Mr. Howard) added, that the committee had had the bill for adjusting the balances remaining due by the late deposit banks under consideration, and had come to no resolution thereon. The appropriation bill was then debated, amended, and passed in the House. Just before the House went into Committee of the Whole on the state of the Union again, Mr. Smith of Maine, a member of the Committee of Ways and Means, moved to discharge the Committee of the Whole from the further consideration of the bill for adjusting the balances of the banks. This movement had the effect of stifling all further debate in committee, not only on the bill, but on the amendments proposed by Mr. Johnson and by Mr. Loomis. It was made by Mr. Smith, doubtless because Mr. Cambreleng was aware that, if made by him, it would have been opposed; the committee having taken no order upon the proposed amendments. The motion of Mr. Smith, probably not understood by the House, passed without opposition. The House went again into Committee of the Whole on the state of the Union; reported, without debate, a bill appropriating one million six hundred thousand dollars for the suppression of Indian hostilities. The House passed it with equal expedition, and then the bill for settling the balances of the banks was called up again. Mr. Johnson forthwith presented his amendment, which was to strike out four, six, and nine months, the time allowed by the bill as it came from the Senate, and insert 1st July, 1838, 1st January, and 1st of July, 1839, for the times of payment by the banks of their balances. This amendment was at once adopted, and Mr. Cambreleng instantly moved the previous question, thereby depriving Mr. Loomis of the opportunity of moving his amendment in the House: which amendment was, that the banks should pay interest at the rate of four per cent. per annum upon all balances remaining in deposit with them. By this series of manoeuvres, the promise made by Mr. Cambreleng to the members of the debtor States, when the postponement bill was laboring in its passage, that if that bill should pass, a liberal indulgence would be extended to their banks, was faithfully, as to them, performed. The bill was thus driven through the House, with the time for settling the balances of the banks extended, and without even requiring interest of them for the time of defalcation. The manner in which Mr. Arphaed Loomis's amendment was extruded from the consideration of the House was peculiarly remarkable. The bill soon came back from the Senate, agreeing to the amendment of the House, (extending the time for settlement) with an amendment, as follows:

"And the default mentioned in this act, on which interest is to commence at the rate of six per cent. shall be understood to be the neglect or omission of said banks, or any of them, to answer the drafts or requisitions of the Secretary of the Treasury, made on them according to the provisions of the first section of this act."

When this amendment came back to the House it was near midnight, and there was no quorum of the House present. Mr. Howard of Maryland moved that the House should *non-concur* with the amendment of the Senate, with a view to a conference between the two houses. The question was taken on Mr. Howard's motion, when there appeared 61 for *non-concurring*, and 22 against it. No quorum. Mr. Thomas of Maryland observing that, as it appeared from the vote just taken, there was a large majority of the members present, and a majority of a quorum for *non-concurring* with the amendment of the Senate, a vote should now be taken, and if a majority of a quorum should vote for *non-concurrence*, it should be considered as a vote of the House, and it would leave this question just where it was before many of the members had withdrawn from the House.

To this Mr. Adams objected, and at one o'clock, Sunday morning, moved to adjourn, which a majority of the members present refused. The same motion was afterwards made by another member, and the question being taken by yeas and nays, there appeared 38 for, and 50 against, adjournment.

A call of the House was moved, but it was apparent that in less than four hours a quorum could not have been collected; and at a quarter before two in the morning, the House adjourned to meet again at eight o'clock Monday morning.

At that time the rules prescribing the order of business were suspended at the motion of Mr. Cambreleng. The House took up the amendment of the Senate; and instead of the question moved by Mr. Howard on Saturday night, that the House should *non-concur* with that amendment, and upon which the

ote had stood 61 to 22, and upon which Mr. Thomas had urged that a majority of a quorum had voted to *non-concur*—instead of this, the motion now substituted was to *concur* with the amendment of the Senate.

Mr. Adams repeated his objections to the bill; to the promise made by the chairman of the Committee of Ways and Means, on the 29th of September, at the passage of the deposit postponement bill, that further indulgence should be extended to the delinquent banks, if the postponement bill should pass; and to the indecent manner, as he thought, in which that promise was performed by the proceedings on Saturday night. While making these objections, Mr. Adams was repeatedly called to order by the chairman of the Committee of Ways and Means, for referring to what had passed in Committee of the Whole, and the Speaker twice decided that the deposit postponement bill, not being now before the House, could not be discussed at this time. Two members from the debtor States, Mr. Garland of Louisiana, and Mr. Chapman of Alabama, called upon Mr. Adams to say whether, by charging the chairman of the Committee of Ways and Means with a bargain of further indulgence to the delinquent banks, he meant to allude to them. Mr. Adams disclaimed all intention of alluding to any individual. He considered the promise of the chairman of the Committee of Ways and Means as a pledge given to the members of the debtor States to purchase their votes for the postponement bill; and the transactions of Saturday night as a redemption of that pledge. Mr. Garland earnestly entreated the House to permit him to answer what he considered as a most unjustifiable attack of Mr. Adams upon the members of Louisiana, but the House, that is, the majority, would not listen to him. Nothing was more remote from Mr. Adams's intentions than an attack upon the members from Louisiana, both of whom he highly and sincerely respects and esteems. He deeply regretted that the House refused to hear Mr. Garland, not only because it was Mr. Garland's desire to be heard, but because he knew that if the House would hear him, it would give Mr. Adams the right and the opportunity, in reply, to unfold, at full length, the two transactions of the evenings of the 29th of September, and of the 14th of October—of the pledge given, and the pledge redeemed. These were memorable days in the history of this country, and chiefly memorable as characteristic examples of the means to be used by this incipient administration to influence legislative action. The States by Executive agency, had already been divided into two classes, of debtor and creditor, and now the creditor States were to be deprived of their fourth instalment by the votes of the members from the debtor States.

The debate of the 19th of September has never been fully reported. The speeches of Mr. Dawson, of Georgia, and of Mr. Sampson Mason, of Ohio, signifying the bargain at the very moment when it was concluded in the face of the House, have been suppressed.

The bill to postpone, till further order of Congress, that is, for ever, the fourth instalment of the deposits, as it came from the Senate, had been forced to the third reading by a vote of 119 to 117. This vote had been reconsidered at the motion of Mr. Pickens, of South Carolina, to let in an amendment proposed by him, limiting the postponement to the 1st of January, 1839, which was found indispensable to secure the passage of the bill. It had then, by the application of the previous question, been again forced to the third reading by the meagre majority of 118 to 106 votes.

Mr. Garland, of Louisiana, then moved that the further consideration of that bill should be postponed to the ensuing Tuesday, to take up, in the mean time, and pass the bill for adjusting the balances with the delinquent banks, on the avowed plea that the bill ought not to be permitted to pass till the banks of the debtor States should have the pledge of a longer indulgence of time than they would have by the settlement bill, as it had come from the Senate.

Mr. Cambreleng opposed the motion of Mr. Garland to postpone the postponement bill, but gave the pledge, for himself, to deal as generously with those banks as circumstances would admit; for, though no friend to the banks, yet he was willing to afford them every indulgence for the sake of the people who were indebted to them.

So says the report of his remarks in the Globe, very prudently condensing in a few words what was much more largely said in the House. The Globe adds: "Mr. Dawson and Mr. Mason, of Ohio, designated this as a bargain between the two gentlemen," and made some strictures thereon, and then again very prudently suppresses those strictures.

Mr. Dawson and Mr. Mason did not designate it as a bargain between the two gentlemen. They designated it as a bargain tendered by the chairman of the Committee of Ways and Means to the members from the States of the most deeply indebted banks, of longer indulgence of time to those banks as an equivalent for the votes of those members to postpone the payment of the fourth instalment to the creditor States.

That this was the phenomenon designated by Mr. Dawson and Mr. Mason; and that it was the bargain actually concluded, any one may perceive who will read the remarks of Mr. Gholson, of Mississippi, which are reported at full length, and very correctly, in the Globe. No one can doubt of the bargain, after reading them.

But the consummation of the bargain was accomplished on Saturday evening, the 14th of October. The deposit postponement bill had been sledge-hammered through the House by the previous question and the votes of members from the debtor States, on the 29th of September. The promised equivalent of every indulgence to the debtor State banks was to be granted on the 14th of October, and it was done. The dexterous discharge of the Committee of the Whole on the state of the Union from the consideration of the bank settlement bill, while the amendments of Mr. Johnson of Louisiana, and of Mr. Loomis of New York, were pending; the adroitness with which the amendment of Mr. Johnson of Louisiana was then squeezed into the House, and the instantaneous start of the previous question, to cut off the amendment proposed by Mr. Loomis of New York, were exemplary specimens of legislative legendmaking; and although the final amendment of the Senate somewhat discomfited the desperate fidelity of the chairman of the Committee of Ways and Means to the redemption of his pledge, yet that untoward event was not fairly imputable to him. If he could have kept a quorum together on Saturday night, he would have *non-concurred* the amendment; and then, at a conference, the Senate would have receded from it. But Monday morning it was too late. If he had *non-concurred* then, his quorum might have chanced to slip from under him while he was holding his conference with the Senate, and so he was obliged to call upon his majority of a quorum to toe the mark again. Right about face, and vote to *concur* in that amendment, which on Saturday night they had stubbornly voted to *non-concur*.

If the chairman of the Committee of Ways and Means could get over his aversion to a discussion upon nouns, pronouns, verbs and adverbs, he might find an edifying text for a lecture upon the literary composition of statute law, in his act for the adjustment of the bank balances, as it now stands among the rolls of the Department of State, signed by the Vice President of the United States and President of the Senate, and by the Speaker of the House of Representatives, and approved by the President of the United States. Besides the absurdity in the first section, pointed out by Mr. Adams, of providing a relief for delinquent banks, by an exclusive application of it to banks not delinquent—banks which have met and shall hereafter meet all the requisitions of the Department—besides this, the last amendment of the Senate has got stowed away in a wrong place. It should have been added to the end of the bill, for it evidently refers to the last clause of the bill; but as it was presented by the Senate as an amendment to an amendment of the House, inserted in the body of the bill, the engrossing clerks seem to have thought that an amendment to an amendment must hold its location with the amendment itself, and could not be transposed. This may be a good general rule, but this case manifestly required an exception. The amendment, as it stands in the act, precedes a clause which it was undoubtedly intended to follow; and the whole section looks like a broken pane of glass, repaired by thrusting into it a worsted stocking. The whole act, taken together, forms a fine specimen of the figure of rhetoric commonly called *Calimachus*. It will puzzle the philological committee of the Secretary of the Treasury himself to give it an operative rational construction. Whatever construction he may give to it, it should ever have to pass through the ordeal of a judicial grammatical investigation, the strongest argument of the Secretary for construing it into a relief law will be to address the judges in the words of the poet—

Be to its faults a little blind,

Be to its virtues very kind,

Let all its ways be unconfin'd,

And clap the padlock—on the mind.

The report of the proceedings of the House of Representatives, on the morning of the 16th of October, in the National Intelligencer of the 18th October, is as correct as could be expected in the hurry and confusion which always attend the close of a session of Congress. There are in it, however, several mistakes, which it is necessary should be corrected. Mr. Adams did not charge the chairman of the Committee of Ways and Means with consummating a bargain with certain gentlemen from Louisiana. This mistake becomes more aggravated by the report which represents Mr. Chapman of Alabama, as saying, "I am the only other member from Louisiana." Mr. Rice Garland erroneously supposed that Mr. Adams's charge applied to the members from Louisiana, and especially to himself, because he was the member who, at the third reading of the deposit postponement bill, had moved to lay it aside until the bank settlement bill should be taken up and passed with a lengthened indulgence of time to the delinquent banks. This was the occasion of the memorable pledge of every indulgence to the delinquent banks, given by the chairman of Ways and Means—then signalled by Mr. Dawson, and Mr. Mason of Ohio—and redeemed on the evening of the 14th of October. But the bargain was not with "certain gentlemen from Louisiana," for Mr. H. Johnson voted against the deposit postponement bill, and Mr. Garland did not vote upon it at all. Neither was the bargain with Mr. Chapman, who, though he voted for the deposit postponement bill, disapproved, and it is believed, voted against the bank settlement bill. The appliance of the promise of every indulgence to the delinquent banks was to all the members from the debtor States. Their banks were the only banks that needed indulgence. The fourth instalment was not to be withheld from them: They had it already, and three times as much more of the public moneys, which should have been paid to the creditor States, and which could be withheld from them only by postponing the payment of the fourth instalment.

A third mistake in the report is that which represents Mr. Adams as saying that the bargain was pointed out at the time when it took place by a gentleman from Missouri. It was by a member from Ohio, Mr. Sampson Mason.

The following is a copy of the act as it finally passed, with the words in the first section upon which Mr. Adams commented, printed in Italics; and with the amendment of the Senate to the amendment of the House, in the second section, also printed in Italics, and enclosed within brackets:

AN ACT for adjusting the remaining claims upon the late deposit banks.

Be it enacted, &c. That the Secretary of the Treasury be, and he is hereby, authorized to continue to withdraw the public moneys now remaining in any of the former deposit banks, in a manner as gradual and convenient to the institutions as shall be consistent with the pecuniary wants of the Government, and the safety of the funds thus to be drawn; and that no further interest than that required by the deposit act of the twenty-third of June, one thousand eight hundred and thirty-six, under which those deposits were made, shall be demanded of any bank which has met, and shall hereafter meet, the requisitions of the Department. This provision shall also extend to such public moneys as may remain in any of the said banks, whether standing to the credit of the Treasurer of the United States, or of any disbursing or other public officer of the Government.

Sec. 2. And be it further enacted, That in case of neglect or refusal by any of the said banks to comply with the requisitions of the Secretary of the Treasury, as he shall make them, in conformity with the first section of this act, suits shall be instituted, where that has not already been done, to recover the amounts due to the United States, unless the defaulting bank shall forthwith cause to be executed and delivered to the Secretary of the Treasury, a bond, with security to be approved by the Solicitor of the Treasury, to pay to the United States the whole moneys due from it in three instalments. The first to be paid on the first day of July next, the second on the first day of January, eighteen hundred and thirty-nine, and the remaining instalment on the first day of July, eighteen hundred and thirty-nine: [and the default mentioned in this act, on which interest is to commence at the rate of six per cent. shall be understood to be the neglect or omission of said banks, or any of them, to answer the drafts or requisitions of the Secretary of the Treasury, made on them according to the provisions of the first section of this act:] and interest thereon at the rate of six per centum per annum, from the time of default, together with any damages which may have accrued to the United States from protests of drafts drawn upon it, or from any other consequence of its failure to fulfil its obligations to the public Treasury.



# SPEECH OF MR. HALSTEAD, OF NEW JERSEY.

*In the House of Representatives, September 23, 1837—*  
On the bill to postpone the fourth instalment of deposit with the States.

MR. HALSTEAD, of New Jersey, addressed the house as follows:

Mr. Chairman: I regret that I am compelled, at this late stage of the debate, to trespass upon the attention of this committee, while I present to their consideration some of the reasons which have operated upon my mind to induce me to withhold my assent to the passage of the bill upon your table.

Sir, I consider the passage of this bill as *unnecessary and inexpedient*; and, under these two general heads, I shall endeavor to comprise the observations I have to submit to this committee.

The friends of this bill have advocated it as necessary, upon the alleged ground of a deficiency in the Treasury to meet the current expenditures of the Government. It is incumbent on those who, in this day of calamity, would take from the People the sum of \$9,367,214 98, to prove that deficiency beyond all doubt. I have carefully read over the report of the Secretary of the Treasury; and it might seem arrogance in me to say that I understand it, after so many gentlemen in this house, older and abler than myself, confess themselves unable to comprehend it; and when the Chairman of the Committee of Ways and Means informs us that to understand Treasury reports is a science, and that he, after sixteen years' service in this house, could not understand it; but that he went to the Treasury himself, and there, from the records of the Department, made out his explanatory statement of the state of the finances, which has been laid on our tables. But so far as I do understand the report of the Secretary, it does not appear to me that there is any deficit in the public Treasury. The statement and calculations of the honorable member from Tennessee (Mr. Bell) are entirely satisfactory to my mind to prove that there is no deficit. But it will, I think, be conceded, after the various views and calculations which have been made by honorable gentlemen who have preceded me, all differing as to the amount really in the Treasury, that it is at least doubtful whether there is or is not any deficiency to meet the public expenditures. Then, sir, if a doubt rests upon this subject, that doubt ought to be solved in favor of the People. As guardians of the money of the people, when we are asked to unlock their coffers, and take out \$9,000,000, and place it in the hands of the Government, prudence, as well as true democratic principle, of which we have heard so much in the course of this debate, requires that something more than a doubtful case should be made out. The advocates of this bill appear to have taken it for granted, that if they proved the existence of a deficit in the Treasury, they had proved the necessity of passing the act. The conclusion does not follow, that they must go one step further. They must not only prove there is a deficiency in the Treasury, but they must prove that there are no other available funds within the power of the Government, to which it may resort to supply that deficiency. For if there are other sources from which to supply all deficiencies to meet the exigencies of the Government, without resorting to the fourth instalment required by law to be deposited with the States, then I cannot vote for this bill. I will, for the sake of the argument, admit that the excess of expenditures over both the receipts and the balance in the Treasury at the commencement of the year is \$5,876,565, and that \$1,000,000 more will be required for the efficient operations of the Mint; and three or four millions to answer sudden and contingent calls on the Treasury; the aggregate sum thus required by the Government for all these objects is \$10,000,000, which the Secretary tells us must be obtained either from the deposits or some other source. The question then is, cannot the Government make up this sum, without withholding from the States \$9,000,000 and upwards, to which they are entitled under the deposit act? I undertake to show that it can; and I would make up this sum from the following sources: First. It appears that there are \$5,000,000 in the hands of disbursing officers of the Government. This money is just as much within the

power of the Government as if it was in the Treasury. I see no reason why this large sum should be left in the hands of disbursing officers; it might just as well be applied to the purposes of the Government as to be lying idle in the coffers of the officers or the vaults of a bank; and \$3,000,000 of this sum, at least, may be withdrawn from their hands without any detriment to the public service. Secondly. The Government is in the possession of the bonds of the Bank of the United States to the amount of \$3,000,000. The whole of these can be sold at once, if necessary, and thus the whole deficiency can be supplied. But this is not the only source to which I would resort to supply the deficiency; for, in the third place, I would repeal some of the laws passed at the last session, making unnecessary appropriations. The President in his Message, (page 19,) accounts for the fact that the receipts of the current year fall short of the expenditures more than was anticipated, by saying that "it is to be attributed not only to the occurrence of greater pecuniary embarrassments in the business of the country than those which were then predicted, and consequently a greater diminution in the revenue, but also to the fact that the appropriations exceeded by nearly \$6,000,000 the amount which was asked for in the estimates then submitted." If the Government did not ask for these appropriations, and do not want them, surely the money appropriated to these unnecessary objects may, without any detriment to the public service, be now diverted from such unnecessary objects, and applied to the more urgent demands of the Government. The items of unnecessary appropriations made at the last session of Congress, which may be dispensed with for the present, were fully enumerated by the honorable member from Tennessee, (Mr. Bell.) They consisted of appropriations for the construction of additional Mints and machinery; for public works in this city, such as a new Patent Office and Treasury; for armories; for the armament of fortifications, arsenals, canals, equipping the militia, building vessels of war, light-houses, clearing out rivers, public roads, custom-houses, and the exploring expedition. The amount appropriated to these items is \$6,376,734. Three or four millions might be saved to the country, and taken to meet the present exigencies of the Treasury, by repealing some of these appropriations. The honorable member from South Carolina (Mr. Pickens) characterized these appropriations as not only extravagant, but many of them fantastic and useless. And, sir, in looking over the "act making appropriations for building light-houses, light-boats, beacon-lights, buoys, and dolphins," I could hardly withhold my assent to his remark; for I saw in that act appropriations for almost every variety of name and object, from "Saddleback ledge" to "Whaleback light," from "Black Boy's reef" to "Papoose Squaw point." But, among other appropriations, I found one which I thought very necessary, and which I would by no means repeal, and that was an appropriation of \$2,700 to build a light-house at Van Buren harbor. I only regret that this appropriation had not been made sooner. The light-house ought to have been erected previous to the last Presidential election. Had there been a beacon-light erected at the entrance of that harbor, the good ship United States might have avoided the perilous position she now occupies. Sir, there are shoals and sand-bars in that harbor which threaten the safety of that noble vessel and her gallant crew. There are currents and counter-currents, eddies and undertows, sunken rocks and hidden reefs, which render its navigation difficult, and still more difficult to moor a vessel in safety. I think it high time a beacon-light was erected at the entrance of that harbor. I am for running it up immediately; and I would have it so high that it should enable the crew of that gallant ship to see she is driving fast upon a lee shore; that there are breakers ahead, and that they are surrounded with rocks and with reefs on the right and on the left; that they should be enabled to see that there is no safe anchorage in Van Buren harbor; that their only safety now is to slip their cables, about ship, and crowd all sail out of that harbor, and not to drop anchor again until they can find a good Clay bottom.

But, sir, if there is a deficiency in the Treasury, if (as it is said) there is not money enough to pay this instalment, then this law is unnecessary. The argument of the honorable member from Virginia (Mr. Robertson) struck my mind with great force; "Why pass a law to postpone the payment of this fourth instalment, when, if there is no money to pay it, it is postponed as a matter of course?" If the only object of this bill was to *postpone* the payment of the fourth instalment, (as the title imports,) the argument of the honorable member would be absolutely conclusive. But, sir, that is not the object of the bill. Its title is deceptive. Let gentlemen examine the sixth line of this bill, and see what pregnant meaning lurks in the following words: "postponed *till further provision by law*." Do not gentlemen perceive that they might as well vote to take the deposits from the States at once, as to vote for a bill containing this clause? When will further provision by law be made for the distribution of these deposits? While the present incumbent of the Executive chair is at the head of the administration? No, sir. Let gentlemen read the letter of the present Executive to the honorable Sherrod Williams, (dated 8th August, 1836,) and they will there see that he is hostile to the deposit act. His language is this: "In my opinion, Congress does not possess the power, under the constitution, to raise money for distribution among the States; and if a distinction can be maintained between raising money for such purpose, and the distribution of an unexpected surplus, of which I am not satisfied, I think it ought not to be attempted without a previous amendment of the constitution, defining the authority and regulating its exercise." The present Executive will never sign a bill to make further provision by law for the distribution of the deposits; he will apply to it the exercise of his veto power. How, then, can the friends of the deposit act vote for this bill, without abandoning the hope of obtaining this fourth instalment? The honorable member from Tennessee (Mr. Bell) well said that the present measure was proposed by those who were hostile to the deposit act; and permit me to add, by way of caution to the friends of that act, "*Timeo Danaos et dona ferentes*." The proposers of this measure belong to that class of politicians who are for uniting the purse and the sword in the same hands. The gentleman from Ohio, (Mr. Duncan,) told us money was power. No administration ever understood that maxim better than the present.

Gentlemen deprecate the idea of incurring a national debt. I concur with them in that sentiment; but I do not perceive the force of its application to the present bill. If this bill passes, we are still to create a national debt. The Secretary of the Treasury tells us (in page 8 of his report) "if the fourth instalment be deferred, yet, being chiefly in the custody of banks not paying specie, it is manifest it cannot be immediately realized in funds suitable to meet existing appropriations;" and he therefore wishes to have authority to issue Treasury drafts to the amount of \$10,000,000. And the Committee of Ways and Means concur in the suggestion of the Secretary, and have introduced a bill for that object. If, then, we are to be subjected to a national debt, we may as well incur the debt for \$20,000,000, and pay the fourth instalment to the States, as to create a debt of only \$10,000,000, and withhold the fourth instalment. The odium of a national debt, if it be an odium, will exist in both cases.

But, sir, there is another objection to this bill, more formidable, to my mind, than any which I have yet urged. It is, that the passage of this bill involves a violation of national faith. For I regard the deposit act of 1836 as containing in it a proposition to the States, which proposition, when acceded to by the States, by the passage of the necessary acts for the acceptance and safe-keeping and return of the surplus money, according to the terms and requisitions of that act, became binding upon the United States, and constituted a firm and valid contract. The terms of the thirteenth section of the deposit act, and the acceptance of those terms by the Legislature of New Jersey, by the act accepting those deposits, contain all the essential elements of a contract. These are, parties able to contract; a subject-matter about which to contract;



a valid consideration, and the *aggregatio mentium* of the parties. Some gentlemen have contended that there is no contract between this Government and the States respectively; because there is no such agreement as can be enforced in a court of justice. But it is no part of the essence of a contract that it can be enforced in a court of justice. There are many contracts which cannot be enforced in a court of justice. A contract between a sovereign and a subject cannot be enforced in a court of justice, for it is a part of the royal prerogative not to be sued; the only redress of the subject is by petition. But would it not be highly derogatory to the royal dignity to evade the performance of its contracts, by sheltering itself behind the *ægis* of royal prerogative? Again, it has been said that there can be no contract between the United States and the States, in reference to the payment of this fourth instalment, because there was no consideration passing between them. The honorable member from New York (Mr. Sibley) showed, conclusively, in the very able argument which he delivered yesterday, that there was a good consideration for a contract; and that there was an actual valid contract. I will not detain the committee by reiterating his argument; and I would only add to the authorities to which he referred, the authority of the Supreme Court of the United States, in the case of *Fletcher and Peck*, and the case of the *Dartmouth College*. In the former case, it is decided that a grant of a State, in its own nature, amounts to an extinguishment of the right of the grantor, and implies a contract not to assert that right; and that it is sufficient to form a valid consideration for a contract, if it import a damage, or loss, or forbearance of benefit, or any act done, or to be done, on the part of the grantee. I am, therefore, decidedly of opinion that the United States have entered into a firm and valid contract with the several States, to pay over to them, on the first of October next, their respective portions of the surplus revenue; and that the withholding the fourth instalment would be a violation of the national faith solemnly pledged under the sanction of law. On the faith of that pledge, some of the States have actually anticipated and expended this fourth instalment; and others have made contracts based upon its reception; and it would be cruel now to disappoint them. Our pledged faith should be redeemed. I am not one of those who believe that a change in the state of the public finances will authorize a violation of national faith; on the contrary, I believe that good faith is a goddess, that ought to be worshipped at all times, and under all circumstances.

This fourth instalment has been treated by some gentlemen as a claim by the Government against the States, as if the States stood to the United States in the relation of a debtor to a creditor. It appears to me that this is not the relation in which they stand, or ought to be placed. I do not view the money divided among the States as creating a debt to the United States. I concur with the honorable member from Kentucky, (Mr. Underwood,) in believing that the States, in receiving their shares under the deposit act, only received what justly belonged to them. Much the greater proportion of that surplus was derived from the sales of the public lands—lands which were won by the States in a common cause; from a common foe, or purchased by their common treasure. And, sir, no State paid more dearly for their portion of the proceeds of the sales of the public lands, both in blood and treasure, than did the State of New Jersey, whose every field almost was fertilized, and every stream discolored, by the blood of her patriot citizens.

But, sir, even if the United States had a valid claim against the States for the immediate return of the money to which they are entitled under the deposit act, it appears to me that gentlemen present this Government in a most unfavorable attitude, when, *Shylock* like, they would have it exact the full penalty of its bond in this crisis of our public calamity, though in so doing it should cut its pound of flesh nearest to the heart of the people. Gentlemen seem to consider this Government like some ancient feudal barony, whose powerful lord, intrenched within his frowning battlements and moated ramparts, has no connexion or sympathy with the people, and hardly knows of their exist-

ence except when he wants their aid to fight his battles, or sends out his purveyors to plunder their crops. My opinion of a Government is, that the attitude which it ought to hold to the people should be rather the attitude which a parent holds to a child, or a guardian to a ward, than that of a hard-hearted creditor to his debtor, or a feudal baron to his vassal. The good of the governed is the main end and aim of all government. One of the very objects which conduces to the formation of the Constitution of the United States, is stated in the preamble to that instrument to be "to promote the welfare of the people." Such laws only should be made as will confer the greatest permanent good on the greatest number of the people. Will the passage of this act effect this object? This brings me to the consideration of the consequences which will result from the passage of this bill, and to consider the inexpediency of this bill. Will it not add greatly to the distress of the people? An honorable member from Ohio, (Mr. Duncan,) has told us that there is no distress among his constituents. I am happy, sir, to hear that the constituents of the honorable member are not suffering the distress in which some of my constituents are involved. To show to the honorable member, and to this committee, the extent of that distress in one of the cities of my native State—a city renowned throughout this country for the enterprise, activity, and intelligence of its inhabitants—I mean the city of Newark—I will read an extract from a letter recently received, which gives the following description of that once flourishing city:

"In 1836 the population of Newark was 20,736; and it is believed by citizens of intelligence and observation that at this period it does not exceed 15,000. In 1836, the number of men and women (including apprentices) engaged in mechanical employments exceeded 7,000; at the present time the number does not reach 1,500; and one-half of these receive only partial employment, barely sufficient to keep their families from starvation. During the greater portion of the summer, the number has not exceeded 400. To such an extent has the distress extended, that the city authorities have employed for several months 300 men to work on the roads, at fifty cents per day, out of the class of citizens whom the city would otherwise have been obliged to support as paupers. A once flourishing city, last year containing a population of 20,000 souls, manufacturing largely in fourteen different branches of mechanical business, full of the hum of industry and other indications of prosperity, whose business men were possessed of unlimited credit and undoubted wealth, reduced in nine months to two-thirds of its former population, its manufactories stopped, its citizens out of employment, and many of them brought to extreme want! This is sober reality. I have seen many of our most respectable mechanics hired at fifty cents per day to work on roads, who, but one year ago, were receiving from fifteen to twenty dollars per week for their labor. More than three times that number of dwelling-houses have been abandoned, and are now to let. Tenants are unable to pay; and landlords will scarcely realize sufficient in cash to meet their taxes and insurance."

Sir, this is a description of some of the distress which exists in a portion of the State which I have the honor to represent. Sir, if I could take the honorable member from Ohio, to that city, I could show him scenes of distress which would rend the heart of the most obdurate. And, sir, that distress has not been occasioned by the causes to which the President, in his message, seems to be disposed to attribute them, viz: "to the rapid growth among all classes, and especially in our great commercial towns, of luxurious habits, founded merely on fancied wealth, and detrimental alike to the industry, the resources, and the morals of our people." The people of the State of New Jersey are a temperate, industrious, and a moral people. Let not the President lay to his heart the flattering unctious, that the distress which has struck down the enterprise and prosperity of that once queen of manufacturing cities to which I have alluded, and which has paralyzed the business of the whole country, is to be attributed to the causes which he has assigned. No, sir, it is to be attributed to the

insane and ruinous experiments of the last and present Executive.

But, sir, what is to be the effect of this bill? Will it afford to the suffering people any relief? No, sir. That it will tend greatly to aggravate all the evils under which they now labor, I think perfectly demonstrable, even from the report of the Secretary of the Treasury itself. What does the tabular statement, (letter Q, page 63,) annexed to that report show us? It shows us that on the 1st of March, 1837, the whole amount of specie in the deposit banks was \$15,312,802, and the amount of discounts at the same period was \$171,287,054; and that on the 15th of August last, the amount of specie in these banks was \$10,580,413, and the amount of discounts was \$104,720,750; so that, while the specie in these banks has been diminished, in five months, \$4,712,479, the loans and discounts have been diminished \$40,689,862, or within a fraction of ten dollars to one; for every one dollar in specie which has been withdrawn from the vaults of these banks, they have been obliged to call in from their debtors ten dollars. (These deposit banks, it will be observed are generally in a better condition than other banks, having a larger proportion of specie.) Now, sir, if the progress of the reduction of loans and discounts is to go on, and to bear the same ratio to the reduction of the specie which this table exhibits, what is to be the condition of this oppressed and suffering community? These banks in order to place themselves in a condition to pay the \$12,944,666, which, on the 15th of August, was standing to the credit of the Treasurer of the United States on their books, (as appears by the same tabular statement,) would be obliged to reduce their loans and discounts to \$120,000,000. This would be grinding the people of this country to the dust.

But again: let us take another view of this subject, in reference to the circulation of these banks, as represented in this same table. On the 1st of March, 1837, their specie was \$15,312,610, and on the same day their circulation was \$44,827,595; on the 15th of August their specie was \$10,580,413, and their circulation is then reduced to \$32,626,004, a reduction of \$4,712,479 in the specie and \$12,201,591 in the circulation; so that for every one dollar of specie withdrawn from their vaults they have had to withdraw nearly three dollars from their circulation. And this is about the average which the circulation bears to the specie, as we are told by Mr. Crawford, in his celebrated report on the currency, made to this house in December, 1820. Then, sir, to enable these deposit banks to pay in specie (for nothing else will be received by the Government,) this \$12,944,666, which was due to the Treasurer of the United States on the 15th of August, from these deposit banks, they must curtail their circulation \$36,000,000. Your poor suffering patient, already in a state of complete exhaustion by your miserable quack remedies and system of depletion, for the purpose of carrying out your *Sangrado* theory, is to be subjected to the operation of the lancet until the last drop of blood is drawn from his veins.

One other remark, and I shall dismiss this topic. The specie, I have said, was on the 15th of August \$10,580,413; the amount due to the Treasurer of the United States on that day was \$12,944,666; that is, the specie in the deposit banks will fall short by \$2,444,253 of the amount due the Treasurer of the United States, (without taking into consideration the \$4,574,076 deposited therein to the credit of public officers, and who must be equally entitled to draw the specie.) Now, sir, how is this balance of \$2,444,253 to be paid? It must be drained from the people, or the banks must fail. But while the banks owe the Government \$12,944,666, they owe to private depositors \$29,492,113, and to the holders of their notes \$32,626,004, and to other banks \$25,083,891; why should the Government receive in specie the whole amount of their debt, while the other creditors of the bank receive nothing? I see no equity or propriety in such a discrimination. If banks are not able to pay all the demands against them in specie, it should be divided equally among their creditors.

But it may be said that the banks have already curtailed their discounts, for the purpose of meeting

the payment of this fourth instalment in specie. This view may, perhaps, be partially correct, and I hope it is so. But that would constitute, in my mind, a stronger objection to this bill; for I should see in that circumstance some prospect of relief to the people. I should perceive a source from which that relief might flow, which this Government appears so unable or unwilling to afford. Sir, if for every dollar in specie these banks may discount to the amount of ten dollars, as soon as it is ascertained that this \$12,944,666 is not to be withdrawn from them, they may extend their discounts to an additional extent of \$120,000,000. This sum, sir, distributed among the people in loans and discounts, would diffuse a beam of joy and gladness over the business community. Yes, sir, with one-half of this sum, those great public improvements, whose progress has been so suddenly arrested, might be recommenced and carried on to their completion. The shuttle and the loom would resume their wonted motion. The water-wheels of your factories, which are now rusting upon their axles, would again revolve under the propelling power of the liquid element. The din of business would again be heard in the streets of your cities; industry and enterprise would at once spring into activity, and the dark cloud of distress which now lowers over our once happy country would be dispelled, and the sun of prosperity again shed its cheering and refreshing beams over our whole community. But, sir, in this day of our calamity, when the hopes of a mighty nation are centred upon us, when our deliberations are watched by many a tearful eye and many a throbbing heart, what relief does the Administration propose for this suffering people? It is a relief somewhat similar to that proposed by the tyrant Dionysius, when he said "it behooves us to take care of Jupiter," and then stripped his statue of a robe of massy gold, and substituted a cloak of wool, saying that "gold was too cold in winter, and too heavy in summer." So this Administration proposes to relieve the dear people by taking the golden robe of the currency into their own possession, for their own use, and covering the people with a tattered cloak of cotton or woollen rags. Or, sir, it is like the conduct of the captain and officers of a ship, who, having by their ignorance and mismanagement, run the vessel ashore, take to the long-boat to save themselves, while they leave the whole crew to the mercy of the waves.

Sir, I have thus stated briefly, some of the objections which compel me, and those associated with me, in representing the State of New Jersey on this floor, to withhold our assent to the passage of this bill. Before I take my seat, permit me to advert to some matters which have been introduced into this debate, altogether foreign to the subject-matter under discussion, but to which, since they have been introduced, it may not be improper in me to reply. We have heard much, sir, in the course of this discussion, about democracy. It would appear as if the majority of this house thought they were entitled to be considered as the exclusive democrats, and that the members who compose the minority had no pretensions to the name. Sir, this term "democrat" has become very indefinite of late. I should like to know what is the court definition of the term. Some of those gentlemen who visit the White House can no doubt give it to us. I should like to hear it from them, that we may have it *ex cathedra*, and may know what is necessary to constitute a real Simon Pure. If we are to follow the Executive standard, I should like to know which set of the opinions of the present incumbent we are to adopt. Is it those he held when he was against the tariff, or when he was for it? Those he held when he was against internal improvements, or for them? When he was against the United States Bank, or when he was for it? When he was against the New York Canal, or for it? When he was against De Witt Clinton, or for him? When he was against Mr. Adams, or for him? When he was against General Jackson, or for him? Sir, if to be a democrat is to be constantly chasing the caprices of Executive opinion, then I am no democrat; nay, sir, if to be a democrat it is necessary to be continually trimming my sails to catch every momentary breeze of popular favor, then I am no democrat. But if by a democrat is meant a man

who is in favor of protecting the rights and interests of the people—a man who is in favor of reforming existing abuses, and "particularly those abuses which have brought the patronage of the General Government into conflict with the freedom of elections"—a man who is in favor of reducing public expenditures, and thereby, as General Jackson tells us, "counteracting that tendency to public and private profligacy, which a profuse expenditure of public money is too apt to engender"—a man who is in favor of sustaining the just rights of the representatives of the people against Executive encroachment; of upholding the just powers of all the co-ordinate departments of this Government, and of maintaining in all their original strength and purity those powers and privileges which are guaranteed to us by our glorious Constitution, and transmitting them unimpaired to those who are to come after him—then I aver myself to be a democrat; it is a faith in which I have always lived, and in which I hope to die.

But, sir, we have always been told that the People of these United States have sanctioned all the principles of the last and present Executive. To this assertion I take the liberty to dissent. I deny that all the monstrous principles of the last or present Executive have been sanctioned by the people of the United States. For the State of New Jersey, I take leave to say that many of those principles have been repudiated. Yes, sir, in that same gallant little State, where, in the winter of 1776, the American eagle perched proudly victorious over the prostrate British lion; in the fall of 1836, the eagle of the American Constitution rose triumphant over the roaring lion of Executive encroachment. But, sir, New Jersey is not the only State where these principles have been repudiated. Look, sir, at the gallant State of Kentucky; she, too, has rallied in defence of the Constitution; her representatives in this hall present a solid and impenetrable phalanx—an undivided "front they form." I cannot say, in the language of the poet, that they are all "still as the breeze," but I can say they will prove themselves "dreadful as the storm," to the minions of Executive power. Ay, and look to the State of Rhode Island; she, too, has repudiated those principles. And last, though not least, look to the State of Maine; with the vigor of an infant Hercules, she has burst the chains by which she was bound to the Executive car; and, even now, the notes of the glorious victory, wafted upon the wings of the wind, are carrying joy and gladness to every lover of the Constitution throughout our wide-extended country.

But, sir, the President has for our instruction, thought proper, in his message, to read us a homily upon luxury and extravagance. I take the liberty of commending to his perusal the reply which the people of Maine have sent to this message. I think he may find a moral there which may be of service to him. And what is that moral, sir? It is that there are limits, in the political as well as in the moral and material system, to the dominion of evil. There are limits to the injustice and oppression, the extravagance and corruption, of Governments, as well as individuals. There is a time when cunning ceases to delude, and hypocrisy to deceive; when the cant and cunning of this Administration is unmasked; when the cup of its political iniquities is full, and the people will drink of the poisoned chalice no longer; when the people are rising in their might, and seizing the massive pillars of the temple of Jackson idolatry; and that the time is not far distant when the idolaters and the idol will be buried together in one undistinguished mass of political ruin.

## REMARKS OF MR. BUCHANAN OF PENNSYLVANIA,

In Senate, October 3, 1837.—On the bill imposing additional duties, as depositories in certain cases, on public officers—in reply to Mr. WEBSTER, of Massachusetts.

Mr. BUCHANAN said he had not flattered himself that the remarks which he had made some days ago, in answer to the Senator from Massachusetts, would have called him out in reply. It

has, sir, been already reported over the whole country, by a portion of the newspaper press, that the blows which I aimed at him with a feeble hand, had been repelled by his adamant armor, without leaving the slightest impression. Besides, (said Mr. B.) I have since been utterly prostrated, according to the same reports, by the Senator from South Carolina, (Mr. Preston,) and so belabored after I was down, that I can scarcely now be recognised by my most intimate friends. Under these painful circumstances, it affords me a ray of comfort to find that the Senator from Massachusetts has deemed my argument worthy of a studied reply. I hope it may not be considered presumptuous in me to say a few words by way of rejoinder.

Heaven forbid (said Mr. B.) that I should be forced to lie down in the same bed with the Senator from Massachusetts, the Senator from South Carolina, (Mr. Calhoun,) and the Secretary of the Treasury. For a man of peace like myself, the bed of Procrustes would be mercy compared with such a fellowship. Never were there more ill-assorted and heterogeneous materials brought together. If my argument has made the three gentlemen lie down together in the same bed, as the Senator has asserted, there let them lie as best they can. I beg to be excused from becoming a partner with this triple alliance, conscious that in that event my fate would deserve to be pitied. I shall endeavor to sustain myself alone.

I have not contended that the Government might not, under the Constitution, draw in favor of public creditors upon its own revenue in the hands of its own depositories, and that these drafts might not circulate as currency between their date and the time of their presentation for payment. Neither have I contended that the Government had no power to borrow money, and issue Treasury notes for the amount, in order to meet appropriations made by Congress. Such drafts and such Treasury notes, whilst limited in amount to the actual wants of the Government, are necessary for conducting the business of the Treasury. Did the Senator from Massachusetts understand me to have maintained that such an exercise of power would be a violation of the Constitution?

[Mr. WEBSTER answered that he did not so understand the gentleman. It had been his purpose to maintain that it was both the right and the duty of the Government to establish a paper currency as a medium of commerce for the country. He did not confine himself to the limits prescribed by the gentleman.]

The Senator and myself (said Mr. B.) understand each other perfectly. What, then, is his proposition? That Congress possessing the express power "to regulate commerce with foreign nations and among the several States," there results from this power, by implication, a power to create a paper currency of sufficient amount to furnish a medium for our foreign and domestic exchanges. Now, sir, can such a vast power be derived, by any fair construction, from this provision of the Constitution? That is the true question. The gentleman soars far above the disputed power to create a national bank, and incidentally, through its agency, to furnish a paper currency for the country. He leaves this at an immeasurable distance behind, and contends that the Government possesses the general power to create such a currency for the people by its own direct action, and without the agency of any bank whatever.

I did say, and I now repeat, that the sturdy patriots who formed the Constitution, and who conferred power upon the Government with a jealous hand, would have been greatly astonished had they been informed that such a power to create a paper currency as that now contended for could be found lurking in concealment under this grant to regulate commerce. The Senator has again appealed to the authority of Mr. Madison; and, in my opinion, again appealed to it in vain. He must call some other witness into court before he can establish his position. The point to be maintained is that the Fathers of the Constitution, or any of them, had ever held that a general power to create a paper currency was incidental to the exercise of the power to regulate our commerce,

Does Mr. Madison any where express any such opinion? Has the Senator shown that any of the Fathers of the Constitution had ever asserted any such proposition? No, sir. Of all the important powers conferred by the Constitution upon Congress, the history of the times will prove that the power over commerce was considered the most simple and easily understood, and the least liable to misconstruction.

I shall not read to the Senate the passage from Mr. Madison's Message of December, 1816, which has just been read by the gentleman. The circumstances under which it was written, as well as the language employed, will clearly point to its meaning. Specie payments had been suspended throughout the country; and our currency then, as now, was composed of inconvertible bank paper. Mr. Madison had waived his constitutional objections to a Bank of the United States, and in April, 1816, had approved the act to charter that institution. Besides, Congress had, in the same month, adopted a resolution to compel the payment of the public dues in specie, or in the notes of specie-paying banks. Mr. Madison is evidently speaking in reference to these two measures in this extract from his Message. It is true, he asserts that the Constitution has entrusted Congress exclusively with the power of creating and regulating a currency of equal value, credit, and use, wherever it may circulate; but does he not here evidently refer to the power "to coin money, and regulate the value thereof?" Is there any other clause of the Constitution to which he could refer? He calculated much on the power of the Bank of the United States "as an important auxiliary" in restoring this constitutional currency, and banishing irredeemable paper; but does he any where suggest, or even intimate, that Congress possesses the general power to create a paper currency for the country, as a means of regulating commerce? This is the point which the Senator must prove, or that part of his argument which rests upon authority must fall to the ground. No, sir, the Senator himself is the first individual, since the adoption of the Constitution, who has asserted this proposition. It is original with himself. He has produced no authority to prove that any of the Fathers of the Constitution ever held such doctrine.

The Senator contends that a power to regulate commerce, by implication, confers the power to create a paper circulating medium by which commerce can be conducted. Now, if I were even to admit this inference, contrary, in my opinion, both to the letter and spirit of the Constitution, still the gentleman would be far from establishing his proposition. And why? Because, when the Constitution confers an express power, and provides, in express terms, the means by which it shall be exercised, it would be a violation of every sound rule of construction to call in the aid of implication to create another and a different means of accomplishing the same end. Now, the Constitution has provided gold and silver coin, and no other currency, as the medium by which commerce is to be conducted; how, then, can the gentleman create a paper currency by implication? Congress have established mints to coin hard money in execution of this power; how, then, can he establish paper mints to manufacture paper money for the very same purpose? To use a law maxim, the expression of the one is the exclusion of the other. If the framers of the Constitution had intended to confer such a power, they would have added to the power "to coin money and regulate the value thereof," that of issuing paper money. Now, sir, can any person, at all acquainted with the history of those times, believe that such a proposition would have received a single vote in the Convention.

Is there a word in the English language which has a more precise signification than the word "regulate?" Does it not necessarily imply the previous existence of something to be regulated? In this sense it has been used by the framers of the Constitution themselves, in conferring the coining power. They first give the power "to coin money," and after money has thus been created, then they add the power to "regulate" its value. They thus clearly mark the distinction between the two

words. In respect to commerce, it had existed in this country from its first settlement. From the mode in which it was regulated by thirteen independent sovereignties, it became absolutely necessary, in order to produce uniformity and to prevent perpetual collisions, that this power of regulation should be transferred from the States to Congress. The subject matter on which this power was to operate, was the commerce then in existence, and all which might be called into existence in after times by the energy and enterprise of our citizens. A mere power to regulate, not to create, was therefore given. If the Senator's argument be well founded, then, by a much less strained construction, Congress possesses the power to create or build ships—to embark in the carrying trade—to construct roads and canals throughout the different States, without or against their consent—and to assume jurisdiction over these improvements. This clause, in the hands of the gentleman, would indeed become a prolific source of federal power. No, sir, we possess no such power to create paper money. If we do, the jealousy of those who framed the Constitution was vain, and the powers which you may confer on this Government, by implication, vastly transcend those which have been expressly granted. The Constitution may be made to assume any form and any feature at pleasure. It contains no guarantee for liberty, none for the reserved rights of the States.

What, sir, is its obvious meaning when construed by common sense? Would a plain man, of sound understanding, ever imagine that an unlimited power to create paper money could be inferred from the power to regulate commerce? Can any two things be more remote from each other than these two subjects? It requires a chain of metaphysical reasoning even to make them seem to approach each other. And yet they are made cause and effect, according to the Senator's argument.

I am sorry, sir, that upon this subject the gentleman has not shown his entire hand. He has cut himself loose from the Bank of the United States, and all bank paper. This we know; but we are left in ignorance as to what kind of paper money he desires to create.

["Give me the power," (said Mr. Webster,) "and I will then tell the gentleman."]

Mr. B. I desire to know, in advance, how the Senator would execute this power. He has kept his plan entirely in the dark. The Delphic oracle never was more mysterious. Who, sir, or what is to issue this paper money? It is not a Bank of the United States—nor is his paper medium to be bank notes. I wish to know what kind of a paper mint he intends to establish, and what will be the nature of its issues. Then, and not till then, can the question be fairly discussed, and the issue, which he so much desires, be made before the people of the country. They demand something tangible. They do not deal in abstractions. They must be able to judge in advance as to how the system will probably operate, before they give it their approbation. If the Senator ever expects to be elevated, by popular suffrage, to a higher station than the one he now occupies, he must no longer clothe himself in mystery, but make known his plan in detail. A general assertion of the power, without any statement of the particular mode in which it is to be exercised, will never satisfy the people of this country. I confess, for one, I should be glad if he would be more explicit on the subject, and inform us what kind of paper he intends to issue.

After all, the manner in which the Senator has attempted to sustain himself, in deducing the power to create paper money from that to regulate commerce, considering his great abilities, has been of such an unsatisfactory character, at least to my mind, as to confirm rather than to shake my former convictions.

#### SPEECH OF MR. C. H. WILLIAMS, OF TENNESSEE,

In the House of Representatives, September 25, 1837.—  
On the bill to postpone the fourth instalment of deposits with the States.

Mr. C. H. WILLIAMS, of Tennessee, addressed the house as follows:

Mr. Chairman: It was not my intention to have addressed this house, until, in my opinion, the time had arrived for the political friends with whom it is my pleasure and my pride to act, to make an effort upon the political board to bring into successful operation the policy that I believe would restore this country to its wonted prosperity. Still, sir, owing to the manner in which this discussion has been conducted, I cannot forbear indulging in a few remarks. I beg permission to premise, with due respect and deference to the honorable gentleman from Virginia, (Mr. Garland,) who has just taken his seat, that the political war that is now waging between the two divisions of the administration party, is the first I ever witnessed with perfect indifference of feeling; for I do most honestly and sincerely believe, that the only difference between the political questions that have given rise to the war, is this: one of them, the State bank system, has been fairly tested as the fiscal agent of the Government, and has most signally failed, and brought overwhelming distresses in its train; and that the modern sub-Treasury scheme has only to be tested, to produce the same result, and, in all human probability, add to the misery of pecuniary distress, the loss of liberty. I believe, with the honorable gentleman from New York, (Mr. Cambreleng,) that the time will come, and that speedily, when this nation will have to decide between a United States Bank, and your modern sub-Treasury scheme. I, for one, stand ready to act my part; and I would hail with delight the introduction of any measure calculated to test at once, whether this house intends to circumscribe its action within the narrow limits of taking care of the Government alone, or whether, in the arrangement and management of the moneyed concerns of this vast and growing republic, a due regard will not be had to the domestic exchanges of the country. Can it be possible, Mr. Chairman, that any attempt on the part of Congress, indirectly to assist the exchanges necessary to the successful operations of commerce and trade, would be a departure from the spirit and genius of democracy, as indicated by the President in his message? If so, sir, I trust the wisdom of Congress will save the country from the blighting effects of democracy. The President of the United States has convened the American Representatives; and, owing to the distress that pervaded this nation, from one extreme to the other, strong and confident hopes were entertained, that measures calculated to relieve the country from the difficulties that must ever, in the nature of things, flow from a confined local circulating medium, would be presented by the President to the consideration of Congress. But far otherwise is the case. We are told that Congress has as much right to pass a law to assist the transportation of merchandise, as to pass a law affecting exchanges; and that we can only take care of the Government. It is with regret, sir, I have witnessed that, in obedience to the President's suggestions, the grand scheme of relief has made its appearance in the shape of bills from the Committee of Ways and Means, which, when summed up, amounts to nothing more nor less than an effort to revive the depressed state of the finances of the Government; and gives completely the go-by to the suffering condition of the country. Hence we have a right to infer, that the lecture on economy, given by the President in his message to the American Congress, is amply sufficient, in his estimation, to save the sinking fortunes of the people. How just will be the indignation of the country, when it is recollected that the self-same Government that now contents itself with a lecture on improvident and unnecessary expenses, is the identical party and Government who, but a few months ago, cheered and sustained the people in their onward course of speculation and extravagance, and hailed the seeming prosperity of the times with rapturous delight; and proudly pointed to this delusive appearance of prosperity, as conclusive evidence of their superior skill in managing the vessel of State. And its friends, from Maine to Louisiana, continued to shout the praises of the glorious experiment, up to the very moment when, as unexpected (to them) as a clap of thunder in a clear sky, the bubble burst, and scattered ruin and calamity around. Now, sir—as if the world was fond of experiments—it is now proposed to rush from one extreme to the other; from the wildest and most profligate paper currency, down—to the metallic standard. And all for what? Simply



because the political jugglers who have ruined the currency of the nation, love office more than they love their country! And the partisan presses of the day, with an impudence unsurpassed in any age, are endeavoring to impose upon the intelligence of the community, by placing the whole catastrophe to the account of over-trading; as if there was not sagacity enough in the country to investigate the subject, and charge the over-trading to its true causes. It is true, sir, that the world was not only mad, but it is a notorious fact that the first symptoms of overaction and insanity made their appearance simultaneously with the removal of the public deposits; and perfect derangement followed Mr. Secretary Woodbury's circular letter addressed to the pet banks, requesting and desiring them to discount freely on the public revenue. It is now universally believed in the west that all this overaction, insanity, and derangement, is chargeable to the great experiment; for, sir, about the time your late President referred in his message to the immense sales of the western lands as an evidence of the prosperity and happiness which had flowed from his administration, it did indeed seem as if day had dawned never to close. Hence the cup of misfortune is doubly bitter.

I am not one of those who believe that the people ought to be encouraged to look to either the General or State Governments, in the hour of pecuniary distress, to pay their debts for them; but, sir, I do contend that it is a high moral duty, and a delegated power that belongs to Congress, to provide some circulating medium that would enable the officers of your Government to manage the finances of the nation without loss or injury to the Government; and that can only be done (as the past history of your country abundantly proves) by giving to the people a currency uniformly good—a currency that will pass co-extensively with the Government under which we live. This is the relief that the country expected; this is the relief that the country wants. And call you this an unconstitutional measure? It is as much the duty of Congress to benefit the mercantile interest of the country in that incidental way as it is to give incidental protection to any other branch of industry.

Mr. Chairman, it is an unfortunate omen for the liberties of the country that efforts have been made to create a prejudice and array one class of the community against another. The interest of the farmer and that of the merchant are intimately connected, and no sophistry can separate them; and all attempts of the kind, no matter from what source they may come, will recoil, sooner or later, with indignation and overwhelming contempt upon the authors of them.

Mr. Chairman, much reliance seems to be placed, by several of the honorable gentlemen who have addressed the committee, upon the argument that has been adduced—that Congress has no power to lay taxes in order to raise money to give to, or to deposit with, the States. That is an attempt to put this question upon a false issue. No such doctrine has been contended for by any member upon the floor of Congress. But, sir, when your General Government had collected, by an odious tax, from the pockets of her citizens, thirty-seven millions of dollars, over and above the wants of the Government, notwithstanding the wildest and most extravagant appropriations; because Congress, in order to stop an unholy struggle that was here waged for the spoils, ordered the surplus revenue to be deposited with the States, does that authorize the inference, that, when the law passed which gave the means that enabled the Government to make the deposit, the object with Congress was distribution among the States? By no means. Then, sir, the argument is wholly inapplicable to the subject under consideration; for suppose you, at this moment, had in your Treasury thirty millions of dollars collected by the Government, in anticipation of a war, by a special direct tax levied with that view, and it so happens that you have no war, and you have no use for the money, it is impossible for you to return to each man his penny, or shilling, as the case may be; but by giving it to the States, the Legislatures, respectively, could so dispose of the money thus returned, that it would be the same in principle as if you had returned it to the pockets of those from whom you had mistakenly and unnecessarily drawn it. Then, sir, it is possible that any gentleman can believe, for one moment, that such a course would violate the Constitution, prostrate State rights, and corrupt the people? If so, sir, it would seem to me that but a poor estimate is placed on the virtue and intelli-

gence of the people—that a simple return of their own property, which you had improperly exacted, would corrupt them. I did hope, sir, that the old argument of corrupting the people would not have been revived in the discussion of this question. It would be just as much a violation of an agreement to withhold the fourth instalment, under the law of June, 1836, as if it had been a direct and positive gift to the States; the principle is the same. Thanks to my political friends who have preceded me in this debate, I am relieved from the trouble of discussing this part of the subject.

The mode of reasoning, Mr. Chairman, which has satisfied me that the bill under consideration ought not to pass, is something like this; cannot the future expenses of the Government be so curtailed as to enable it, in addition to its other necessary disbursements, to fulfil its obligation or liability to pay over the fourth instalment to the States, and thus meet the just expectations of the latter; and, in the end, the liability so created be discharged without any additional taxation; as, for instance, by issuing Treasury notes, or by a loan; no matter which, in this view of the subject?

That this can be done, no gentleman will take upon himself to deny, unless it is contemplated to keep the expenses of the Government up to the high-water mark of thirty odd millions per year. I appeal to this committee to know if it would not be far better for the country to draw upon the anticipated future income of the Government, than to disappoint the States, who have (or at least a portion of them) used the promised deposit in advance? For myself, I do not believe the condition of the Treasury, although it is at present in a pitiable situation, requires, at the hands of Congress, an abandonment of the deposit law. If Congress will relinquish their wild and extravagant mode of appropriations, and go to work honestly and earnestly to retrench, instead of annually enlarging the expenditures of the Government, there will be no necessity for disappointing the States. May I not confidently appeal to that portion of the members of this house, who, when the expenses of the Government were only thirteen millions, cried aloud and spared not for retrenchment and reform, to assist in the effort, and let a searching inquiry be had to ascertain how it is that these expenses have increased to such an alarming extent; and see if they cannot be lessened without detriment to the public good? I would be glad to know how it has happened that we are now called upon to suspend the operation of a law for the want of means to comply with it, when, during last winter it was so confidently believed that there would be a surplus in the Treasury on the 1st of January next, that a motion was made, and a provision attached to the fortification bill, that provided for the deposit of the contemplated surplus! And such was the dread of corrupting the people, by scattering money among them, that some of the distinguished individuals in the other wing of the Capitol were horror-struck at the idea, and resisted the amendment with such pertinacity, that the whole bill was lost. Surely the extravagance and mismanagement of the finances must have been great to produce such an unexpected result; and a Presidential lecture on Governmental as well as individual improvidence would have been quite appropriate. But not one word of condemnation has reached us, nor any recommendation in favor of retrenchment, notwithstanding the acknowledged distress of the times. What has become of the forty odd millions that were in your Treasury on the 1st day of January last? I am for applying the individual lecture given by the President, in his message to the Government; and I am not disposed to arrest the fourth instalment, and thereby assist in placing the means in the power of the administration to continue the same mode of extravagance. I am aware of the argument that is contended for on the other side, that it is folly to create a national debt, in order to obtain money to deposit with the States for safe-keeping. If the gentlemen who used the argument would only recollect that there is already a bill upon your table for that purpose, their dread of a national debt would cease; for come it must, it seems, with or without the passage of this bill.

It is strange that, only a few months ago, this house—nay, this nation—seemed to be shaken to its centre by the contest that was here waged as to what should be done with the surplus revenue; now, we are called upon to create a national debt, and that without any one condescending to give (to my mind, at least) any satisfactory reason how it has happened. Is that, too, chargeable to the account of Governmental over-trading? If so, the adventurous politicians should

be exposed to the American people. I entreat this committee to pause, and calmly take into consideration the grand scheme of relief as proposed by the organs of the President in this house, and ask themselves what it is we are called upon to do for the relief of the country? First, we are called upon to postpone, until doomsday, the fourth instalment, under the deposit law of June 23, 1836; secondly, to give indulgence on the merchants' bonds; thirdly, to cut loose the Treasury from all banks, and rush into the golden age, and make the pockets of your officers your Treasury—which would increase, by the President's own showing, the already enormous expenses of the Government, sixty thousand dollars per year; and, fourthly, (as if conscious that the measure proposed would produce universal bankruptcy,) a bankrupt law, as a winding-sheet for the deposit banks, is asked for—an apt and appropriate provision in the catalogue of relief proposed by the Executive. We have come to a beautiful state of things, that your President asks you to do that which would disgrace an individual to do. I will prove the assertion. If a man, who had heavy dues owing to him, would refuse to take any thing but gold and silver in payment, under the present embarrassed state of things, and use the advantage which the occasion gave him to fatten at the expense of his neighbors, when he had only a short time before declared that the money he was now refusing would be good, nay, be better than United States Bank paper, no man would hesitate to pronounce him an unprincipled scoundrel. Sir, it is possible that what would disgrace an individual would be right in your Government?

But, sir, to my mind, the measure that rises superior in point of importance to all others proposed, is the one that contemplates issuing Treasury notes. I have felt an anxious wish to vote for the bill, for the reason that I am satisfied some active means are wanting by the Secretary of the Treasury to carry on the wheels of Government; but, sir, when I look at the consequences that may possibly flow from a precedent of the kind, I cannot vote for it. I am constrained to believe that it is designed ultimately to convert it into a Treasury bank. If not, I ask its friends why they did not introduce a bill simply to borrow money? If nothing else is intended but to raise means on the credit of the Government, why not call things by their right names? If you issue ten millions of Treasury notes this session, bearing interest, it will be the best of currency, so far as mere value is concerned; but have you any security that, at the next session, ten millions more will not be issued, and so on, until the entire circulation, by which exchange is managed will be in Treasury bills? They will be good, and much sought after. If so, is there not great danger that Congress will, in the end, attempt to supply the place of a United States Bank by large and heavy issues of Treasury notes, and in that insidious way lead the people on, step by step, until a Treasury bank becomes the order of the day? Once get it into full and successful operation, and the sun of American liberty, in my humble opinion, has set forever! Add to the powers of your President a Treasury bank, and then compare his powers with those of the British Queen, and you will find (to borrow an expression) your "republican simplicity" shocked. You will further find that the only difference worthy of notice would be this: your President is elected to his station, the Queen was born to hers. Then, sir, surrounded as this administration is with strong suspicions that a Treasury bank is one of its desired objects, I, for one, will not vote for any measure that can by possibility be considered even to squint that way; though it is not my intention to detain the committee with my objections, in detail, to a Treasury bank, particularly after the able and masterly view taken of that subject by the honorable gentleman from South Carolina, (Mr. Thompson.)

On several occasions, honorable members have expressed their hope that we had met here in the spirit of compromise. I must confess, circumstances and situated as the two parties are known to be, that I do not see the force of the expression *compromise*. What, sir! Do you not know that the opinions of the two contending parties are as far apart as the east is from the west? How, then, are they respectively to act, but by rearing aloft the banner under which they sail, and gallantly charging the ranks of their opponents with the weapons of reason and the past experience of their country, and indignantly throwing down all the weapons of dishonorable warfare, such as impugning motives, and accounting for an honest difference of opinion on the grounds of cor-

ruption alone? I am for doing this, and meeting it once, so far as I am concerned, the main question, and decide it, and let the country know on what they have to depend. But, notwithstanding I believe a compromise is impossible, if any gentleman will trouble himself so far as to explain what he means by that term, and if I view it in the light he does, most gladly will I disentangle myself from all party associations, and march up and sacrifice upon the altar of my country's good a due proportion of my long-cherished opinions; but until this is done, sir, I feel it to be a duty which I owe to the distressed and suffering condition of my fellow-citizens, boldly to avow my readiness to pursue the course that I believe will not only save the vessel of state, (which is now buffeted about by the billows of an angry and uncertain ocean,) but save this country from the tender mercies of a broker's shop, whenever one of your citizens wishes to travel out of the limits of his own State. When I recollect that the party now in power unhesitatingly declared that the State banks, with the assistance of the public deposits, would give to the moneyed operations of your Government, and to the exchanges of the country, the same facilities, nay, even greater, than the late United States Bank did, and contrast their statements with the result, I am not, sir, in the least surprised that the President, in his message, has thought proper to resort to the arguments that were made use of by the opposition, in order to exhibit the necessity for his sub-Treasury scheme. Can it be possible, when the ship of state is launched upon a new and untried sea, contrary to the advice of the most experienced seamen, and, when launched, she becomes stranded, that the same thoughtless imprudent seamen who did the mischief, and who have not the moral courage to acknowledge their error and to return, can expect to be supported in their onward course of mischief by simply making an able *exposé* of their first error? Who, sir, that does not bow to the unanswerable argument of the President against the State banks as suitable fiscal agents? But, unfortunately for the country, it comes too late. Had the same just view of the rotten-wood system been taken up by the ruling party three years ago, how many hundred of our fellow-citizens would have been saved from ruin, in all human probability?

When, Mr. Chairman, I suffer myself to take a calm survey of my country's political history, the fact that strikes me with the most force is this; that since the organization of your Government, we have been but eight years without a national bank; and five years of that time, from 1811 to 1816, millions of dollars were lost to individuals and to the Government, for the want of some lever power to circumscribe and hold in due bounds the issues of your State banks; and the difficulties and distress, since the late United States Bank has been put down, are too fresh within the recollection of every body to require at my hands any comment. Now, sir, contrast these circumstances with the fact that, during the thirty-eight or forty years that the United States Bank was the fiscal agent of the Government, not one dollar was lost to the nation. Is it not due to the public that the reasons of the modern democrats for having left the old, safe, and well tried mode of keeping the public money should be made known? What, Mr. Chairman, are the arguments resorted to, in order to induce the people to continue in the course that has produced such unfortunate results? Nothing more nor less than these; that an institution of the kind is dangerous to the principles of liberty; and that the late United States Bank in her struggle for a recharter, carried the war into Africa. I am speaking of those gentlemen who oppose it on the ground of expediency alone. Admit, for argument's sake, (which I, as the undeviating friend of a United States Bank, most freely do,) that the directors often erred; what does it amount to? Simply this, that all human institutions are liable to err.

Then, sir, when I see gentlemen opposing a national bank, and taking shelter under the misdeeds of the late United States Bank, I feel as if the prosperity and happiness of my country is jeopardized by a false issue. The same mode of reasoning would exhibit, as plain as sunbeams in mid-day, the necessity of abandoning the plan of salvation, and all republican forms of Government—two of the dearest and most inestimable privileges that belong to man. I will illustrate my assertion. The bank is opposed because it interfered in elections, and endeavored to sustain itself by overturning the then existing administration; hence all institutions of the kind are unfit to be trusted, and dangerous to the principles

of liberty. A church is established in a certain section of country; the members, by doing wrong, disgrace themselves and the cause of religion; is that any reason, sir, that in all time to come the people in that section of country should abandon the plan of salvation, and rush headlong to perdition? Again, sir, suppose this house were now assembled for the purpose of forming a constitution for the twenty-six States: with what indignation and contempt would you look down upon any member upon this floor who should rise and tell you that mankind was incapable of self-government, and refer you to the history of Greece, Rome, and the other ancient republics, on the ruins of whose liberties despotisms of the darkest hue have been reared, and tell you we must have a king? Does not your own historical information satisfy you that a long list of follies, foibles, and damning corruptions, could be adduced to sustain the position? How, let me ask, did your illustrious ancestors act, when they assembled for the purpose of forming our inestimable constitution? Did they look back through the long vista of time for such ignoble purposes? No, sir; but, like patriots and statesmen, they examined the page of history for a far different purpose—to see when and how those ancient republics came to lose their liberties; thereby enabling themselves to ingraft, in the instrument they were forming, provisions that would enable us to escape the rock on which they split. Can we not, Mr. Chairman, in part, imitate their illustrious example, by chartering a new bank, with such alterations as experience has proved to be necessary, without endangering the liberties of our country? Can it be possible, notwithstanding the fact that we have been sailing down the stream of time for the last sixty years, enjoying as much freedom as is consistent with the formation of a good government, that a bank which would enable your countrymen to pass and repass from Maine to Louisiana, without loss or injury to their purse, would, by corrupting the people, prostrate their capability for self-government? If so, sir, liberty is but a dream that dwells in the disordered imagination of man while in the arms of sleep; and I would advise my countrymen, when the fourth of July again returns, and a dreamer mounts the rostrum, and proudly contrasts our Government with those of the surrounding nations of the earth, and boasts of the capability of man for self-government, to take him down and thrash him, for inculcating the principles of his distempered imagination. I am one of those, Mr. Chairman, that hug to my bosom, with fond delight, the belief, that man is capable of continuing the onward march of improvement, by lopping off all well-founded objections, and ingrafting such new provisions as the lights of experience prove to be necessary; including, in the range of improvement, constitution, laws, and corporations. Then, sir, although I accept, as one of the opposition, in the name of my suffering country, under disadvantageous circumstances, the wager of battle which the gentleman from New York (Mr. Cambreleng) vauntingly threw down a few days ago, yet, sir, in imitation of an illustrious example set me. I take the responsibility, and join issue prospectively with the honorable gentleman; and allow me, sir, in the name of my immediate constituents, to nail my colors to a United States Bank, and, sink or swim through good or through evil report, they shall continue to float in the breeze—nailed there—from the unalterable conviction that a well-guarded United States Bank can alone rescue my country from the difficulties with which she is surrounded. And, although the tide of battle is now raging two to one against us, yet, sir, the notes of victory which have reached us from the east and the west speak trumpet-tongued, that ere long the banner under which the opposition sail will be borne in triumph through this house; and the country, in the language of another, will stand redeemed, regenerated, and disenthralled, through the irresistible influence of the ballot-box, from all future tinkering with the currency.

Mr. Chairman, I considered it my duty to my constituents to say thus much. The clear and unequivocal avowal in favor of a United States Bank has been drawn from me in consequence of the manner in which this debate has been conducted; and not that I believe this is the proper period for the friends of such an institution to endeavor to charter a bank; on the contrary, I concur with them, that now is not the time.

I desire, sir, before taking my seat, to compliment the honorable gentleman from New Hampshire for the moral courage that he displayed a few days

since, in paying a passing tribute of respect to the late President of the United States, for the free use he made of the veto power. I had fondly hoped, that when the exciting scenes which the exercise of that power had given rise to, had time to cool, and reason had again resumed the place of partisan feelings, all would unite in declaring that, whenever a President of these United States dared to assume the bold, high-handed, and anti-republican position, that he understood the interest of his country better than its assembled representatives, and vetoed a measure on the grounds of expediency alone, that it was an assumption of power incompatible with the spirit and genius of our free institutions. But, sir, I see I was mistaken.

## SPEECH OF MR. UNDERWOOD, OF KENTUCKY.

In the House of Representatives, September 20, 1837—

On the bill to postpone the fourth instalment of deposit with the States.

Mr. UNDERWOOD, of Kentucky, addressed the Committee as follows:

Mr. Chairman, (said he.) I have listened to the debate with surprise. It seems that the Secretary of the Treasury is unable to make a plain statement, unfolding the present condition of the national finances, or that we are incapable of understanding it. In either case there is cause for regret. It is a national calamity that a man should be placed at the head of the Treasury whose confused and involved statements leave doubts in regard to the correctness of his reports. On the other hand, if the fault is ours—if the Secretary has been clear, discriminating, and definite, and we cannot comprehend the facts, it is a serious misfortune that the people are so poorly represented.

I will not enter into a critical examination of the Secretary's language, nor stop to censure and abuse him for statements admitted to be erroneous. It is my purpose to collect from the documentary mass, and present to the committee, those facts which cannot be denied. My object shall be to exhibit the actual condition of the Treasury, to ascertain its liabilities, and then its means of discharging them. In so doing I must necessarily take as true the statements of the Secretary, where they are not inconsistent with each other.

The Secretary's Report, dated the 14th inst. (Dec. 17,) states that the balances of appropriations, on the 31st December, 1836, amounted to - - - \$16,752,283 09

That the appropriations made for the present year, exclusive of the Post Office Department, (the expenses of which establishment are defrayed by its own revenue,) amount to - - - 28,575,837 10

And that the specific and indefinite appropriations, made by former acts of Congress, amount to - - - 2,824,250 40

Thus the charges against the Government, founded upon former acts of appropriation, are no more than - - - \$48,152,370 59

There can be no mistake in this estimate of our liabilities. We are now to see how they have been and can be met and discharged.

In the first place the Secretary tells us that he had actually paid, prior and up to the 11th of September, - - - 24,077,031 22

Deduct the payments, and there will remain a balance of - - - \$24,075,339 37

In the next place the Secretary tells us that, in May last, he determined that of existing appropriations there "could and would be postponed until next year about" - - - 15,000,000 00

Deduct the amount which the Secretary determined to postpone,

and you leave the charge against the Treasury for the remaining part of the present year only \$9,075,339 37

The true question is, can we meet and pay this balance without depriving the States of the fourth instalment of the surplus revenue, to which they are entitled under the deposit act of June, 1836?

The fourth instalment, required to be paid on the 1st of October, amounts to \$9,867,214 98

If to this be added the above balance for the remaining part of the year, - - - 9,075,339 37

The aggregate will be - - \$18,442,554 35

Now, if it can be shown that our resources will enable us to meet the demand thus stated in the aggregate, without contracting a national debt, or borrowing money, surely not a member on this floor will raise his voice to deprive the States of the money, which, in 1836, we solemnly set apart for their use. I will prove, sir, that our means are ample, and that it only requires an honest and faithful application of them, under suitable acts of legislation, to relieve the Treasury from all embarrassment, and to preserve inviolate our engagements with the States.

The Secretary says, that "by a report of the Treasurer of the 30th ultimo, it appears that the balance in the Treasury, including what was in the custody of banks, the Mint, and collecting officers, was then \$14,596,311." He moreover states, that of this sum "only \$8,928,072 was subject to immediate draft," thus leaving \$5,668,239 not subject to "draft," or not applicable to the immediate demands upon the Treasury. Why it is that so large a sum could not then be used is not explained; nor are we told when, if ever, it will be subject to "draft." We are informed by the Secretary's report, dated the 14th inst., that the payments, up to the 11th of the month, amounted to \$24,075,339 37; but we are not informed how much, if any, the money in the Treasury, on the 30th of August, was diminished to make the payments up to the 11th of September. If the receipts during these eleven days equalled the expenditure, the amount in the Treasury remained the same at the latter date. But concede that the receipts fell short half a million, there would still remain in the Treasury, including money in banks, in the Mint, and in the hands of collecting officers, on the 11th of September, the sum of - - - \$14,096,311 00

Add to this the Secretary's lowest estimate of receipts for the balance of the year, - - - 4,500,000 00

And we have a total of - - \$18,596,311 00

But to this must be added the first instalment due from the Bank of the United States, amounting, with interest, to - - - 2,175,314 00

Constituting an aggregate of means amounting to - - \$20,771,625 00

Thus, sir, we have and will have, before the end of the year, more than twenty millions of dollars, with which to pay eighteen. In the foregoing view of the subject, after satisfying all the demands of the year, we shall have a balance to facilitate the operations of the Mint, and to meet contingencies, amounting to \$2,329,071, a sum amply sufficient for these purposes, although it has been usual to provide a larger. If from this we deduct \$741,561, the reported amount of the navy pension fund, it will leave a surplus of \$1,587,510, after discharging all claims upon the Treasury during the year.

It may be contended that I have erred in considering the \$5,668,239, "not subject to draft," as a part of the available means of the Treasury during the year. If it be an error, it has sprung from the indefinite character of the Secretary's report. Had he given the reasons why it was not *now* available, and shown when it would be, my calculation might have been different. But, in the absence of all such reasons, and knowing as I do the settled hostility of the late and existing Administrations to the act of 1836, requiring the deposit with the States, and their manifest purpose to render it odious among the people, I take the want of a full explanation

on the part of the Secretary as a tacit acknowledgment that he can draw upon all the money in the Treasury in the course of the year. But, sir, let us suppose that he cannot, and that this sum ought to be provided by Congress: shall it come out of the fourth instalment going to the States? Shall we take the whole of that instalment to make good this unavailable sum of \$5,668,239? No, sir. How then shall it be supplied? Must we borrow the money or issue Treasury notes for it? No, sir. I will tell you how to get it. We hold \$7,000,000 of stock in the late Bank of the United States. The institution of that name chartered by Pennsylvania agreed to pay us \$115 48 for each share of that stock, in four equal annual instalments, with interest, making the principal amount to \$7,946,356 16 cents upon a final settlement, for which we hold four bonds. After deducting the first instalment, or bond, there will remain \$5,959, 767 12 cents. Put this stock in market. Your Secretary has manifested great anxiety in his report to become a buyer and seller of stocks. Indeed, he gives it as his opinion that "it is impossible, with sources of revenue so fluctuating as ours, and so dependent on commercial prosperity, that any fiscal operations should be long continued with ease, vigor and uniformity, without some such regulator as a power to issue and redeem Treasury notes, or to invest and sell the investment of surpluses." Now, although I do not concur in one word of all this, I am willing to see the Secretary try his skill in selling our claims upon the bank; guarding against sacrifices, by fixing a minimum below which he should not sell. In this way the money can be raised as easily as by issuing Treasury notes, and without creating a dollar of debt upon the country. You can supply the deficiency of \$5,668,239 (if in truth there be such deficiency) by selling this stock; and, by so doing, you may provide two or three hundred thousand dollars more, in aid of the Mint, or to meet contingencies.

It must be clear to every mind unprejudiced by the influences of party, that nothing more is required to meet the demands on the Treasury for the residue of the year, than the passage of a law authorizing the Secretary to sell our claim upon the Pennsylvania Bank of the United States. It has been objected that the money standing to the credit of the Treasurer in the deposit banks will be unavailable in making the transfer to the States, so long as these banks refuse to pay specie. The objection is futile. Kentucky will receive a draft on her banks in discharge of her portion of the fourth instalment. All the States will do the like with their banks respectively. Those States in whose banks there is no money, or not sufficient to pay them, may make arrangements with the banks out of their limits, to receive interest until they can obtain payment. If the money was paid them, they would invest it so as to get legal interest, and be content. By allowing the banks to retain it, and pay by instalments, with interest, the banks and their debtors would be relieved, and the States receive all they could in reason require, regarding the general embarrassments of the times.

Instead of adopting a course so obvious, what is the Administration attempting? Only look at the proceedings of the Committee of Ways and Means, the thermometer which indicates the precise state of Executive temperature, and you have the answer. That committee has reported a bill authorizing the issue of Treasury notes to the amount of - - - \$12,000,000 00

The bill now before us takes from the States a fourth part of the money actually on hand on the first day of this year, and which, in June, 1836, was set apart for the use of the States, amounting to - - - 9,367,214 98

\$21,367,214 98

We are thus seriously asked to increase the means of the Treasury more than twenty-one millions, and for what purpose? If you refuse to pay the States, the entire charge on the Treasury for the balance of the year is \$9,075,339 37 only, and to meet it you have all the money now on hand, and all that will be collected before the end of the

year, amounting, as has been already shown, to more than twenty millions of dollars.

I may be told that the object of the Administration is to provide in season for the \$15,000,000 of appropriations which the Secretary has postponed until another year. If that ground is assumed, I should like to know whether these \$15,000,000 could not be postponed without detriment to the public service until 1839—ay, and forever thereafter? We have no report from the Departments on the subject, and my friend from Tennessee (Mr. Bell) has satisfactorily shown that there can be a great reduction in our expenditures—that we can save the half or the third of the \$15,000,000, if no more. But suppose the whole must be met in the course of the ensuing year, it can be done by a rigid economy, aided by the collections of revenue bonds, upon which we are about to grant indulgence, and the accruing revenues of the ensuing year. Yet if it could not be, I would prefer meeting the deficiency by issuing Treasury notes, to withholding the fourth instalment from the States. You have no right to withhold it. You have contracted that they should have it, and you will violate faith if you do not let them have it.

Mr. Chairman, when the States acceded to the terms prescribed in the deposit act of 1836, a clear contract was formed between them and the General Government—just such a contract as would entitle an individual to damages in similar circumstances, if the contract was not performed. Suppose you had a surplus quantity of work-horses, and you were to propose to me to keep them for you, that I might have the use of them as long as I retained them—that I should insure their lives, and return them in good order when called for—and that you would deliver to me a certain number at four several times, a week or a month apart; provided, however, that you should not reclaim more than one horse in any one month without thirty days' previous notice. Suppose I assent to all this, and go on and erect stables, purchase provender, and employ hands to take care of the horses, and to work them so as to remunerate me for all my trouble and expense. Suppose you deliver me the three first portions at the times stipulated; but a few days before the last are to be delivered, you say to me that I shall not have them—that you find you have use for them yourself. May I not answer, "I want them likewise; I have made my arrangements, looking to the fulfilment of your promises. I have agreed that my neighbors' children shall go to school over the mud upon the backs of a part of the horses, and I need the rest to help me about improvements in progress on my farm. I have been at expense and trouble in preparing to take care of them. I have assumed risk by insuring their lives; and now, sir, if you don't comply on your part, I will sue for damages." There never was a plainer case of contract between individuals than the one supposed; and yet, sir, it is precisely the case between this Government and the States. So far as legal and moral principles are concerned, there is no distinction between the cases. There is but one difference: individuals could appeal to the judiciary for redress; this Government is amenable to no such tribunal. But, sir, the perpetrator of wrong, who violates principle because he knows that he can do it with impunity, more deserves the scorn of mankind than if the dungeon or the gibbet were the penalty. I beg the members of this house not to flatter themselves that they are irresponsible for voting to violate the faith and contract of the nation. There is a political tribunal before which they must account. They may hear the verdict of an incensed people proclaimed in a voice of thunder, "Depart from our service, ye workers of iniquity." You had better not be the first to violate the contract, lest the States imitate your example, to punish you.

The member from Ohio (Mr. Hamer) supposed that no one would claim the money for the States upon the ground that it belonged to them as a matter of right. I, for one, claim it in behalf of the States on that ground. I do not mean that they have a legal title, but they have a claim in equity, (which, were it a case between individuals, could and would be enforced by the Chancellor,) to all the money arising from the sales of public lands ceded to the General Government by the States. I



will not go into the argument in support of this claim now. The subject was fully considered during the last Congress. I place the proceeds of the sales of lands not ceded by the States upon the same footing as if they had been ceded. I voted for the deposit act of 1836, regarding it as a distribution of the money arising from the sales of the public domain, and I now regard it a duty to release all pretences of claim upon the States for its repayment. My policy will be to divide among the States the proceeds of the sales of the public land, and then support this Government by a discriminating tariff, having in view the protection of domestic industry, and limiting the revenue to the economical wants of the Government. I look upon a national system of internal improvement, except in its most partial and objectionable form, as abandoned. I shall give it up without regret, provided you will furnish the States with the means which they are justly entitled to, and thereby enable them to carry on their public works. Indeed, sir, so far as the destruction of the system diminishes Executive patronage, I rejoice in its downfall.

I have shown the ability of the Treasury to pay the States and meet all other liabilities, since the Secretary has postponed \$15,000,000, but I am not willing to stop the discussion here. We have been convened by the President at an extraordinary period, and one of admitted public and private embarrassment. We are the physicians called on to prescribe for the diseases of the times, and to consider the remedies the President has proposed. We must trace the disease to its source, and understand its original causes. The President attributes our present condition "chiefly to overaction in all the departments of business; an overaction deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper, and by other facilities for the acquisition and enlargement of credit." The President's statement is far from being complete. In the discharge of his constitutional duty, he should have explained the "antecedent causes" which gave the "first impulses." If you, Mr. Chairman, were to arrive at a place covered with the bodies of dead and dying men, mingled with dirks and pistols, rifles and muskets, your first anxious inquiry would be into the causes of the destruction before you. You would hardly be content, if some one should gravely tell you that it was to be attributed chiefly to overaction in all the departments of buck-shot and leaden bullets, stimulated by excessive explosions of gunpowder, and to a few stabbing facilities, very destructive to human life. Such a statement, however true, would be altogether unsatisfactory. You would desire to know the subject of quarrel—how it began, and who were the aggressors—in every stage of the controversy, down to the final and bloody issue. Without such knowledge you could never arrest the guilty and bring them to punishment.

That "excessive issues of bank paper," and other "facilities of acquiring and enlarging credit," were the immediate causes which produced "overaction in all the departments of business," cannot, I think, be doubted by any one. But what caused the "excessive issues of bank paper?" Who created those "other facilities" which produced the mischief? I will answer. It was the illegal, unwarranted assumption of the "responsibility" by President Jackson, of controlling the Secretary of the Treasury in matters confided by law exclusively to the Secretary's discretion and judgment. It was the removal of the deposits, and the veto of the recharter of the Bank of the United States, whereby that institution was crippled, and ultimately destroyed. These are the "antecedent causes" (about which President Van Buren is silent) that produced overaction in trade and business. Do you ask me how they operated? I will answer. When President Jackson withdrew the public money from the Bank of the United States and deposited it with State banks, and when he placed his veto upon the recharter of the Bank of the United States, it was manifest to the Legislatures of the several States, that the Bank of the United States could not survive the powerful opposition of the Executive. It was further manifest that the Executive designed trying an "experiment" to give

the nation a "better currency," through the instrumentality of State banks, than that furnished by the Bank of the United States. It was apprehended that the withdrawal of the capital and notes of the United States Bank from business and circulation would produce a mischievous vacuum, unless filled by substituting State banks. It was seen that the Executive control of the public money, assumed by President Jackson, would enable him to increase the profits of those banks which he might be disposed to favor. These, and other reasons of a party character, put the ball in motion, which created State bank after State bank in its progress, until, from 329, in 1830, the number has more than doubled. The President contrasts the situation of the country at two different periods, for the purpose of showing the great increase of banking capital, bank notes, and loans and discounts. He says: "At the commencement of the year 1834, the banking capital of the United States, including that of the National Bank then existing, amounted to about two hundred millions of dollars; the bank notes then in circulation to about ninety-five millions; and the loans and discounts of the banks to three hundred and twenty-four millions. Between that time and the 1st of January, 1836, being the latest period to which accurate accounts have been received, our banking capital was increased to more than two hundred and fifty-one millions; our paper circulation to more than one hundred and forty millions; and the loans and discounts to more than four hundred and fifty-seven millions."

Here is evidence of the rapid increase of banks and bank paper. The banks invited the people to borrow, and the people borrowed greedily. Each endeavored to use the money lent so as to make a profit, and enable him to repay the bank. Those productive pursuits which create property were abandoned by thousands, who thought they could do better and get rich faster as traders and speculators. Money was plenty, competition among purchasers contentions, and prices rose. The people, encouraged by high prices, fearlessly contracted debts, expecting to pay without difficulty. Merchants sold rapidly, and imported largely. Seeming prosperity drew us into extravagance, and when most involved, we were called on for payment.

The report of our commercial operations for the last fiscal year shows a balance of trade against us of sixty-one millions of dollars. The paper of our local banks had no credit abroad, and would not be received in payment. Specie was demanded; the banks were called on, and foreseeing the inevitable result, they suspended specie payments, leaving us with a depreciated paper currency from one end of the republic to the other. I have stated, in a few words, the race we have run. The fact that we are assembled here, proves its miserable termination. Its "first impulses," its remote "antecedent causes," are to be found in Executive experiments upon the currency; in illegal and arbitrary measures by which the deposits were removed, and in the existence and exercise of the veto power, which, as now established by the Constitution, makes your President practically a monarch. As the Constitution now stands, it requires two-thirds of each house to pass a bill in opposition to the Executive veto. If a majority only had been necessary, the bill rechartering the Bank of the United States would have been passed, notwithstanding the opposition of President Jackson. No one now doubts the salutary influence that the recharter of that bank would have exercised in preventing the enormous increase of State banks, and the "excessive issues of bank paper." But the veto power triumphed over the interests of the country; and it will, sir, in all time to come, place the President above the representatives of the people, and make him the master over all, unless the Constitution can be amended in the manner proposed by me during the last Congress.

[Here the CHAIR interposed, and told Mr. U. he was talking too wide a range; that constitutional questions could have no bearing on the bill before the committee. Many voices cried "go on, go on," and Mr. U. proceeded.]

I deem it essential, sir, to trace the stream to its source; I have done so, and the great efficient rem-

edy for existing evils, and for those which may visit this nation in consequence of the arbitrary acts of the Executive, in all time to come, is an amendment of the Constitution, by which the President shall be controlled by a majority of the Representatives of the people. But for the veto power, I should entertain strong hopes that the present Congress would restore the currency and the public prosperity. As it is, I have no hope, during the existence of the present Administration.

Permit me in a few words to call the attention of my eastern brethren to the condition of the interior Western States. We, who live in the valley of the Ohio, do not supply ourselves with merchandise at the places where we sell our agricultural productions. Our horses, mules, hogs, tobacco, hemp, &c. &c. are taken to a market hundreds of miles to the south and southwest of us. Our dry goods are purchased in Baltimore, Philadelphia, and New York, hundreds of miles to the east and northeast of us. Now, sir, it is indispensable to our prosperity as a people, that we should be paid for our produce sold at the south and southwest, in that kind of currency which will enable us to pay for the goods we consume, without sustaining a loss upon it. We once had that currency in the notes of the Bank of the United States. But how is it now? One of our traders sells a drove of horses or mules in Mississippi or Louisiana; he must receive the State bank paper, or he cannot sell; and, when he gets it, has to undergo almost as much trouble to exchange it for something that will pass at home, and pay the farmers for their mules and horses, as he had in selling the property. And when our farmers receive State bank notes, especially notes on distant State banks, and come to settle with their merchants, the farmers must submit to a discount or loss, because these notes are not at par at the places where the goods were first purchased. Thus a system of *shaving* and brokerage is introduced, alike vexatious and injurious to the people. The regular operations of business and exchange are deranged, and distrust and confusion are the orders of the day. Formerly we could, for a half or one per cent. obtain checks and make remittances, to almost every part of the country. Now you can scarcely find any facilities of the kind, and when you do, you must pay three or four times as much to avail yourself of them. One line of trade extends from the Gulf of Mexico, through the heart of the country, to the Atlantic; and nothing can or ought to satisfy us but a sound currency, equally good at the centre and both extremities of our commercial operations. No administration of the General Government can be popular with us for any length of time, which does not furnish such a currency for the people. You may delude and deceive the nation for a while, through the instrumentality of a pensioned and a corrupt press: editors and office holders, under the influence of Executive patronage, judging of others by the rules applicable to themselves, may continue to pour out their vials of wrath and slander upon the purest and best men of the country; they may impute unworthy motives, and charge bribery upon them for sustaining the former Bank of the United States; but, sir, unless I am greatly mistaken, the good sense of the nation will ultimately get over the prejudices and alarms excited by such base means, and then, and not before, will the voice of reason and patriotism be listened to in favor of establishing a national bank. When that time arrives, existing evils can and will be cured by a national bank, with proper guards in its charter to prevent mischief. I do not disguise my opinion that such a bank is the only practicable remedy; but it is useless for me to propose it now. It would be a waste of time to discuss the propriety of establishing such an institution; or to point out the alterations I should propose in the late charter of the United States Bank, when I know that the President has the power and disposition to defeat any measure in regard to a national bank which Congress might adopt.

In looking back upon the tricks and artifices of scurvy politicians, by which the people have been deceived, and induced to overturn some of the best and longest-tried measures of their Government, I have deeply lamented the infatuation which prevailed. But when I behold a manifest disposition in

the public mind to review past transactions with calmness; to scrutinize the present, and to guard the future, I assure myself that there is a redeeming quality in our people, and the character of our institutions, which will carry us triumphantly to the bright destiny which awaits us. The genuine spirit of reform is abroad in the land. Not the spirit of reform which put down the Administration of the venerable gentleman from Massachusetts to my right, (Mr. Adams.) No, sir, that was a spirit which induced its possessors, to promise much, and do nothing. I recollect now some of the enormous extravagancies which it was said the gentleman over the way tolerated, and which tended to national destruction! He paid for blacking the boots and shoes of Indians visiting the Capital! He allowed his Secretary of State to write despatches with gold pens! And he himself walked upon a "brass carpet," and permitted members of Congress to be tempted by the offer of penknives! One member went so far, sir, I am informed, as actually to carry home a certificate, showing that he rejected the bribe! No, sir, it is not that microscopic spirit, only capable of looking at and magnifying the skeleton of a mite which is now sweeping over the land; but it is a spirit capacious enough to contemplate things of magnitude; intelligent enough to discriminate between promises and practices; and bold enough to do its duty in regard to men and measures.

In contemplating the evils of a depreciated currency, I was anxious for the adoption of some effectual and immediate remedy, and desirous that the President would propose some scheme of relief in which I could concur. But he has proposed nothing for the relief of the people. On the contrary, he has told us that "all communities are apt to look to Government for too much," and referred to the "uncommon fruitfulness" of the country, and the "proceeds of our great staples," to liquidate debts at home and abroad, and to revive commerce and credit. This waiting upon the seasons and the crops is rather cold comfort to those who must perish before these remedies can operate, unless they can procure other aids. It is like telling the poor wretch who is shivering at the door, "you will get over it when warm weather comes," instead of helping him with a blanket. However much the message has failed to propose or recommend any thing in aid of the people, it has submitted a scheme in aid of the office holders, and still further to enlarge Executive power, the deleterious consequences of which I shall briefly expose.

The plan is to establish sub-Treasuries, and to make this a "hard money Government." The jingling sounds of "hard money," when we are overwhelmed with *shin-plasters*, may, and probably will, tickle the ears of many people, and some, as in former days, will be deluded into the belief that the "hard money" age is just before them, and that nothing more is necessary to bring on this political millennium than to worship at the shrine of President Van Buren, with increased devotion. There is no more hope of a political zealot than there is of a religious bigot. Each is without the pale of reason. I do not expect to influence partisans; but those who are not blind past all cure may be preserved from falling into this new pit.

The plan of the President and the Secretary of the Treasury is to establish sub-Treasuries, at such places as may be deemed proper, and to appoint suitable officers, at which, and by whom, the public money shall be kept and disbursed; and to receive nothing in payment of public dues but specie. This plan is to bring about the *hard money* age!

We now have about eight hundred State banks. They have flooded the country with notes, depreciated and depreciating. Many of these bank charters are to continue from twenty to thirty years. The States have power to create banks. There is nothing to restrict the exercise of this power. As new States are admitted into the Union, new State banks will come with them; and the new and old States may go on and create eight thousand, instead of eight hundred, banks. Will the sub-Treasury scheme prevent the States from making more banks, or prevent the banks from issuing

more paper? It can do neither, unless, as is contended, the refusal of the Government to receive any thing but specie for its revenue should operate as a check. That check cannot operate, if at all, until the banks resume specie payments, and then its mode of operation would be, by withdrawing the specie from the banks, and depositing it in the vaults of the sub-Treasuries, and thus render the banks less able to sustain their issues.

The President tells us that "it is a mistaken impression that any large amount of specie is required for public payments. Of the seventy or eighty millions now estimated to be in the country, ten millions would be abundantly sufficient for that purpose, provided an accumulation of a large amount of revenue, beyond the necessary wants of the Government, be hereafter prevented." Now, suppose the President is correct, and that a sum not exceeding ten millions is abstracted from the banks and the general circulation, and placed in the custody of sub-Treasuries, what effect will the withdrawal of that amount in specie have upon the banks and the currency furnished by them? I perceive that the eighty-nine deposit banks, mentioned in the Secretary's report of the 5th instant, had in their vaults, according to the latest information, specie to the amount of \$10,873,722 67, and that the public deposits to the credit of the Treasurer of the United States and public officers amounted to \$17,519,130 04. If these banks were paying specie, the first effect of the President's scheme would be to deprive them of every dollar of their specie, and place it in the custody of sub-Treasuries. The next effect of this second removal of the deposits would be the inability of the banks to redeem their outstanding notes, and, of course a depreciation in the value of the notes would follow; and the third effect, if the directors of those banks should desire a speedy redemption of their notes, would be, heavy calls and rigid collections from their debtors, ruinous sacrifices of property, and much individual suffering. These would be the inevitable consequences of carrying the President's plans into execution, if the banks were now paying specie. But they are not; and what will follow, in the existing state of things, should Congress adopt the President's recommendations? The first consequence will be to diminish the quantity of specie in circulation, by collecting together in the vaults of sub-Treasuries whatever sums are paid for public lands and in discharge of revenue bonds. The next consequence will be, owing to its greater scarcity, that a higher premium must be paid by the people to get specie, or, what is the same thing, bank notes will be further depreciated. The effect of the whole scheme, if executed, will be to render the payment of debts for a time more difficult, to retard the resumption of specie payments by the banks, and to increase the sufferings of the debtor classes. The people have contracted large debts upon the basis of a paper circulating medium. The policy of the Administration is to compel the payment of these enormous debts in specie, and at the same time hoard up the specie in sub-Treasuries, and render it more difficult to procure. Ruin, inevitable ruin, to thousands of our citizens must result from such a policy. Sir, the whole scheme is nothing more than an ill-devised remedy of President Van Buren to save the officers and Government, while the people are left to suffer the evils brought upon the country by President Jackson. The policy and arbitrary proceedings of the latter tempted the States and the people to enter upon an extravagant system of State banking. We swallowed the fruit offered by President Jackson, which we ought not to have tasted. It was a stimulating poison, and ran the nation mad by excitement. Mr. Van Buren would cool this effervescence all at once, by prescribing a *gold and silver* currency! Thus we are to jump from one extreme to the other. If a laborer is overheated in the harvest field, would you cool him off instantly, by thrusting him into an ice-house, and covering his naked body with ice? If a traveller should lose himself, and follow new roads until he reaches the brink of a precipice, and there should discover the safe beaten track, which he ought to have kept, in the valley below, would you have him to plunge headlong down the steep to regain the track at the

highest point? If a nation has been groping in the dark, until the pupils of its eyes are dilated, so that twilight is more agreeable than day, will you risk producing perpetual blindness, by throwing a glare of dazzling light suddenly in its face? Sir, those sudden transitions are ruin and death. A few may have ability to bear them and survive them, but the mass are crippled or killed; and those who get through unhurt become the masters of the crippled herd, whose physical and moral energies are prostrated. Sir, your President's schemes will make the "rich richer, and the poor poorer." There are hundreds who will hail the arrival of the hard money age, who have had sense enough to foresee the bursting of the bubble, the explosion of the Jackson experiment, and who have been preparing for the fat harvest of speculation by hoarding up specie.

But, Mr. Chairman, let us suppose the President's sub-Treasuries in complete operation, and that good seasons and good crops have enabled the people to settle old debts, and that tranquillity and prosperity are again prevailing throughout the land: I ask you if it be possible to keep up any thing like a uniform national currency with the paper of State banks? The voice of experience and reason both proclaim that it cannot be done. How are the people of Kentucky, for instance, to know the names, the number, the creation, and character of the hundreds of banks chartered by the other States? How are they to know the officers, their signatures, the capital, and duration, or chartered life of a thousand banking corporations? How is it possible for them to have confidence in the solvency of institutions that they know nothing of, whose debtors and course of business they know not? And how can you make them give credit where there is no confidence? Why, sir, a life devoted to the study of banks and banking statistics can hardly keep up with the multitude of State banks now existing; and when our States extend to the Pacific, it will be utterly impossible. How, then, can the mechanics, manufacturers, and farmers of the country, know what paper is good, and what good for nothing? The people in one State have no voice or control in forming the banks in another State, nor can they, through their representatives, inspect the condition or control the operations of banks without their States. These causes will forever make the paper of State banks pass at a discount in distant States. Yet such is the risk and expense of transporting specie from place to place, and the impossibility of carrying it about our persons in large quantities, that the people find it more convenient even to use State bank paper, at a small discount, than to be packing specie. Hence it will be found, even in the best condition of the State bank system, that the specie will find its way to their vaults, and their paper take its place in circulation, although at a discount. Besides, the stockholders of the banks have an interest in collecting the specie in the vaults of their banks, so that they may enlarge their profits by issuing a greater quantity of paper. These causes combined tend to the concentration of specie in the vaults of the banks, and the production of a paper circulation of unequal value for the people. There is no remedy for the evils these causes produce but a national bank, to furnish a general paper currency for trade and intercourse among all the States, leaving the State banks to furnish a local paper currency for their States. I think I could show, beyond all question, that a national and State bank are mutually beneficial to each other, but I will not do it now. My only object at present is to prove that State banks cannot supply a general paper currency, passing at par throughout the Union, and I trust I have accomplished it. If they cannot, we are to be afflicted indefinitely with a depreciated paper circulation, and shavers and exchange brokers will grow rich out of the losses of the people.

Viewing the subject as I do, it is clear that the scheme of the Administration to make this a *hard-money* Government, and to give a gold and silver currency to the nation, is a new humbug, thrown out in the hope of amusing the people, and propelling a declining popularity. Sir, if the Administration be sincere in its projects to expel bank

paper from circulation, and to give us a specie currency, and no other, it must set to work in a different manner. The President must induce the people to amend the Constitution of the United States, and take from the States the power of creating banks, before his schemes of a metallic currency can be accomplished. As long as the States have the power to make banks, they will exercise it; and as long as they do, there will be a necessity for a national regulator in the form of a national bank. I will not go into the argument to prove the constitutionality of a national bank as a necessary fiscal agent of Government, and as an essential mean of regulating and conducting the commerce between the States; nor will I consume time, by exposing the pretences that the people have decided, conclusively, that Congress had no constitutional power to create such a bank; nor will I stop to notice the ridiculous declamation, imputing to the stockholders of a national bank (composed, as they are, of a large number of old men, old women, and orphan children,) designs unfriendly to public liberty. Such a discussion would be premature at this time.

One of my principal objections to the sub-Treasury scheme is, the increase of Executive power and patronage, which would necessarily result from it. The Secretary of the Treasury says, "the whole addition of principal officers need not exceed ten." He estimates the increased annual expense at fifty or sixty thousand dollars only. Ten principal officers! What salaries would you give to each? Not less, I suppose, than you give an Auditor, \$3,000 a year; especially as they would be located in the large cities. What a scramble among office-seekers this new batch of offices would produce! How many interviews and intrigues at the White House would grow out of it, I leave to those who are fond of such speculations. Thirty thousand dollars a year I set down as the least, for ten "principal officers," under this scheme! How many minor officers—clerks and agents—will be required, we are not informed; nor are we told what necessity there will be for additional buildings; nor are we told where they are to be located. I will venture to predict that, instead of \$60,000 a year, this sub-Treasury scheme will cost the nation double or treble as much, should it ever go into operation; and just in proportion as the people lose money, to sustain the establishment, so will the President gain power to reward his partisans.

But, sir, I look upon this new scheme as an entering wedge merely; the beginning of a new system, which will ultimately place all the money of the nation under Executive control. The Secretary already hints that he could furnish an excellent general paper currency, in small bills, based upon an equal amount of specie deposited in his sub-Treasuries. I admit it could be done, and that it might be convenient to the people. But the transition is so easy from a sub-Treasury bank of deposits to a sub-Treasury bank of discount, that I apprehend great danger, in the progress of events, that the President will deem it proper to call on Congress for power, through his Secretary, to lend money at least to the extent of the surplus revenue; and that Congress in obedience to Executive recommendations, will sanction the project. The Secretary now says, in substance, in the ninth page of his late report, that "it is impossible to conduct our fiscal operations any length of time with ease, vigor, and uniformity, without some such regulator as a power to issue and redeem Treasury notes, or to invest and sell the investment of surpluses." I am apprehensive that a power to lend the surplus would, in the Secretary's estimation, be found a better "regulator," and that the whole scheme of sub-Treasuries will eventuate in a Government bank, where the money of the nation will be loaned out at the will and pleasure of the President. Should such a state of things ever arrive, and if there is no curtailment of Executive power, as claimed and exercised by the late President, I am ready to declare that American liberty exists no longer. The people will become the mere slaves of power, and nothing short of revolution will burst their chains.

The Secretary now proposes that Congress would authorize him to vest "any unexpected excess"

"in safe State stocks, at their market rate, subject to be sold again whenever the proceeds shall be wanted to discharge existing appropriations." President Jackson was horror-struck at the idea that the National Government should become a partner in a State corporation! Well do I remember his veto relative to the appropriation for the Maysville and Lexington road. But now it seems that a power to become a partner or stockholder, through the instrumentality of the Secretary of the Treasury, in a State stock concern, is a most harmless and desirable matter! The Secretary modestly asks permission to do, at his discretion, that which the late President would not permit to be done by act of Congress.

I look upon this stock-jobbing project and the sub-Treasury scheme in the same light, and I believe they were both conceived in the spirit of that policy which grasps at power, and which has for its object the concentration of all power in Executive hands.

But, Mr. Chairman, I must hasten to a close. I must trespass upon the time of the committee, however, with a few additional remarks. Suppose the President's sub-Treasuries in full operation—suppose all the good should result from them which the President expects; then, I ask, will any of the blessings fall upon the heart of the nation? Will Kentucky feel its genial influences, in reviving its drooping commerce, and furnishing a sound currency? None of the public revenue, arising from taxation, is collected in the interior States at present, nor is there any prospect that such will be the case in any short time. Your sub-Treasuries will therefore be confined mostly, if not exclusively, to the seaboard, where your public money will be hoarded, and where it is usually expended. The valley of the Ohio will derive no benefit from the plan, and will be compelled to struggle through its present difficulties unaided by the Government, which has been the author of its calamities.

I can perceive no benefit to result from the scheme to any class, unless it be the office-holders and office seekers. Sub-treasuries may be instruments in the hands of the first to enable them to retain power; and by the multiplication of offices and salaries, the chances of the latter to obtain profitable situations will be increased. By receiving nothing but specie for revenue, the Government will be enabled to pay her officers in a better currency than that which the people use, and the officers of Government may, if they please, employ their salaries in shoving depreciated bank notes in the hands of the people. I am totally opposed, Mr. Chairman, to a good currency for the office holders, and a bad currency for the people. My ideas of republican equality require that all of us should fare alike. I cannot consent to any establishment which will place the officers of Government upon a better footing than the people at large: nor can I ever sanction such invidious distinctions as that recently made by the Secretary of the Treasury between the creditors of the Government, preferring the members of Congress to the war-worn pensioner and day-laborer; and paying gold and silver to us, and irredeemable bank paper to them. Sir, I was astonished to hear the other day, at the defence made for the Secretary by the member from North Carolina, (Mr. McKay.) He read the law to prove that all the creditors of the Government were entitled to specie, and then argued that as all could not get it, some must of necessity take paper, or wait until the means of the Treasury would enable the Secretary to pay in specie. Why, sir, the law provides that our army shall be fed with wholesome food; but suppose, under peculiar circumstances, it cannot be procured for all, what would you think of a commanding general who gave orders to feed the sergeants and corporals on the best cured Kentucky hams, and issue out rations of tainted meat to the common soldiers? Sir, such conduct would produce a mutiny against that general. The rule of justice in such a case would be to divide ratably, and to give each his portion of the good and the bad. If the Secretary could not execute the law fully because the means were not provided, no censure attaches to him for that. The ground of complaint is, that he acts partially; that he favors the strong, those who stand in least need

of favor, at the expense of the weak, who cannot protect themselves. If he had paid us in depreciated paper, it would have acted as a stimulus, growing out of our own losses, to shape our legislation in such manner as to improve the currency for the benefit of all classes.

I have expressed my opinions, and now, sir, it only remains for me to vote against the bill under consideration.

## SPEECH OF MR. GRAVES, OF KENTUCKY.

[As reported in the National Intelligencer.]

In the House of Representatives, Thursday, September 23, 1837.—On the bill to postpone the payment to the States of the fourth instalment of the Surplus Revenue.

Mr. GRAVES arose and said: The House is fatigued with this discussion. The subject itself is exhausted, and I am fully persuaded there is no desire to have the discussion protracted by me. Of all situations, none is less enviable, or more inauspicious, to a public speaker, than that in which he is compelled to address an unwilling audience. And were I to consult my own inclination or prudential considerations, I should not obtrude a single remark upon the House at this late period of the discussion. But such are the peculiar relations which this bill bears to my State, and particularly my district, that I do not feel authorized to allow my individual inclinations to predominate over a sense of imperative duty.

This bill, and that which the other day came to this House from the Senate, proposing to authorize the Secretary of the Treasury to call in from the deposit banks, all the public deposits in specie, in the short space of four, six, and nine months, should have been embraced in one. They are dependent upon each other; one is useless without the other, and hence they have been, and I shall continue to treat them in this debate, as one and the same.

The State of Kentucky, from the time it came into the Union up to the present year, has never had one dollar appropriated in her borders, whilst she has contributed her full share to the public Treasury. This, I am apprized, mainly grew out of her position; and she was content, whilst the national debt was in the course of liquidation, to wait until it was discharged, under the opinion that then there would annually be a large sum in the Treasury, to be appropriated to works of internal improvement, in which she expected to share. But when that long and much desired day rolled round, when the public debt was paid off, for causes which it is not my purpose here to notice, the Middle and Western States soon became satisfied that, for a while at least, they must not hope to share in the disbursements of the public revenue for purposes of internal improvement.

They submitted to their fate, for they saw an irrevocable mandate had gone forth from one who was all-powerful, and never revoked what in wrath he once said. Many of the national republicans, whose favorite objects were disappointed by the position taken by General Jackson in his veto of the bill making appropriations to the Lexington and Maysville turnpike, and other objects, have changed their opinions upon the subject of the policy of the General Government making appropriations for, and carrying on, works of internal improvement; because they think the experience of the last eight years has shown that the President, without the patronage and power incident to carrying on, in the States, internal improvements, wields quite as much political influence as is consistent with the perpetuity of our free and republican institutions. And I am free to avow that I myself very much question the policy of the system of internal improvements by the Federal Government, of which I was once so zealous an advocate. I desire now, as much as I ever did, to see the condition of our country ameliorated, and its resources developed by the formation of roads and canals; but, as much as I desire the accomplishment of this grand object, I prefer to forego it, and let the States erect their own works, to seeing the power and patronage of the President increased to an extent which large appropriations to this object would necessarily enlarge it.

But, whilst these States reluctantly were driven from their favorite object by these paramount considerations of patriotism, they claimed to have divided among the States the proceeds of the sales of the public lands, with which to enable them to prosecute their public works, under the auspices of their own Governments.

The land bill, memorable not more for its importance than for the new era which it furnished the subject of, in the history of the exercise of the veto power by the President, was brought forward by its distinguished author; its fate is recorded upon that page of this country's history upon which, of all others, the first despot who ascends a throne in this country will look with greatest pleasure.

There remained in the Treasury on the first day of January, 1837, upwards of \$41,000,000, notwithstanding the efforts of the friends of the administration to keep down the surplus in the Treasury by appropriating in the last two sessions upwards of \$70,000,000; by which they hoped to prevent the people from demanding a distribution or a land bill. They saw the people would never consent to have forty or fifty millions of dollars lying idle in the Federal Treasury, whilst they, through their State Governments, had borrowed millions and millions at interest to make roads and canals. They finally gave their consent to the deposit act, which, practically, every friend of the land bill thought to be the accomplishment of his own scheme under a different name. The deposit act at length passed; and, on the first day of January, all the money in the Treasury over and above \$5,000,000 was to be deposited with the States in four equal instalments; the last on the first day of next month.

The different States had, according to the proposition of Congress, agreed to accept of the money, and pay it over again when called on; but with a confident expectation that no emergency would ever present itself, when the payment would be necessary. So, in effect, all considered it a distribution act, although some said they considered it nothing but a *bona fide* deposit, which would, in all human probability, never be called for.



But gentlemen tell us this deposit act, passed as a measure of finance, purely and solely for the safe-keeping of our surplus revenue; that this Government has a right to call it back when, and as she pleases, without any sort of reference whatever to its provisions; that the States do not hold the deposits under any contract with this Government, but barely as a gratuity—as a boon to be withdrawn or withheld at the pleasure of the power bestowing it; that it would be mockery to pay over this fourth instalment, when we shall have forthwith to commence withdrawing it again, or to resort to a loan to raise money with which to conduct the Government. And we are further told that this money on deposit with the banks is actually necessary to keep the wheels of Government in motion; that they can not move on ten days without pecuniary derived from our action. And then we are emphatically asked, are we prepared, under these circumstances, to deposit our money with the States, and then borrow for our own use; or, in other words, whether we are prepared to borrow money to deposit with the States.

These positions, I hold, can not be maintained. The agreement between the States and the Federal Government is a perfect obligatory contract, supported by both a good and valuable consideration; and for a failure, upon the part of either, to comply strictly with the terms of the deposit act, if they were individuals, an action could be maintained and damages recovered.

But, to exemplify this proposition by presenting an apposite case, I will suppose Mr. Van Buren, as an individual, had on hand \$40,000,000, which he considered in very unsafe deposits, and having no present use for it, and no right to loan it out, at or without interest, he was to say to the Governments of the different States that he would deposit the whole sum with them, to be delivered over in four equal instalments, if they, upon their part, would bind themselves to be responsible for its safe keeping, and to refund it in certain proportions at given times; and he accordingly should proceed to make a deposit of the first three instalments, and they had gone on to appropriate it to the purposes of their public works, and to make arrangements, and perhaps contracts, to appropriate the fourth instalment to accomplish these works, and he should turn round and say that it is not convenient to pay over the fourth instalment; who would doubt the right of the States to bring suit against him, and recover at least as much damage as they had incurred?

Such, then, is the situation of most of the States. I instance Kentucky. That State, not having the most remote conception that the deposits would ever be called for by the Federal Government, and knowing that, in justice and law, they could only be drawn in the proportions and at the periods designated by the act, proceeded to appropriate the whole of her share to purposes of education and internal improvement. She is engaged in constructing her public works upon a most magnificent scale; she has commenced the improvement of the navigation of her rivers with locks and dams; but they are all in an unfinished condition. She looked to this fourth instalment, which this bill proposes to suspend, as the means to aid in their completion. If she be disappointed in this just expectation, she must resort to other means to raise funds, or abandon her works. The latter alternative she will not adopt; but if her situation would be such as to drive her to it, all the money thus far expended would be a total loss, and all on account of a disappointment in getting this fourth instalment. In this event might she not institute her action and recover damages equal to the amount of loss sustained by the failure to realize the fourth instalment, provided this Government could be sued by a State? Now, surely we are not prepared to violate our pledged faith, violate our plain contract with the States, because there is no law to compel us to observe the one or perform the other?

Suppose, again, that England had made the contract with this Government which the States have, and had received the first three instalments, and demanded the other when due, and we were to say to her that you are already indebted to us for the \$30,000,000 deposited, which you are compelled to pay back in certain instalments when called on, and if you get this fourth and last instalment, the \$9,000,000 remaining, you will have to also pay back; would she not very properly say to us, perform your part of the contract, observe your faith inviolate, and we will see that we fulfil our engagement; we will see that our faith is kept inviolate? Who could deny her right to demand of this Government a faithful, strict compliance with this understanding?

I, Mr. Speaker, would oppose the suspension of this fourth instalment, even if, by doing so, the funds which the Secretary of the Treasury informs us are necessary to carry on the Government could be forthwith raised by this step. But it is evident that the passage of this bill will not bring one dollar into the Treasury, at any rate for four months, if the Senate's bill, fixing that period, should pass; but I predict that it will be so amended as to place the first payment at more than twice as remote a period as that now proposed.

We have been told by the most ingenious advocates of this bill, who have run the deficit up to the largest amount, that there is against the Treasury the sum of \$5,876,565, as will appear by the following table, presented by the honorable gentleman from Ohio, (Mr. Hamet,) in his very ingenious speech: There was in the Treasury on the 1st of January,

1837	\$5,670,137
The money received during the first six months of the year is	13,187,182
The revenue for the last half of the year will be	7,000,000
Making in all	\$26,857,319
These are our means for defraying the expenditures of the year.	
The expenditures for the first half of the year 1837 are	\$16,733,844
For the last half of the year will be	16,000,000
Total expenditures for 1837	32,733,844
Deduct the amount of our funds	26,857,319
Balance against the Treasury	\$5,876,565

Now, without stopping to show the fallacy of this statement, for it is not necessary to my purpose, I will take that gentleman's table, for argument's sake, as correct, and suppose the "balance against the Treasury" to be \$5,876,565, and the proposed expenditures for the last half of this year to be as that gentleman has proposed, \$16,000,000. I ask, could not the Executive very easily suspend the expenditure of so much of that unexpended \$16,000,000 as would equal the balance against the Treasury? In this event, there would be left to be expended in

the latter half of this year \$10,123,435; surely quite a sufficient sum in times of great embarrassment and unusual pressure. This administration is, as I understand, but a continuation of the past retrenching and reforming administration, and it seems to me that in their prosperous work of retrenchment they ought to be content; in this unfortunate year, with expending \$26,857,273, which will be the sum, as is apparent from the table of the gentleman from Ohio, after his "balance against the Treasury" of \$5,876,565 shall be deducted. But again, if it be necessary that this administration shall conduct its retrenchment in its own way; that the opposition shall not dot an *t*, or cross a *t*, and that the precise sum of \$32,733,844, as shown in the above table, be expended; then I would suggest (for the opposition can only suggest) that we might readily realize not only the amount of the balance against the Treasury, but some \$2,500,000 over and above that sum, by selling the bonds due for the sale of the Government stock in the late Bank of the United States. These bonds are at an interest, I think, of six per cent. per annum, and could readily be sold at par, and would enable this Government to raise about \$3,000,000. Or, if this will not suit the administration, why do they not look to their Treasury note bill, out of which to raise funds to carry on the Government? They have the undoubted power to carry this bill through; it proposes to issue Treasury notes to the amount of \$10,000,000, and I have every confidence they will pass at a very slight discount.

Sir, I am unable to assign any legitimate object, any worthy or patriotic motive, to the administration, in pressing this bill, when at best they will not be able to realize a dollar by it for from four to eight months. I, perhaps, am too much disposed to suspect Executive encroachment; to suspect this administration with a design in all its acts to enlarge the Government patronage and power; but if I err at all, I would prefer it should be upon the side of over-vigilance, for I believe from Executive patronage is to be apprehended most of danger to this Government.

But I remarked in the outset, as an apology for asking the attention of the House, that my State, and particularly my district, had an especial interest in this bill. Kentucky has but four banks: the Savings Bank the Bank of Louisville, the Northern Bank of Kentucky, and the Bank of Kentucky.

The Savings institution is not authorized to issue paper. The Bank of Louisville, by a provision of its charter, is prohibited from doing any business after suspending specie payments. The Northern Bank of Kentucky finds its capacity to accommodate the country much diminished since the revulsion; and the Bank of Kentucky is the principal institution upon which the people of Kentucky rely for banking accommodations. It is situated in my district, in Louisville, the principal commercial city of the State. That city must first and most severely feel the paralyzing and withering effects of the overthrow of this institution; and I, as its representative, will not consent to stand by and witness in silence powers vested in the Executive which will enable him to crush it at his pleasure. By a report of this bank, made on the 31st of last month; it had in its vaults \$767,799 in specie, and had on deposit of the funds of the General Government \$676,710, and of funds of individual depositors \$626,269. Its other liabilities were not greater than other perfectly safe and solvent banks with similar means. If we pass this bill and the other which I have already named, by which the Secretary of the Treasury will be authorized to draw from the Bank of Kentucky \$676,710 in specie, the amount of Government deposits, there will remain in its vaults only \$91,089 in specie, which state of things would necessarily involve on the bank the imperative necessity of ceasing to do business, and closing, for a time, its concerns. Such a result would produce an amount of suffering that would be insupportably ruinous to every interest in the whole State.

It must be apparent to the most superficial observer, that in the depreciated condition of the paper of all the banks in the Union, and particularly some of the Western and Southwestern banks, from which, should this bill pass, about \$9,000,000 of specie must be drawn in so short a time, it will be utterly impossible for them to add one single cent to the amount of their specie now on hand, by collections from their debtors, as long as they have any paper in circulation which is of less value than specie. For surely nothing is more certain than that the debtors of the banks would prefer to purchase up with their specie the notes of the banks, at a discount, with which to pay their debts, to paying them off in specie.

Hence it results, if you impose on the banks the necessity of raising, through collections from their debtors, these nine millions of dollars in specie, you involve both the banks and the people in one common ruin. With these consequences so obvious, I am not prepared to believe any representative of the States whose prosperity depends upon the accommodation of these banks, especially from Kentucky, as I regret to have heard intimated, and one who can think for a moment of enforcing these oppressive measures, by voting for the two bills depending before this House.

But gentlemen say the President will not allow these banks to be broken up, and the people ruined, by enforcing the laws so as to withdraw the deposits in specie. Why then, I ask, are the friends of the President so anxious to give to him the power? Is it that he may use it as an engine with which to wield influence in certain States? or is it that his friends may say, he has the power to crush, but the will to save? I am for entrusting him with no such power over my constituents. I will not consent to entrust so mischievous an engine to the hands of any President, without the most imperative necessity; and I do not perceive that necessity.

Gentlemen say, the Government is without funds, and this bill is intended to afford means with which to enable the Administration to conduct its affairs. This is not so: for no portion of these means can be realized for four months from the passage of the Senate's other bill, if the credits in that bill proposed should not be extended, and, of course, no immediate relief can be derived for the Government. I defy the ingenuity of man to assign any sensible reason for the passage of this bill, except to give to the President power.

The State banks, from and after the passage of the deposit act of the 23d of June, 1836, had reason to believe that they would be expected, by the Federal Government, to settle with their respective States, the amount to which they eventually would be entitled under that act. Hence it is but justice that, in our action upon this subject, we should have reference to this natural and just expectation, confirmed by the fact that the first three instalments were paid through that medium. If nothing but the sums over and above the amounts to which the different States would be entitled were exacted, in reason-

able payments, I should think the banks would not, could not complain.

The Bank of Kentucky has, of Government deposits, less than \$200,000 more than the amount to which the State of Kentucky is entitled. And if it be true, as it is evident from my showing, that the Government is to derive no immediate aid from this source, why compel the banks to pay up to the Government the whole amount of the deposits in specie, and thereby break them, when, on the 1st day of January, 1839, the Government will deposit with them, perhaps, the same band, the amount to which their respective States would be entitled? Why not postpone, until the 1st of January, 1839, so much of the money upon deposit with the banks as will be sufficient to pay the instalments to the States, without deranging again the commerce of the country, by forcing transfers at that time from one to another portion of the Union? If it is thought desirable, make the banks in the mean time pay interest at some just and fair rate. Then, if the banks can not spare, from the amount of specie they have on hand, the sums demanded by the Government, they can go into the market and buy it at the market price, which is now here, I believe, at about 8 per cent. advance. To this I am not prepared to say I would object, because I suppose such a requisition upon most of the banks could be met without crushing them and the people. But I do protest most solemnly against placing in the hands of the President the terrible power with which these two bills will invest him. The world knows, and no one on this whole earth hotter than Mr. Van Buren, that when you place the prosperity of an individual or a community in the power of another, you give to him possession of it, influence to an unknown extent over the acts of his dependent. And, sir, I do fervently believe that these two bills, which ought to have been included in one, and can only be treated as one in their operation, are intended in part, if not mainly, to enable the Executive to bring to bear the power proposed to be conferred upon the elections in the Western and Southwestern States. I know, sir, that I have no infallible evidence upon which to predicate this opinion; yet I feel authorized to infer its existence, from the uniform policy of the present and past administrations, ever since Mr. Van Buren has controlled the councils of this nation. The President never acts without a motive; and when, through his friends in this House, he seeks to possess himself of power so mighty as that proposed to be conferred, without assigning a good and sufficient reason for it, I am left to infer, from the known character of the man, that he demands it to be exercised for the attainment of some important end. The western people, thank God, from their fortuitous position, have not been within the sphere of Executive patronage, to any great extent. They are, as yet, insensible of the practical operation of that deleterious power, except on a very limited scale. And I predict, Mr. Van Buren will find them more insubordinate, less tractable, than his experience elsewhere has given him reason to expect. He will find there a hardy, self-willed, though law-abiding race of men, who have been taught to look to their own stout arms, and to the most fertile and prolific soil on earth, for the means of living, and not to Executive patronage. They will not stand by, either indifferent or silent spectators to the proceedings of their Government, whilst it is exercising every nerve to reduce, within its own control, not only every branch of industry, but the political power incident thereto. All that they ask is the privilege of letting them pursue, in their own way, what they think best promotes their individual happiness and prosperity, and not to keep experimenting upon the currency, the mainpring of prosperity in every thriving community; so that the laboring man may have some data upon which to predicate a calculation to-day, what will be his condition to-morrow.

I believed, from the first complaints against the Bank of the United States in 1830, that they proceeded from a refusal upon the part of that bank to become a political instrument; and that all the clamor against that institution, and the efforts to put it down—the removal of the deposits, etc.—were intended to strengthen the arm of Executive power and patronage, by first overthrowing that institution, and then placing under the control of the President the local and the State banks of the whole country. But I acknowledge I had not anticipated at this early day, so gross and undisguised an effort to place unconditionally in the hands of the President the fate of the whole monetary affairs of the country.

It never once occurred to me that Congress would so soon be found capable, without any assignable cause, of placing the fate of whole communities in the hands of the Executive, by giving him the power to deal out destruction or preservation at his pleasure to the whole banking system, and consequently, for a time at least, to all who are dependent upon their accommodations. The different pursuits, in all well regulated Governments, are as dependent on each other as they are necessary to make up a happy and prosperous community; and when, from the depravity or ignorance of our rulers, a stroke is aimed at one great interest through the currency, it will be felt by every other. They exist as one indivisible whole, and must all suffer or prosper together.

The remarks of the honorable gentleman from Virginia (Mr. Garland) have been to me a subject of not a little surprise. That gentleman is considered as the great leader of the Conservatives on this floor; and I suppose his position upon this subject may be considered as identical with the other Conservatives, who seem to be acting with him generally. In the course of his remarks on this bill, he stated he had never seen any cause to regret the vote he gave in support of the deposit act; that he considered it a wise measure; and that if it had been properly executed by the Secretary of the Treasury, very much of the difficulties under which the country is now laboring, would have been avoided; that the report of the Secretary of the Treasury to Congress at the commencement of this session, from which it appears that the bill before the House was the confusion of tongues at the building of the tower of Babel; and yet, as the Secretary has taken upon himself to assume the responsibility of recommending the measure, he would vote for it, and let the responsibility rest with the honorable Secretary.

I would most respectfully invite the attention of the gentleman from Virginia, and his Conservative brethren, to examine carefully the position which they, I am in charity persuaded to conclude, have involuntarily been compelled to take, in obedience to the unrelenting iron rule of party, to which, until then, I had hoped they had determined no longer to yield obedience. If gentlemen are candid in the conviction that the deposit act is founded in good policy, and have succeeded in convincing their constituents of this fact, it appears to me, if their constituents are not widely different from mine, that they will find some difficulty in convincing them that the *ipse dixit* of that same

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Postponement of fourth instalment—Mr. Graves.

H. of Reps.

Secretary, whose hostility to the passage of the bill was so deadly, is sufficient to authorize their representatives to turn round and vote for a suspension of the fourth instalment under that act. In order, however, that the whole course of the Secretary of the Treasury upon the subject of the surplus revenue and its distribution among the States may be fully understood, I invite the attention of this House to his report made to the last Congress at the commencement of its first session, at a time when it was the policy of his party to make it appear that we should have no surplus at the end of the year 1836 to distribute among the States, under the operations of the then anticipated land bill, or some other mode of distribution.

On the 8th of December, 1835, the Secretary of the Treasury, in his regular annual report, made up and presented with all possible deliberation, informed Congress that the balance in the Treasury, on the last day of that month, would be \$18,047,558; whereas, as afterwards admitted by a subsequent report of his to Congress, it turned out to be \$26,749,895, showing an error in this item of his estimates of \$8,702,337.

In the same report of this remarkable Secretary, he estimated the available means of the Treasury, for the current year of 1836, at \$37,797,593; whereas it turned out to be, as shown in one of his subsequent reports, \$71,644,103; exhibiting an error of \$33,846,505. But, sir, in order to still better understand the real character of his official communication to Congress, and to enable us the better to appreciate the degree of authority we should assign to them in our action upon this floor, I ask the attention of the House first to an estimate in this same ever-memorable report as to the accruing revenue from one particular source—I mean from the public lands, in 1836. He says, from this source we need not expect to realize more than \$4,000,000. It so turned out that they yielded us exceeding \$24,000,000. Also to the remarkable statement it contains, that on the first day of January, 1837, the balance in the Treasury would not exceed \$14,500,000, whereas it exceeded \$44,000,000, making a difference of nearly \$30,000,000.

Again: In another report of Mr. Woodbury, made within ten days of the expiration of the last quarter of 1835, he estimates the accruing revenue for that quarter at \$4,950,000; when, in fact, it turned out to be \$11,950,000, presenting therein an error of \$7,000,000; and this certainly at a time when all must admit he did, or could have known, almost to a dollar, what would be the receipts of that quarter.

Mr. Speaker, I ask you, sir, and the other unwavering supporters of the past and present Administration, how do you account for all these egregious mistakes? I demand, in the name of the country, to know, of the oracles of those in power, what has produced those monstrous official errors? It will be answered, no doubt, that, from the remarkable character of the year 1836, a wild spirit of speculation of every sort brought into our Treasury, through the medium of duties, and the sale of public lands, an amount altogether greater than any could have anticipated; and that he has thus innocently and unavoidably been betrayed into the error. This, sir, must be the true answer, or the Secretary has prostituted his official station to utter an official falsehood, for the unworthy and shameful object of subserving low, mean, party, and selfish purposes. One or the other must be true; all candid men will admit. I think I can show that the former answer is not the correct one; and, in support of this opinion, I appeal to the well-known fact, that, in the fore part of the very session of Congress to which the Secretary of the Treasury made this memorable report, Mr. Ewing, Senator from Ohio, made and published, in pamphlet form, a speech containing his estimates, and embodying his opinions, on the points upon which the Secretary fell into such error.

In this speech, to which I invite the attention of every member of the House, what did Mr. Ewing say to the nation? Did he say the available means of the Treasury, in the year 1836, would be \$36,797,593, as did Mr. Woodbury, and therein miss the truth by \$36,846,505? No, no; but he foretold that the available means would be but little short of \$77,000,000. In this same speech, that Senator demonstrated to the Senate, that although the honorable Secretary of the Treasury had contended the receipts from the public lands in 1836 would not probably exceed \$4,000,000, that they would, in his opinion, exceed \$20,000,000, which was more than realized. And at the same time he showed the fallacy of the Secretary's calculation, in estimating the balance in the Treasury, on the 1st of January, 1837, at \$14,500,000, and predicted, as it turned out to be, that the balance would exceed \$44,000,000.

It then appears that these errors of the honorable Secretary did not originate from the want of sufficient data upon which to predicate a calculation which should approximate reality. For surely he, with all the facilities which his position afforded, had a much better opportunity of making a correct estimate than any one else, and very much more so than the honorable Senator from Ohio, whose incorruptible integrity, daring patriotism, and giant intellect rendered him an object both of fear and implacable hatred to the administration.

Now, Mr. Speaker, we boast of having the freest Government on earth: where our official functionaries are more amenable to, and more completely within the reach, and under the influence of the people's will, than in any other. Still I am inclined to think there exists a very great mistake on this subject. Though ours is a Republic, and the Governments of England and France are monarchies, still the people of both of those countries hold their officers responsible for a capacious and faithful discharge of their duties; and the King does not dare retain in any prominent station one in whose official character the nation's just confidence. If, as was the case here at the commencement of last Congress, it became a matter of importance to the Government of England or France to know the exact condition of her Treasury, and, as nearly as might be, the accruing means of the Treasury for the current year, and the Minister of Finance had sent to the King, to be laid before Parliament, an estimate of the available means of the current year, placing them at \$37,797,593, and an Opposition member had gotten up in his place and denounced the report as delusive and untrue, and had shown from his calculation that one particular source of public revenue would exceed, by one-fifth, the estimate of the minister, and that the available means would exceed his estimate by \$36,846,505, and thus show that the estimate of the minister was calculated and designed to defeat a great and important Opposition measure; and the estimates of that Opposition member should be literally realized: I ask, if the King of either of those countries would dare continue in place such a minister? No, sir, he would not dare do it; he would feel as he should feel, that he would have justly jeopardized his neck by such a course.

But, add to this, that this minister, by his bungling financiering, by his miserable tinkering with the currency of the country, had beggared tens of thousands of the best citizens of the nation, and produced a revulsion which diminished the value of the property in the country \$500,000,000: can any member contend, that in either of those monarchies, or any where else where civil liberty is appreciated, such enormities would be submitted to?

The honorable gentleman from Ohio, (Mr. Hamer,) who it justly considered the champion of the administration in all the contests upon this floor, commenced his speech, which I knew, when he rose, was to embody, at length, a defence of the general policy of this called session, by expressing his deep regret at feeling called on to participate in the discussion of this bill, and his great preference "to action rather than debate." The new members doubtlessly thought we should have from the gentleman a few pertinent remarks; and that then he would resume his seat. And the people who shall read his speech when it makes its appearance, will also be prepared to conclude that the honorable member arose without any intention of delivering a regular speech, and was involuntarily led on by the engrossing character of his subject, to protract his remarks to upwards of three hours in length. Such, however, as had served with that gentleman heretofore, knew well the relation he bore to his party, and the character of the speech he was to deliver, and the great length of time he would likely occupy, from the ample preparation he had been making for a week past, in taking notes upon such as have opposed this bill.

The gentleman complains that the opposition, instead of proceeding to support the administration in providing remedies for what he admits to be a very important crisis in the affairs of the nation, is disposed to stop and inquire, who produced all this distress which now pervades every class of the community? to which of the two parties in this country is it justly chargeable?

Now, sir, I think it would be any thing other than difficult to show that, after having been called together at this extra session by the President, to administer relief to the diseased condition of the body politic, it becomes us most thoroughly and deliberately to inform ourselves of the nature of this disorder, and of the cause that produced it, in order that the cause may, if possible, be removed, when, and not till then, will the disease cease to exist. The physician who would attempt to administer to a diseased patient, without using every expedient within his power to ascertain the nature and find out the cause of the disease, particularly when it is of so extraordinary a nature as to threaten sudden dissolution, would be justly denominated a quack, and consigned to ineffable disgrace for having wantonly sported with the health and life of his patient. If such would be the fate of the physician, for so gross a departure from the scientific course of his profession, I ask, what ought to be the fate of the leaders of the administration, who recklessly propose to administer to the present disordered, deranged condition of the currency, when every interest in it is struggling for existence, without either examining into the causes that produced the disorder, or knowing the nature and operation of their proposed nostrums, and then presume to reproach the opposition for carefully analyzing the nature and cause of the disease, and the probable consequences of the remedy? Let the constituents of these fastidious gentlemen answer; and, sir, that they may have an intimation of what that answer will be, I point them to the elections in Tennessee, Kentucky, Indiana, New Jersey, Rhode Island, and Maine.

I, Mr. Speaker, hesitate not to give it as my opinion, that the whole difficulty under which our country is now groaning originated from one great and most obvious cause, and that the disease will never be substantially removed without first removing the cause. I think this proposition is subject to the most satisfactory demonstration—I mean the failure to recharter the Bank of the United States, or form a new Bank of the United States.

Previously to 1792, before the adoption of the Federal Constitution, there existed no power in the States of the Confederacy to establish one currency for them all. Each State had its own banks, and then, as well as now, it was known that the price of property in the respective States bore a very close and intimate connection with the amount of its currency. Hence there was an obvious and overruling incentive greatly to enlarge the paper currency of the several States. The paper of one State, whilst at par at home, was under par in the limits of its nearest neighbor. Out of these causes grew great inconvenience, infinite complexity, and a world of trouble in conducting the commerce between the States. This was regarded by the States as a great and crying evil; one which taxed the ingenuity of many of the ablest statesmen and the best patriots of that day of statesmen and patriots, and was amongst the most powerful of the causes which gave birth to that venerated instrument, the Federal Constitution, which embodies evidence of the existence of more political wisdom, sagacious forethought, and clannish, disinterested patriotism in its framers, than has been found to exist in any previous or subsequent age.

In less than two years after the adoption of the Federal Constitution, whilst its framers were then upon the scene of public life, the United States Bank was chartered, and General Washington, then President, approved and signed the charter, after the most mature deliberation and consultation with his patriotic and enlightened cabinet. It was intended to furnish, and did furnish, during the twenty years of its existence, the best currency the world had ever known. Its notes, whether issued in New Orleans or Boston, were preferable to specie at any point in the Union, because it never had, and the country believed it never would fail to redeem its notes in specie; and in this expectation they were never disappointed.

During the existence of the charter of the first bank, from 1791 to 1811, none of the local banks ever were enabled to afford a currency equal to that furnished by the Bank of the United States. The cause of this was obvious to every intelligent person who looked into the subject. The existence of that factitious bank power that no other bank in the country had or could have. It had, through the instrumentality of its branches, facilities in affording exchange, which no other banks could have. And, as a consequence, its stock became more valuable than that of any other bank. Hence they grew up, very naturally, a great jealousy with those who had stock in, and were connected with, many of the local banks, and very many of the best patriots of the country believed that bank had too much power, and others of them believed that Congress had no constitutional power to grant a charter to any

such institution. So that, by the expiration of the first charter, in 1811, there was found a majority against the recharter of that institution. Some of the opponents of the recharter of that bank, in 1811, believed, or professed to believe, that, we then had too much paper money for the good of the country; and that, by refusing a charter to that bank, the country would, to the extent of its circulation, have the amount of paper circulation diminished. But those who had given that subject most attention, and best understood the natural operation of the causes that regulated such matters, were well satisfied that the exact converse of that state of things would necessarily grow out of a failure to recharter that bank. They saw and predicted at the time, that, as soon as the nation got to believe the United States Bank was not to be rechartered, or another substituted in its place, the same causes would be brought into action which had produced over-issues, and necessarily depreciation of the paper currency in the different States, previously to the adoption of the Federal Constitution. And they, during the debates on the proposition, in 1811, to recharter the bank, predicted that its failure would, instead of diminishing the paper circulation in the country, produce, necessarily, a great increase in its amount; and that there would be no limit to this inevitable tendency to increase, until it would produce such a plethora in the circulation, as to result in a certain and universal explosion. Experience soon verified all these predictions. As soon as a recharter was refused by Congress in 1811, the mania for local and State banks forthwith sprang up; and between that period and 1816, when the bank was rechartered, the number of banks had increased from 88, with an aggregate capital of \$42,610,000, to 246, whose aggregate capital was \$89,822,422. In the interval between 1811 and 1816, the increase in the number of banks was 158, and the increase of bank capital, in that short space of five years, was \$47,212,422; whereas, for the ten years immediately preceding 1811, the number of banks had increased from 32, with a capital of \$23,560,000, to the number before stated, of 88, with \$42,610,000 of capital—making an increase in these ten years in the banking capital of \$19,050,000. Upon the recharter of the United States Bank in 1816, however, an immediate check was given to this mania for banking, and, from that period up to the year 1830, the number of banks had only increased from 246, with a capital of \$89,822,422, to 329, with a capital of \$111,192,268, showing in this period of fourteen years an increase of 83 in the number of banks, and \$21,369,846 only in the amount of the banking capital of the country.

In 1830, however, this institution, which had, during its whole existence, exercised so wholesome an influence over that most ungovernable disposition to over-banking, and blessed the whole country with the best and most uniform currency that has ever been known, incurred the displeasure of him whose hatred for the last eight years has been certain death to every institution in the land, and fell powerless and lifeless at his feet. From that time up to the departure of this man from office, (I can not say from power, for he is known and felt by every informed citizen yet to be all-powerful,) embracing a period of seven years, the increase of banks was from 329 to 423, and of bank capital from \$111,192,268 to \$378,421,168. The increase in the last year of his administration, in the year 1836, in the number of banks, was 266, and in the amount of bank capital, \$164,541,873. From which it appears, in this short period of seven years, the number of banks have been increased nearly threefold, and the amount of bank capital more than threefold. The statistics which I have submitted are taken from an official report of Mr. Woodbury, the Secretary of the Treasury, which are thrown into a table exhibiting the increase in the number of banks and banking capital from 1792 to 1837.

Years.	Banks.	Capital.
1792	11	\$3,935,000
1801	32	23,560,000
1805	75	40,463,000
1811	88	42,610,000
1815	illegible	82,259,580
1816	246	89,822,422
1820	illegible	102,210,611
1830	329	111,192,268
1834	506	170,123,748
1835	678	193,584,361
1836	899	216,875,295
1837	823	373,421,168

These consequences flowed from no unknown or mysterious cause, but as the natural and unavoidable result of given causes. They arose from that which ever has been, and ever will be, the case with the State Governments—an irresistible propensity to over-bank, unless restrained by some sufficient counterbalancing cause. Over-banking always has, and ever will, produce a passion for speculation, over-trading, and all its endless train of evils, which invariably have resulted in a ruinous revulsion, as is seen at present in this country.

The currency, the circulation, is to the body politic what the blood, the circulation, is to the animal system; let an irreparable derangement take place in the one or the other, and the body must dwindle, decay, and soon perish. Once satisfy a community that its Government is incapable of regulating and controlling its currency, upon which so much of the value of property depends, and all regularity in every interest, and I guarantee you will find that community disposed to try another form of Government, which can secure to its people some stable, uniform, and stable medium, through which commodities can be exchanged, and the business of the country transacted. The principal return which a people expect in exchange for the restraints imposed upon them by civilized society, by regular Government, is a steady, permanent, uniform policy, and a sound currency, by which the necessary and proper incentives to industry and enterprise are encouraged; by which the industrious parent reaps the reward of his labor, with which to raise, educate, and advance his offspring. No civilized, enlightened, industrious, and enterprising people like ours, ever will consent to live under the form of Government that is so unstable, so fluctuating, and imbecile, as not to afford them the great and paramount objects of government. The sickly vacillating policy of this and the past administration, by which all regularity in the price of property, all certainty in the reward of labor, and all confidence in any regular and settled policy of the country, are destroyed, may be borne with for a while. Yes, it will be borne with as long as there is any reasonable hope of reform; but when all hope of this is lost, the time will have arrived, when the people, in the majesty of their strength, will demand



and procure for themselves such form of Government as will secure to them these great and indispensable objects.

We have lived for forty-eight years under the Federal Constitution, and for forty years of that time we have had a United States Bank, which furnished to the nation the best, soundest and most uniform currency that has ever existed. There has been no period of the forty years' continuance of that bank, when its paper has not been better, and furnished a more uniform currency, than gold or silver itself. For the paper of the mother bank, or any of its branches, was always equal to specie at any point in the Union, as remote as it might be from the bank that issued it; not that one branch was bound to redeem the paper of the others, but because it was always bankable paper at any point in the Union, without regard to the place of its issue. And, in the next place, it was more convenient for transportation, so that if a merchant in Lexington or Cincinnati had \$50,000 in specie, which he desired to pay over to his creditor in New York or Philadelphia, he would consider his specie one or a half per cent. less valuable at his home than in one of those Eastern cities; that is, he would have to give \$250 if he exchanged it at a half per cent. or \$500 if at one per cent. in order to get a draft upon one of these cities; but if he has the paper on the United States Bank, and he can get a draft at par, he only has to bundle his money up, place it in his pocket, and convey it himself to its destination, without his being known by a single soul. This thing has been done over and over again, with the most perfect convenience; hence, United States paper has ever been more valuable, and more uniformly of the same value at different places, than silver or gold.

Or instance another case: a horse drover in Kentucky, who carries a hundred horses to South Carolina, and sells them, say for \$15,000 in specie, could not get his metal back home without a wagon and team; hence he would prefer to buy a check on Kentucky at one per cent. and thereby lose \$150, to the trouble, expense, and risk of hauling home his specie; but if he should receive his pay in paper upon the Bank of the United States, he would just procure thirty notes of five hundred dollars each, and bring home, perhaps in his watch pocket, his \$15,000. Who can, with any knowledge of the business of the country, deny then that the United States Bank furnished a paper circulation better and more uniform than gold or silver itself. Then for forty years this growing, prosperous Republic has been blessed with the best currency upon earth, and in the use of it, has advanced with unparalleled rapidity to wealth, greatness, and happiness. What, however, has been the history of the other eight years, during which we had no United States Bank? It is one continued scene of confusion and distraction in the monetary operations of the country, and, consequently, frequent, sudden, and ruinous revolutions in the business of the whole country, involving in one common, indiscriminate mass of ruin whole communities of our best and most enterprising and industrious citizens. For, however prudent a man may be, he may have a neighbor less able to withstand the mania for money-making, in times of extravagant enterprise and speculation, whom he can not refuse when asked to endorse for him, and who gets disappointed in his just calculations, and is hurried with his innocent neighbor from affluence and happiness to poverty and wretchedness. In the four years that succeeded the refusal to recharter the United States Bank in 1811, the table which I read shows how rapidly the increase of paper money progressed. The history of the last two of the five years mentioned exhibited almost the whole country involved in bankruptcy and ruin. The banks in 1815 and 1816, with perhaps the single exception of those in Massachusetts, suspended specie payments, and their paper forthwith depreciated greatly below par.

In Baltimore and this place, the paper of the local banks was twenty-five per cent. below par. The paper of the local banks in all the other States was at different rates of depreciation. Still the customs and dues of the Government were collected in the paper currency of the different States, all differing with each other in value. So that the importer of goods here or in Baltimore paid one-fourth less of duties on their importations than the importers of the same articles in Boston. Thus did the amount of duties paid at the different ports depend on the depreciation of the paper money in that particular State.

This was an inequality growing out of the deranged state of the currency, which was so perfectly insupportable that, without a remedy, it would have produced a dissolution of the Union; for the operation of things was so, that the Constitution, both in letter and spirit, was outraged and violated in the most palpable manner. Those provisions which require that taxation shall be uniform, and that no port shall have privileges not common to all, were a dead letter, and all men, of all parties, admitted the evil was insupportable, and must be remedied. The commerce between the States was so crippled up as almost to be annihilated. No evils of this sort had existed from 1791 till after 1811, when a recharter was refused to the United States Bank; the absence of which, it was generally admitted, produced this swarm of local banks, which first flooded the whole land with spurious, depreciated paper money, and finally ended in the convulsion of 1815 and 1816. There existed then, as is the case now, but one remedy for the disorder of the currency, and that is a United States Bank. It was then, as it is now, known that a cause for the deranged and ruined condition of the currency existed; and it was then thought by all to be the duty of every statesman fully to examine into the matter, to ferret out the cause, place it before the country, and let the responsibility of it rest where it belonged. There was found no one then upon the floor of Congress who objected to finding out the cause of the embarrassments then existing, in order to remove them. No one could then be found who ventured to reproach others for professing to be unable to use means to remove the cause of great and heavy evils, before that cause was ascertained.

In 1816, it was believed that the absence of a United States Bank produced the embarrassments; to remove them, the cause was removed. A United States Bank was rechartered; and in less than one year from that date almost all the banks in the Union which did not finally fail from gross mismanagement or fraud, recommenced specie payments. Thus, with the removal of the cause, its effects also disappeared. I believe similar results would occur if we could get the whole truth before the country, and the people could see the cause of the present revulsion. The great body of the people are honest, and they need but to see what is right to do it. Hence arises the aversion of the gentleman from Ohio to have the true causes of our embarrassments placed in bold relief before the country.

Now, if the friends of the administration would admit, what I am sure they must believe, that our embarrassments have grown out of the downfall of the United States Bank, and join

those who have always been in favor of that institution in now chartering another upon similar principles, the opposition would desire to say no more on the subject of the crisis and its causes than would be necessary to place that matter fairly before the country, so that the people may fully understand who are the authors of our present embarrassments. But they refuse to admit themselves the authors of our troubles, and say it is the opposition that has brought them upon us; and then reproach the members of the opposition for disproving this most extraordinary charge.

The gentleman from Ohio says that the commercial embarrassments that now convulse this country have overrun England, France, Germany, Switzerland, Turkey, the East Indies, and the Empire of China; and then emphatically asks, if it is possible that any sensible man can believe that the removal of the Government deposits from the Bank of the United States to the State banks has convulsed three-quarters of the globe? I have not heard any man, here or elsewhere, pretend to say that the present disasters that overspread even this country are attributable to the removal of the deposits; and I must be permitted to say, that the assumption of the honorable gentleman is unauthorized; that he has drawn upon his fancy, in asserting that any such position has been taken by the opposition; and of such assumption is the greater part of his very long speech constituted.

But of all the unauthorized assumptions which the honorable member has seen proper to make, the most supremely ridiculous is that of attributing to the opposition the promulgation of the opinion, that all the embarrassments which he has chosen to assert do now exist in China, Turkey, etc., etc. are owing to the removal of the deposits from the United States Bank.

But, sir, I take issue with the gentleman upon the question of fact as to the existence of convulsions in England, or any of the countries which he has named, similar to, or comparable with, those which we find prevailing in this country. And I now invite him to rise in his place, and point me to the authority upon which he has predicated his assumptions.

It is perfectly astounding to hear with what unmixed effrontery it has been asserted since the revulsion, by the friends of this administration, from the President himself down to the most degraded tool of his party, that, in proportion to the entire amount of the paper circulation of England and the United States, its augmentation, in the last three years, has been as great there as here; and that it begat the same spirit for speculation and over-trading in that country as in this, and, as a consequence thereof, that both countries have been alike involved in similar difficulties.

Now, sir, as to the general charge that monetary affairs are as much deranged and as difficult in England as here, I appeal to the known fact, admitted by the gentleman from Ohio in his speech in support of this bill, that specie may be borrowed in any quantity at three per cent. in England, whilst all know that it can not be borrowed at four times that rate in this country. Indeed, sir, such a thing as negotiating a loan of specie is not thought of here; for if an individual has specie on hand here, he never thinks of loaning it, but proceeds to sell it at eight per cent. advance for paper money; and then, if he chooses, loans the paper money at six per cent. making an interest of fourteen per cent. on specie here, when it is worth but three, as has been shown, in England.

A distinguished Senator from Georgia, in a speech delivered in the other end of this building but a few days since, showed, from official documents from England, that the augmentation of paper circulation there, since the commencement of 1834, was only one and a half per cent. upon the entire paper currency of that kingdom; whilst the proportional increase in this country, within the same period, is exceeding sixty times as great. No Senator pretended to controvert the accuracy of his statements, nor has a contradiction emanated from any respectable source, so far as I have observed.

When a sudden reverse overtakes this country, under which its trade and commerce dwindle away, and its whole energies are literally paralyzed, as is the case now, it will, to a greater or less extent, be felt by all the countries with which we have extensive commerce and intimate connection. Then, whilst I admit that some slight embarrassments have existed in England, growing, in some degree, out of the intimate commercial connections between that country and this, I deny that they prevail, in any thing like so great a degree, there as here.

But the gentleman from Ohio says the causes of our embarrassments are widely different from those to which the opposition have attributed to them; and adds, that they are to be found in "the over-trading, speculations, and extravagance of the times;" and that they have prevailed alike all over the civilized world. To the latter part of his assumption, I have replied. Now, as to our difficulties having principally grown out of a spirit of speculation, over-trading, and extravagance, I very readily admit he is correct in the abstract; but that these causes took their origin, and grew out of a still deeper cause—the downfall of the United States Bank, I think is unquestionable; and, in that event, the whole responsibility of the present embarrassments rests with the administration. Did not every statesman who spoke in favor of a recharter of that bank, predict that its overthrow would necessarily produce a swarm of local State banks, that would flood the whole country with their paper, as they did from 1811 to 1816? that this increase of our circulating medium would, by increasing the facilities of getting accommodations from the banks, necessarily produce a mania for speculation, and, as a necessary consequence, great extravagance and profusion in all classes of the community? It was no supernatural power by which the advocates of a bank were enabled to foresee and predict these consequences; to do this, they need but understand the history of their own Government, the then condition of the country, and the natural operation of certain causes that are inherent in the constitution of man. They saw many of the States without any other bank than the branches of the United States Bank, as was the case with Kentucky. They knew that, upon the downfall of the Bank of the United States, each State would perceive the necessity of making banks of its own, that would furnish, for its own purposes, a currency preferable to the paper of the local banks of the adjoining States. According to the prediction, as soon as the fall of the United States Bank was understood to be settled, we saw this work of manufacturing new banks commence and proceed with the speed set forth in the table which I have read.

The gentleman says, we have no more constitutional power, and that it is not more our duty to regulate the currency, with a view of rendering it uniform, and to regulate and cheapen exchanges, than we have to transport the produce or stock of one

portion of the Union to the other. And then he emphatically asks, "What is money?" and answers the question by asking, "Is it any thing but property?" Thus, by this short process, he satisfies his own mind that money is property, and that it is as much the duty of Government to furnish the means of transporting property, as money, from point to point. Now, after the Herculean work of improving the currency and cheapening exchanges, so successfully accomplished by that chief, who, last spring, in his Farewell Address, could not refrain from congratulating the country upon the successful and glorious accomplishment of this wise and patriotic undertaking of his, little did I expect to hear one of the great pillars of that brilliant administration, at this early day, get up and denounce the whole scheme as unconstitutional and unworthy of Congress. I do not intend here to submit any argument upon the constitutionality, either of the Bank of the United States, or upon the subject of its being the duty of Congress to furnish a sound and uniform currency; time and circumstances forbid such a course now. For I consider, if weight of authority ever can settle any question, the constitutionality of that bank is well settled, and, as to its utility, it can not be denied by any one, who has any regard for his own veracity, or for the common decencies of life.

I will take occasion here to remark, however, that whilst I now am, and have ever been, an advocate of a United States Bank, I differ widely with some of my political friends, in believing we ought to charter a great mammoth institution, with capital enough to supply the whole currency of the country, and to supersede the necessity of State banks. I believe in banking, as in every other branch of business, there ought to be competition, and, for one, I should regret to see the whole banking facilities of the country within the control of any one corporation. Whilst, then, I advocate a United States Bank with a limited capital, guarded with proper restrictions, I am also in favor of a reasonable proportion of State banks. I believe them both useful and necessary to the sound, safe, and healthy operations of the business of this country.

The gentleman from Ohio, with much apparent surprise, took occasion to say that the opponents of the administration even contended that the measures presented by the administration at this session will extend no permanent and substantial relief to the country, and very emphatically asks whether any are prepared to deny that this bill, which proposes to extend a credit of four, six, and nine months to the deposit banks, is not a measure of permanent and substantial relief? Whether these banks would not, by this indulgence, be enabled to extend the necessary relief to the country?

It is very rarely, of late, that I am astonished at any thing I hear advanced in this House. But I must acknowledge I was perfectly astonished when I heard the honorable member, coming as he does from the West, and understanding, as he must, the condition of that country and the banks, utter this remarkable sentiment. They must have upon deposit some \$9,000,000 of this money. To draw this vast sum of specie from these Western and Southern banks in the short space of time proposed, would bankrupt that whole country. It would be utter ruin to both the banks and the people, and yet their representative here most unceremoniously calls it substantial relief to the country. It is mockery! It is an insult to the understanding of this House and the whole nation. I venture to hazard the opinion that not another Western member will endorse the monstrous sentiment. I venture to say they will unite, in a body, to denounce this four, six, and nine months' measure as ruinous, and demand a further postponement for their constituents, so as to enable the States by their fourth instalment on the 1st of January, 1839, to come to the relief of their banks.

The opposition, adds the gentleman, not only opposes the proposed measures of relief, but refuses to bring forward any measures of its own, upon which that gentleman distinguished for his great humanity, broke out in a strain of the bitterest invective. He said, if disposed to indulge in the use of epithets that are daily thrown out against the administration, he would pronounce such a party a "corps of political mercenaries," "miserable demagogues," "the most unprincipled, corrupt, and rotten-hearted faction that has ever appeared in this country." But he declines using such language, and adds, "It belongs to the opposition vocabulary." In reply to all this, I will content myself by saying that I think the gentleman deserves about as much credit for his ingenuity, in avoiding the use of epithets towards his political opponents, as for the profound statesmanship shown in contending that a party in a decided minority in both Houses of Congress, with the President opposed to them, is deserving of such language for not bringing forward measures of relief. The opposition, at the commencement of this session, declared to the country that they were powerless; that the administration had majorities in both Houses, and were responsible to the country for measures of relief. But the members of the opposition have not acquired their opinions either as to the cause of our distresses or as to the remedies for them; they have freely spoken of both, and for it have been reproached by the entire nation in terms like these. We have been told we should act, and not speak. "The opposition is prepared for both upon any measures the administration have or may bring forward."

But, sir, the gentleman from Ohio, who has been not only fixed on by his party to deliver the defence of the administration against the assaults which have been made upon its policy of this session, has chosen to denigrate, and I doubt not correctly, all the measures of this session as far as they consist of one grand system, and has as such treated of them in his elaborate speech. I will, as it seems no opposition member will follow me in the debate, proceed to respond to some of his arguments upon the other branches of this system.

He says: "The distress of which we hear so much is exaggerated. It exists only among particular classes of the community. It has not reached the great mass of the people." Whether the distress has been exaggerated or not, is a mere matter of opinion. I think it has not; and I think it has reached every class of the community. The sudden revulsion which has overtaken the country so astonished every person, that the whole people, with one accord, all over the Union, seemed to believe, and no doubt correctly, that the only way in which the credit of the country could be sustained was for every one to rally to the rescue, and offer upon the altar of his country's good a portion of his constitutional rights—the privilege of demanding specie for his dues; and thus has the shock been borne so far; but for this, no one could contemplate the extent of ruin which must have ensued.

Indeed, sir, as far as my acquaintance went, it was admitted



by every body that the debts of the country could not be collected in specie. There has been in the West, literally none in circulation since the suspension. The title that was there ceased to circulate, was bought up as a commodity, and transported to the Atlantic cities. It seemed to be agreed, as if by common consent, by every person, as far as my observation went, that where the payments of debts were demanded, specie was not to be exacted, and that if creditors claimed to exercise their constitutional right in demanding specie, the whole business of the country must cease, and society resolve into its original elements, and its members protect their property and possessions by physical force, until some relief could be afforded. I entertain not a doubt that, if the debts of the country were now generally sued for and demanded in specie, you would find the officers unable to enforce the law, and the best citizens resisting its execution.

The Constitution, which guarantees to every creditor the right to demand his debt in specie, has been, in the West, from the suspension till now, virtually and practically abrogated, because of the physical inability of the country to furnish the constitutional medium. This matter is spoken of and understood by every man in the land, and it is reaching and affecting every interest in society. This Government, we are told by the administration, can not get on for ten days without relief. The whole people are conducting their affairs, not in reference to the Constitution and laws, but independent of both; yet we are told that our difficulties have not reached "the great mass of the people."

The gentleman says the foreign debt, of which we hear so much, is not the debt of the nation, nor of the great mass of the people, but of the wealthy merchants, who have inundated this country with foreign goods, and who, as a class, have ever been venal and destitute of patriotism; who involved us in the late war, and then threw every impediment in the way of its successful prosecution, and therefore deserve no particular favor from Government.

Mr. Speaker, I stand here the representative of merchants; and if I was not a member of the American Congress I trust I should never be so insensible to that justice which is due to every class of the community, of whom it may suit the purposes or tastes of gentlemen here to speak disparagingly, to remain silent when such sweeping, unjust denunciations are aimed at so useful and worthy a class. Sir, I feel very little like retaining myself within those bounds which parliamentarianism requires in responding to this extraordinary denunciation. The rules of this House, respect for myself and the place I fill, will not allow me to employ language that would adequately convey what, under other circumstances, I should feel inclined to say. I must, however, be allowed to remark that, according to my taste, which I would by no means set up as a test for others, I should feel myself unworthy of the seat I hold here, if I was capable of perpetrating in my place such cruel injustice towards so valuable, so estimable a class, as every gentleman knows the merchants of this country constitute. It sometimes happens that the most erroneous estimates are formed of particular classes and communities by those who have never found their way into the better orders of those classes and communities.

The merchant is nothing more than an agent or factor of the producer, the instrument by which our products are carried abroad, and exchanged for such foreign commodities as we need; he is as necessary and as useful a constituent part of society as is the producer or laborer; and you cannot blast his prosperity without sweeping with it the prosperity of the community with which he is connected. It is true, the importing merchant owes directly our foreign debt; but the merchant to whom he has sold his imported goods owes him, and the consumer who has bought of the retail merchant owes him; so that the foreign debt is at last owing by the whole consuming population, the great mass of the people. They have to pay it, they are willing and able to pay it, if this Government will suffer them to have a currency, through the medium of which their surplus products can get to market without their losing from ten to twenty-five per cent.

The people of all the States owe their proportion of this debt, and they can only pay it off by selling their products for the money, with which to pay the merchants from whom they bought their goods. The farmers of the Western and Northwestern States depend upon the flour, the pork, the beef, the mules, and the horses, which they send to the great staple States of the South and Southwest, out of which to raise the money to liquidate their part of this debt. Our produce or stock, when sent to a Southern State, say Mississippi, is sold for the currency of that State, which is inconvertible; it is brought home, and sold for specie, or the local circulation, with which to pay the merchants, at a discount or loss of from 20 to 25 per cent. Thus a fourth of their gross sales are lost; out of the remaining three-fourths they have to supply their families, and appropriate what little balance remains toward paying their proportion of this foreign debt. Sir, if this Government had been in the hands of merchants, you would never have seen your currency in its present condition, and our people ground into the dust as they now are. The merchants need no eulogy from me. I stand here the eulogist of no class, but as the defender of those whose very name is the best passport which our Government can bear to every foreign land where this Government is known. I will not so far forget what is due to the merchants of this country as to institute a comparison between them and the trucking, unscrupulous demagogues of the day, whom fortune has thrown into station, of which they avail themselves to disgrace and slander those with whom they are not worthy to be compared.

But let us proceed, and examine further into what has been denominated by the member from Ohio as miserable, false, newspaper slang, upon the subject of two currencies, one for the Government, and the other for the people.

Is it not known to all that, in consequence of the deranged state of the currency the people receive their debts and transact their daily business in the paper money of the country, and that, otherwise, the regular business of the country could not continue a single day? And yet no gentleman who has any self-respect can deny that the officers of this Government, who draw high salaries, are paid out of your Treasury in specie; whilst your poor day-laborers, the soldiers who fight your battles, and the old pensioner, who has spent the days of his youth, and worn out his constitution, in fighting for that liberty which our fathers transmitted us, have to receive their pay in paper, right or ten cents in the dollar less valuable than specie. Insurances have occurred under my own observation, which should make this administration blush, if it was not insensible to shame.

But the other day I went, with a colleague and a friend of the

administration, to some of the public offices, to attend to some business for his constituents; he got a check to the "Bank of the Metropolis" for some pension money of a revolutionary soldier, which he had to receive in paper, whilst he and I, and you, sir, are paid in gold and silver. That gentleman was struck with the enormity of such a state of things, and could not forbear to remark upon its hardship and injustice.

In a few days afterwards, in passing by some day-laborers employed by the Government, either I or the gentleman with me, asked what sort of currency they were paid in; to which one who bore the appearance of a brave, hardy soldier, remarked: "In city paper," and that he was glad to get it; for it was much better than the paper in which he had been paid off for his services whilst in our army, marching in search of our southern Indians; that he had drawn from this Government \$200 in Southern bank paper, for his services in the army, which, upon his return to his home in this city, he had to shave off at a loss of twenty cents to the dollar, amounting in all to the sum of forty dollars—a considerable loss for a common soldier out of his daily wages. Upon the other hand, a member of Congress from Mississippi, Louisiana, or Arkansas, who draws about \$2,000 for his services, gets his pay in specie, can sell that specie upon his arrival here at eight and a half per cent. advance, making \$170 of profit; and then, if he choose, he could buy with the paper currency of this place Southern paper, as I have understood, at a discount of twenty per cent. by which he could realize about \$400 more, making in all the sum of \$570 by this shuffling operation, growing out of the better currency with which this administration has blessed the country. There are members, too, from the North who will realize enough by shaving off their mileage and pay to defray their expenses from the time they left their homes until their return. I do not mention this by way of disparaging those who have sold their specie; it constitutes no portion of our circulation; it is a commodity, and is bought and sold accordingly. The Secretary gave notice, through the public prints, that he had the specie on hand with which to pay the members of Congress. They felt, that if the specie was to be paid out to the President and his Secretaries, and their friends, there was no reason. When asked by the Secretary whether they preferred specie to paper, why they should not speak the truth. At first I could not understand why members of Congress were offered a choice between specie and paper; but when I recollect that the President, whose salary is \$25,000 per year, and the Secretary of the Treasury, whose pay is \$6,000 per year, were the persons who had the making of these offers, and that the one would draw about \$500, and the other about \$2,125 per year more, if paid in specie, than if they were paid in paper, my difficulty was removed. Perhaps the administration thought the responsibility of paying themselves in specie would be lightened by throwing it partly on Congress. But there it cannot rest.

Notwithstanding all this, when the opposition says there are two currencies, they are charged with repeating miserable slang. The Government, after bringing this state of things on the country, has convened Congress, and proposes no relief to the people; but only proposes means by which the Government can get on, leaving the people to buffet, as best they can, with the insurmountable difficulties that are now overwhelming the country.

But, Mr. Speaker, great as are the embarrassments with which our whole country is overwhelmed, I value them all as nothing, when compared with the evils that I perceive the administration has in store for us. We have, thank God! sir, the best population on earth, and a country incomparably beyond any other in its exhaustless resources of wealth and greatness. Our people understand more of the principles of their Government, more of the principles of civil liberty, than any population that has ever existed upon the face of this earth. And all, yes, all, sir, has grown out of that happy form of Government which the wisdom of our fathers transmitted to us. As long as we preserve our constitutional liberty, as long as we can maintain the supremacy of our Constitution over the will of our rulers all is safe. When the emergency requires, I am prepared to yield up all that relates to the right of property, all subordinate municipal regulations; but I will cling to this Constitution, to the great principles of civil liberty as secured to my country by that Constitution, as the only valuable fragment that is left of that mighty wreck which the folly of our rulers has brought upon the land. Executive patronage is the source from whence the Constitution has most to apprehend. Whilst wielded by the popular military chieftain, who has just left the Executive chair, it was believed, by many of the best and wisest in the land, to be too powerful for the Constitution. The administration, project of which I speak, and which I so much fear, is the proposed Sub-Treasury system, by which, we are told by the President, through his organs in this House, that the public funds are to be kept as safely, the fiscal operations of the Government facilitated, and the patronage of the President curtailed! Let us then, for a moment, examine first into the relative safety of the public moneys when in banks, and when in the hands of Sub-Treasurers, or Government agents. In the first place, then, what has been our experience—the best of teachers? For the period of more than thirty-six years, during which the Bank of the United States had charge of the government deposits, not one dollar was lost by it to the Government, nor did that institution, at any time during this period, fail to perform, as a fiscal agent of the Government, every thing that was required of it. Whilst upon the other hand, in the thirty years between 1789 and 1819, as appears from a report of Mr. Crawford, this Government lost upwards of \$3,000,000 by the defalcations of its collecting and disbursing officers, who had nothing to do with the money, except during the short periods it was passing from those who paid it to the Government till it reached the banks, and then from the banks to the public creditors. If this vast amount of our revenue was stuck to the fingers of the officers of the Government whilst it was passing thus rapidly through their hands, how much greater would have been the loss to the Government if they had been permanent keepers of it!

But again, if such heavy losses were sustained at a time when our revenues were comparatively so small, and when officers were selected, according to Mr. Jefferson's rule, for their capacity and integrity, what may we expect our losses to be, if our vast revenues are to be permanently kept by Sub-Treasurers, selected at this day, when officers are prescribed for their honesty, and their places filled by the most unscrupulous brawling partisans of power! The President, in that portion of his Message where he treats of this favorite project of his, says the objections to it are founded upon the mistaken supposition that "a vault in a bank is stronger than a vault in the Treasury." Not at all, sir; but upon very different grounds

do the opponents of his plan rest their objections to it in a pecuniary point of view, whilst, by the by, is the very least of their objections to it. It is, that the keys of those vaults are to be entrusted to his numberless Sub-Treasurers, selected, not as banks select their officers, for moral integrity and capacity, but for their dirty party services! These Sub-Treasurers, when a general election approaches, upon which, depends, perhaps, the fate of the "GREAT DEMOCRATIC PARTY," will likely feel themselves called on to use a few thousand dollars of the people's money for the success of the people's cause; and if they are finally defeated, they will feel that for their extra services in the cause of the people they are entitled to extra compensation; and, as they have the fixing of the amount, it is highly probable they will be well paid.

But the safety of the public funds, though a subject of great importance in itself, when compared with the objection to "the Sub-Treasury system" growing out of the enormous increase of Executive power, shrinks into utter insignificance. I hold that the loss of the largest amount of money of which these Sub-Treasurers could possibly rob the Treasury, is not worthy to be compared with a loss of any one of those great principles of civil liberty for which our fathers so valiantly fought.

The principle of spoils and plunder, upon which the late administration has been openly conducted, have justly excited the most solemn and awful apprehensions with all patriots who have taken the trouble to look into the mighty engine through which it was brought in conflict with the freedom of elections. According to the wise organization of our free Government, all political power is derived through the ballot-box; and whenever we place in the Executive the means of corrupting and controlling this fountain of power, we destroy all the checks which the forms of our Constitution have imposed upon him.

Bitter experience has taught us, during the late administration, that the hundred thousand office holders, who hold their stations by no other tenure than the President's good will, together with the vast appropriations which an administration Congress annually made, and the unparalleled popularity of the late Executive, gave to him a power to which constitutional restraints offered but a feeble and unavailing barrier. And the only hope of those who apprehended danger from this source was, that no other President would ever again have such a hold on public favor as then incumbent. No sooner, however, was the successor of this remarkable man seated in this chair of State, than he comes forward and proposes to us, and asks our concurrence in a system by which this very executive power will be almost doubly increased. How many officers this system will render it necessary to employ, it is impossible to tell; but, just as the number increased, so is Executive power increased. We are told by our late Minister to France, in his very able speech delivered a short time since, in the other end of the Capitol, that, while in France he instituted an inquiry upon the subject of the number of officers employed under the Sub-Treasury system of that country, and learned there was this enormous number of one hundred thousand. If that is the number thought to be actually necessary in France, where the throne is hereditary, and where the King has no motive, such as he would have if he were to be elected every four years, to increase that number in order thereby to increase his power and the better to secure his election; what would be the number to which the officers under the system would be run up in this country, where there would be every possible motive for increase? It is impossible to tell. No mortal twenty years since would have supposed the ingenuity of man could have devised ways and means by which to employ fifty thousand officers in this Government, whilst new we perceive we have twice that number. So it will be in this country, if this Sub-Treasury system, this new engine of power, is organized; the number will increase from year to year, until in all probability it will become as great as that now employed in France.

Already, sir, we have one-twentieth man in the Union an officer dependent upon the Executive. Organize your Sub-Treasury system, and you double that number, and make every tenth man an officer. For be it recollected that we have less than 2,000,000 votes in this Government. And what a spectacle shall we then have presented for our observation. A President of the United States, ex-officio commander-in-chief of our army, with 200,000 dependent stipendiaries, with the whole Treasury in their absolute, unqualified control, waiting anxiously waiting to do his bidding! I ask you, sir, I ask every man here who has a particle of patriotism left, is a mammoth power like this consistent with liberty? If it be once organized, will the form of our free government, as embodied in our Constitution, be worth contending for? The President will be absolute, and the people will be slaves! And not less slaves because our President may be a merciful man. The good man's slave may live through life insensible of his chains, but he is not therefore less a slave. And notwithstanding all this, what is the language employed by the President through his leading organs on this floor? Here it is, in the language of the honorable gentleman from Ohio. He remarks, "Here is the Executive of our Government voluntarily proposing to relinquish patronage, and those who are in a position striving to retain it in his possession, to force it upon him. It is perhaps the first instance in the history of free governments where such a proposition has been made, and I have met with opposition in such a quarter."

That the leading debater of the Administration, upon whose words, as they dropped, his party hung in rapturous delight, around whom, upon the conclusion of his speech, they flocked to take him by the hand and congratulate him on his effort, should upon the floor of Congress, in the face of the American people, assert that the President, in submitting this scheme, was "voluntarily proposing to relinquish patronage," presents the strangest and most melancholy scene that I have ever beheld in this hall!

There was a period in British history similar to the present in ours, when there was an excited contest carried on for years between the King, in favor of royal patronage and power, and the People against them. The People saw that the growing influence which the King brought to bear through his office-holders upon elections was increasing with alarming rapidity; they believed it was endangering English liberty; they resolved to check it, and by a single act of Parliament, which the King did not dare to veto, but was compelled to sign, forty thousand office-holders, one-seventh of all the voters in the kingdom, were disfranchised, and prohibited, by the heaviest penalties, from interfering in any manner with elections. What it, during this struggle, so analogous to that now going on between

the People of this Government and the President, a member of Parliament, a leading and acknowledged organ of the King, had arisen in his place and submitted a proposition to organize a fiscal agent of the Government, which would devolve upon the King the appointment of a hundred thousand new officers, to hold their stations at his will, and had denominated it a measure calculated to curtail the patronage of the King, how many members of Parliament, upon his concluding his speech, do you suppose would have gathered around him, taken him by the hand, congratulated him upon his effort, and endorsed the sentiment?

The President, Mr. Speaker, underrates the intelligence of the age. He is mistaken if he supposes he can gull the great mass of the American People into the support of this measure, as one calculated to curtail Executive patronage. If he is not, the experiment which we are now testing by our form of Government must inevitably fail!

### SPEECH OF MR. FILLMORE, OF NEW YORK,

*In the House of Representatives, September 25, 1837.—*

On the bill to postpone the fourth instalment of deposit with the States.

Mr. FILLMORE then said it was with extreme reluctance that he ventured to throw himself upon the indulgence of the committee, at that late hour of the day, and after such a pretracted debate. But (he continued) it is not my fault, sir, that I address you at this time. I have made every reasonable effort, that a modest man could make, for some days, to obtain the floor; and now, for the first time, I have been successful. I am now prepared, sir, notwithstanding the lateness of the hour, to offer what I have say on this subject; but if the committee prefer to rise, and continue the discussion to-morrow, it will suit me quite as well. For the purpose of testing the sense of the committee on that point, I will cheerfully yield the floor for a motion to rise. [Here a motion was made to rise, which was negatived, and Mr. F. proceeded.] I am content, sir, with the determination of the committee to hear me to-night.

What then, sir, is the history of this surplus revenue, upon which the bill upon your table is to operate, and which has elicited such a warm discussion? It is this, sir—our revenue had been graduated upon a scale sufficiently large, for many years, to collect from the people, chiefly by duties, a sum, which, together with the moneys received from the sale of public lands, not only defrayed all the expenses of Government, but left annually a large surplus to be applied in payment of the national debt. This debt, sir, which, at the adoption of the Federal Constitution, was upwards of \$75,000,000, had, by the operation of this system, been gradually reduced, so that, in 1812, before the commencement of the last war, it was only about \$45,000,000. The expenses of that war, sir, again increased this debt, so that, in 1816, it was upwards of \$127,000,000. A wise forecast had made ample provision for its payment, and year by year it was lessened, until 1834, when it was finally extinguished.

It was apparent, sir, to all, before this debt was finally liquidated, that when that event did occur, the same system of indirect taxation, which could not suddenly be changed without injury to our manufactures, must throw a large amount of surplus revenue into the Treasury. This money having been thus collected from the people, or being the avails of the public lands, it was thought no more than reasonable, as it was not wanted for Government purposes, to return it again to the people, from whom it had been taken, and whose it was. I shall not now stop, sir, to inquire into the justice or constitutionality of the measure. It was clearly just. The Government had this fund as the agent of the people. I hold, sir, that the Government, in all cases, is but the agent and instrument of the people, constituted to execute their collective will.

To restore this large amount of money to the use of those from whom it had been taken, with as little injury as possible to the country, Congress passed a law on the 26th day of June, 1836, by which it was declared that the Secretary of the Treasury should, on the 1st day of January, 1837, ascertain how much money there was in the Treasury, and deduct from the whole sum thus found \$5,000,000, and that the remainder should be deposited with the several States, or such of them as

should consent to receive the same, one-fourth on each of the 1st days of January, April, July, and October, in 1837, upon the conditions prescribed in the act; which were, that the States should keep it safely, and return it again to the United States, in sums not exceeding \$10,000 per month, from any one State, and so in the like proportion from other States, when wanted for the use of the Government, and demanded by the Secretary of the Treasury. But the Secretary was authorized to draw for \$20,000 on giving thirty days' notice. I do not pretend, sir, to give the words of the act verbatim, as I have it not before me, and I only speak from recollection. But this is the substance of the act of Congress.

This, sir, was the proposition on the part of the United States, of the terms upon which they were willing to deposit this money with the States. This, too, was a proposition emanating from the highest—pay, from all the separate departments of this Government. It was pledging the national faith in the most solemn manner that it could be pledged, by a law which received the assent of both houses of Congress and the approbation of the President.

The State of New York, sir, by an act of its Legislature, passed, I think, in January, 1837, agreed to accept this proposition made by the United States, and to receive the money, and safely keep and return the same when called for, according to the terms of said act of Congress; and pledged the faith of the State for the faithful performance of these acts. This, then, constituted the contract or compact between the parties.

The Secretary of the Treasury, as directed by the act of Congress, ascertained, on the 1st day of January last, the amount of money in the Treasury, and after deducting, as he supposed, \$5,000,000 from that sum, found there remained to be deposited with the States \$37,468,959 97. I say, as he "supposed," sir; for it now appears by his late report to this house, that there was \$1,670,137 52 in the Treasury, (that is, sir, in the pet banks,) on that day, of which he had received no account. So that, in reality, he reserved \$6,670,137 52, instead of the \$5,000,000, as directed by the act.

Well, sir, the portion of this which belonged to the State of New York by the terms of the compact was \$5,352,694 28, three-fourths of which has been received by that State, and the bill now on your table proposes to postpone the payment of the remaining \$1,338,173 57, to which that State will be entitled on the 1st day of October next, by the terms of the compact.

Now, sir, let it be borne in mind that this is one entire contract, in reference to one entire sum of money, and that it has been partially performed. I say, sir, the sum is entire. Although it was to be paid at different times, yet the appropriation was of the entire sum that should be found in the Treasury on a certain day. That sum, when ascertained in the manner prescribed by the act, was the money set apart for this specific purpose. It was in legal intentment as definite and fixed as though the money had then been counted out at the several banks where it was deposited on that day, and laid aside for this object. True, it was to be paid out at different times. But this was to accommodate the banks, and prevent a derangement of the currency, and consequent distress of the community, by calling for too large sums at once.

But, Mr. Chairman, I am opposed to the bill upon your table. I am opposed to it, first, sir, on the ground that it is hypocritical and false in its language. The title of the bill is an "act to postpone" the payment of this fourth instalment. This is a false label, sir, to the door through which we are to enter into the mysteries of this bill. But let us look to the bill itself. It declares that the payment of this instalment "shall be postponed until further provision by law." What is this then, sir, but a repeal of so much of the act of 1836 as authorizes the payment of this fourth instalment? It does not merely postpone the payment to a definite time, then to be made without any further legislative action; but it postpones it until further "provision by law," that is, until by a new law Congress shall direct this payment to be made. If this bill pass, nothing short of a new law can ever give this

money to the States. Then the effect of this bill is to repeal the law of 1836.

Why not say so, then? Why profess to postpone when you absolutely revoke? Why not call things by their right names? Is there some iniquity in the transaction that it is necessary to conceal? Is it intended to excite expectations among the people that are never to be realized? Sir, I disdain such a course. I will never give my vote for a law that on its face bears evidence of fraudulent concealment and hypocritical designs.

I am aware, sir, that an amendment has been offered by the gentleman from South Carolina, (Mr. Pickens,) that, if adopted, would obviate this objection. But as that amendment is undoubtedly intended to sugar over this nauseous pill, to make it a little more palatable to some who loathe it now, and as I should still be opposed to the bill if the amendment were adopted, for reasons which I shall hereafter give, I am inclined to let those who are prepared to swallow any thing take the dose as it is, and vote against the amendment as well as the bill. If this money be not now paid, I have no idea that the States will ever receive it. Let us have it now, according to the promise, or tell us at once that we have nothing to expect. Do not tantalize us by exciting further hopes that are never to be realized.

But, sir, I am also opposed to the bill for another reason, and that is, that this sudden change of the destiny of near ten millions of dollars is calculated still further to derange the currency and business operations of the country, and add to the accumulated distresses of the community under which they now labor. If there be one truth, above all others, well settled in political economy, it is this: that if you would make a nation prosperous and happy, give them a uniform and unchangeable currency. It is as essential as uniformity and stability in your weights and measures. This currency is the life-blood of the body politic. Its supply should be equal and uniform. Every throb of the heart is felt to the utmost extremities. If the regular flow and pulsation fail, languor and faintness follow; but "overaction," as the President calls it, often produces instantaneous paralysis and prostration. The political empirics have administered dose upon dose, and tried experiment after experiment, until the patient is prostrate and helpless, writhing in agony and imploring for relief. If ever there was a nation or an individual, to whom that epitaph was peculiarly appropriate, it is this nation and this Administration:

"I was well; I wished to be better;  
I took physic, and here I am."

I am also opposed to this bill, sir, for another reason. Its object and intent is to violate the plighted faith of this nation. I shall not enter into an examination to see whether the offer on the part of the United States, which was acceded to by the State of New York, in the manner that I have already stated, was or was not a pecuniary contract, according to the strict rules of the common law, which might be enforced in a court of justice. This point has been most fully and eloquently discussed by my colleague immediately in front of me, (Mr. Sibley.) I could add nothing to what he has said on that subject. It is said that the United States have received no consideration for the promise. But, sir, I am disposed to place this question on higher grounds. Does it become this nation or the American Congress to stand here paltering about the redemption of its plighted faith to one of the daughters of this Union, on the ground that it has received no consideration for the promise which it has made? Has this nation, indeed, sunk so low that it takes shelter from its engagements, when it finds it inconvenient to perform them, behind the statute of frauds? The reason why a consideration is required to enforce a contract between individuals does not apply to this case. That is a rule adopted by the courts to protect the inconsiderate and the unwary from the consequences of their own folly, in making hasty promises without consideration. But, sir, even as between individuals, if the manner in which the contract has been made evinces a due degree of deliberation, then the courts will enforce it. If, for instance, the contract be sealed, that is regarded as so solemn an act, and evidences such caution and

deliberation, that the courts, by the common law, preclude all inquiry into the consideration, and compel the obligor to perform his contract. This case shows the reason of the rule, and I submit that it has no applicability here. Will gentlemen say that Congress was surprised into this promise? that there was not due deliberation on the subject? or that the congregated wisdom of this nation requires such a miserable subterfuge as this, to justify to its own conscience the violation of its plighted faith? Sir, was not the contract sufficiently solemn? It is among the sacred archives of your nation. It is of the same high and solemn character with your treaties with foreign nations. Nay, if possible, sir, it is still higher, and more obligatory upon the nation. A treaty is only sanctioned by the President and Senate. This, sir, has been sealed with the national honor, and attested by the national faith of both branches of Congress and the Executive; and you may call it contract, compact, or treaty, it is clearly a promise by the nation, in the most solemn form that a promise can be made.

Sir, have gentlemen who are in favor of this bill duly reflected upon its nature and consequences? Have they duly considered the value of the national honor? Would any one dare to make a proposition to break our national faith, if it had been pledged to a foreign power, as it has been to the several States of this Union? I trust not. Then, sir, is the obligation less sacred to the various States of this Confederacy, especially when made for the benefit of the people themselves, in reference to their own money? I hope not. But, sir, if we violate our plighted faith here, may we not do it in other cases? Your pension laws, passed for the relief of the war-worn veteran and hardy mariner, promise to those individuals a mere gratuity. It is the bounty which a generous nation bestows upon its brave defenders. But it has no elements of a pecuniary contract. There is no such reciprocity in those cases, as in this, to constitute a contract. No promise or service is required from the pensioner, as a *quid pro quo* for the bounty which you bestow. But in this case you have required and received the plighted faith of the State of New York to receive the money, keep it safely, and repay it in certain proportions. Would any member of this house have the hardihood to propose a bill to withhold the payment of these pensions, and then assign as a reason that there is no valid contract for paying them? I presume not. Sir, there is something of more value to a nation than money. It is untarnished honor—unbroken faith. They should be as spotless as female chastity.

"One false step in vain we may deplore;  
We fall like stars that set to rise no more."

The reason why every promise should be performed is, that it has raised expectations which in justice ought not to be disappointed. The whole business of life is an endless chain of confidence growing out of these promises, express or implied. And frequently the breaking of one link sunders a thousand.

—"Whatever link you strike,  
Tenth, or ten-thousandth, breaks the chain alike."

Look at its effects, in this case, upon the single State of New York. That State, relying upon the plighted faith of this nation, has gone on and agreed to loan out all this money to citizens throughout the State, giving to each town and ward their ratable proportion. Bonds and mortgages have been taken for the whole amount; and the three-fourths which has been received by the State from this Government, has been paid over to the borrowers, and promises in the shape of certificates given to pay over the remaining fourth on the 1st of October. The State has relied upon the promises of this Government for the money to pay these certificates. Now, sir, unless the money can be raised in some other way by the State, if this be withheld, all those numerous borrowers must be disappointed. Those who have struggled from day to day, and from week to week, to bear up against the pressure of the times, until they could obtain this pittance of relief, are to sink down in utter despair.

But, sir, what is the difference between the promise on the part of the State to loan this money to individuals, and the promise on the part of this Government to deposit this money with the States?

A deposit is a loan; and the person with whom the deposit is made becomes the borrower, liable to repay the money according to the terms agreed. This Government, then, has agreed to loan the money to the State of New York; and has taken the bond and mortgage of that State, in the shape of a solemn act of its Legislature, to repay it on certain terms. The State has agreed to loan the same sum to individuals, and has taken their bonds and mortgages for the repayment of the same. Then, if this Government can be justified in breaking this agreement, much more will the State of New York be justified in the breach of the agreement to the individual borrowers. The State may not only plead the high example of this nation in the breach of its promise, but may urge, with perfect justice, that the breach of faith by the United States, on which the State had unfortunately relied, had prevented the State from fulfilling its engagements. Will any of my colleagues who now urge a breach of faith on the part of the United States, in withholding this instalment, say that they believe the State of New York will be guilty of a similar breach to the borrowers of this money? I know they will not stain her honor by such an insinuation. Then how can they justify themselves to their God or their country, in lending their votes or their voices to dishonor this nation in such a manner as would be regarded a reproach and disgrace to the State in which we live? I hope gentlemen will pause and reflect before they finally act.

But, sir, one of my colleagues (Mr. Parker) has attempted to justify this breach of faith on the part of this Government, by saying that the States of New York would sustain no damage, because there was a large amount of money belonging to the canal-fund of that State, now on deposit in the banks, drawing an interest to the State of only four or five per cent., and this money could be taken to make up the fourth instalment of the loans to individuals; which would thereby be invested on interest at seven per cent., and the State, instead of being a loser, would be a gainer of two or three per cent. per annum on this money. Sir, this is not a question of damages. It is a question of national honor. It is a question of national faith. Can you measure the value of these by the base standard of dollars and cents?

But, sir, if this statement be true, that this immense treasure, belonging to the canal-fund in our State has been for years loaned to the banks at four or five per cent. interest, when it could have been loaned to the people on bond and mortgage at seven per cent., then it does not reflect much credit upon the financial skill of those in our own State who have had charge of this fund. But, leaving them to the tender mercies of their friends upon this floor, let us see whether my colleague is correct in his inferences. If his reasoning be correct, the whole sum that has been deposited with the States has been an injury instead of a benefit. This must appear a strange paradox indeed. The State had it from the United States without interest, and loaned it out at seven per cent., thereby making annually upon the whole sum of \$5,352,694 the no less sum than \$374,688 58, being nearly four times as much as is annually distributed from the State treasury for the support of common schools in that great State, where about 500,000 children are annually educated. I think my honorable colleague, on reviewing his calculation, will see that he has made a slight mistake in arriving at this result, and that it is somewhat better to have money for nothing, than to pay even four or five per cent. for it.

But, sir, if my colleague (Mr. Foster) is right in the construction which he gives to the deposit act of 1836, then it is equally clear that in no event is this money, if once deposited with the States, to be repaid again to the General Government. I believe that no one ever expected it would be recalled. The money was deemed the property of the citizens of the several States. It had been collected from them in the shape of duties, or was the avails of the public lands. In either case, if not wanted for the uses of the Government, it was deemed just to return it to the people, to whom it belonged. To avoid constitutional objections, the law by which this return was made was christened "a deposit

act," instead of a "distribution act." But, sir, I care not what form or shape it assumes. Do justice—restore the money to whom it belongs; and let it be appropriated to the sacred object of education—an object dear to the heart of every patriot. If we use due economy here, our revenue is abundant. If it is to be squandered, the less there is, the better for the people.

Let my colleagues who believe in the infallibility of the Argus listen to an extract which I will read from that paper, and then vote against this bill. Remember that this extract is the honest, unbiased opinion of that oracle of wisdom, in view of an exhausted Treasury, before party prejudice began to operate. It is as follows:

"A remedy for any such contingency may be provided by Congress, by an issue of Treasury notes, or some other expedient measure, that would be less objectionable than any interference with the arrangements made with the States for the disposition of the surplus."

Sir, we are told that this bill should pass, because there is no money in the Treasury to make the payment. This, then, sir, is a distinct admission that your Treasury is bankrupt. Yes, sir, in less than one short year from the time this Government, through all its official organs and its hundred presses, was boasting of its wealth and prosperity, with an overflowing Treasury and no national debt, it now comes like an humble suppliant to the Representatives of the people, and says it is bankrupt and cannot pay. If the Treasury be empty, why pass this law? Will it withhold what you have not got? Will it postpone what does not exist? Our legislation seems to be a work of supererogation. It is making laws for a non-entity. But some say we should pass the law as a direction to the Secretary of the Treasury. Why pass it for him? He is not bound to furnish the money if it does not exist. His duty is discharged if he pays it over when we provide it. But, sir, we have passed one law, distinctly appropriating this identical money then in the Treasury to this object, and directing him to pay it over. Why has he not obeyed that law, and kept the money to be applied to this object? He had no authority to take this and apply it to any other purpose. The act was imperative, that the identical money in the Treasury on the first day of January last should be deposited with the States. I think, sir, instead of attempting to legalize this breach of trust on the part of the Secretary in using this money, not only without law, but against law, we had better institute an inquiry into his conduct for laying his hands upon this sacred treasure, and see if he has any justification.

But is the pretence true, that the money is not in the Treasury? This seems to be a difficult question to answer. I shall not venture into that labyrinth of mysteries—the Secretary's report. The bewildered senses and contradictory reports of those who have attempted to pass through its intricate windings and involutions, admonish me to beware how I venture. No two have been able to agree as to what they saw there. Some saw treasure; others saw nothing but "confusion worse confounded;" and in this state of doubt and uncertainty it becomes us to inquire if there be no collateral aid, by the light of which the mysteries of this report may be unravelled. In the absence of positive proof, let us look at probabilities. The last Administration professed to be one of "retrenchment and reform;" and the present Executive has declared that he intends "to follow in the footsteps of his illustrious predecessor." We have, therefore, a right to expect, and the people did expect, economy in both. Have they been deceived? Has this "promise been made to the ear and broken to the hope?" Have these professions, that elevated the present dynasty to power, been hollow and hypocritical? Let us look at the facts, and see how the matter stands, if the Treasury be now bankrupt, as is alleged by those in this house who support the Administration.

From a careful examination of the expenses of this Government for twelve years, that is, from 1819 to 1833, exclusive of the national debt, I find that they averaged about \$13,000,000 per year. I give them in tabular form as follows, from the best estimates I can make:



Year.	Expenses of Government	Whole am't for 4 years.	Average per year.	Whose administration.
1822	\$6,534,394 09			
1823	9,784,151 59			
1824	10,328,141 71			
1825	11,490,459 94	\$38,137,150 33	\$9,534,287 58	Mr. Monroe.
1826	13,032,316 27			
1827	12,053,095 65			
1828	13,295,041 00			
1829	12,053,490 62	51,670,943 54	12,917,735 88	Mr. Adams.
1830	13,229,533 39			
1831	13,861,087 90			
1832	15,516,398 77			
1833	22,713,355 11	65,323,745 11	16,580,936 28	Gen. Jackson.

Average expenditure for the whole twelve years, \$13,010,903 25.

Now, sir, let us see what money has been received into the Treasury since the 1st day of January, 1835, and then we may form some conjecture whether there is any there now; or, at all events, we and the People may know whether this and the last Administration have been economical in the use of the People's money, or whether they have squandered it with a profusion and extravagance never before equalled.

There was received into the Treasury, during the years 1835 and 1836, together with what there was in the Treasury on the 1st day of January, 1835, - - - - - \$88,461,942 04  
And during the first half of the present year - - - - - 13,687,182 00

And, if we estimate the receipts of the present quarter, ending on the 1st of October, at one-third of those for the first half of the present year, they are - - - - - 4,562,394 00

Making a total amount of - \$106,711,518 04  
Deduct from this the amount deposited with the States, being the first three instalments - - - - - 28,101,644 90

And it leaves no less than - \$78,609,863 05 applicable to the ordinary expenses of Government, which has been poured into your Treasury within two years and three-fourths, averaging nearly \$29,000,000 per year. Where is it, sir? The empty vaults of your Treasury echo, Where? I will tell you, sir, where it is. It has been wasted, squandered, and profusely lavished upon party favorites and parasites; and the people, from whose hard earnings you collected it, are now to be cheated out of it. Sir, the people will look into this matter. They will scrutinize this unparalleled profligacy of their public servants; and, in making up their minds, they will not forget that all these extravagancies have been the bitter fruits of an Administration having a large majority in both houses of Congress, and constantly uttering the hypocritical cry of "retrenchment and reform?"

Sir, there is one more proof that the money is in the Treasury, notwithstanding we are told it is not, by the chairman of the Committee of Ways and Means, (Mr. Cambreleng,) which I hope will be entirely satisfactory to him and the Administration members of this committee; and that is, the statement of the President himself in his message. I will read it.

"There are now in the Treasury \$9,367,214 directed by the act of 23d of June, 1836, to be deposited with the States in October next.

These, sir, are the words of the message itself. To those who credit the veracity of their author, I hope they will be satisfactory. They are too explicit to admit of doubt or to require comment.

But, sir, my chief objection to this and all the other measures recommended in the President's message, and proposed by the Committee of Ways and Means, is, that they hold out no prospect of permanent relief to the country. True, sir, the issuing of Treasury notes, on which you are to borrow money to replenish your exhausted Treasury, may afford a little temporary relief to those who owe the Government, and indirectly to the community; and the extension of time for the payment of the merchants' bonds to the Government will afford present relief to that class of citizens, or enable them "to put off the evil day" a little longer. But

these are mere expedients, temporary and partial in their operation, and do not reach the seat of the disease that now afflicts the body politic. That disease, sir, had its origin in the derangement of our currency; and that derangement, in my opinion, was produced by the unwise conduct of this Government. I will not charge this Administration with a design to bring all these evils upon us. But I do charge them with an unholy ambition, that grasped at power, regardless of the means by which it was attained; with a war upon the United States Bank, for political effect; and with enlisting and arraying against that institution all the feelings of rivalry and avarice on the part of the State banks, and of jealousy and distrust on the part of the people; and that a consequence of this war has been, all the evils of over-banking, over-trading, and ruinous and gambling speculation described in the message, and the final depreciation and derangement of our currency, and the bankruptcy of the Government and the people.

Let me not be misunderstood in what I am about to say. I have never been a particular friend of the United States Bank. I regard it as I do all other banks, as a necessary evil. I have never been its advocate, and am not now. It has gone down to "the tomb of the Capulets;" let it rest in peace. And I should have great doubts of the expediency of establishing a new United States Bank at this time, for the relief of the community. I fear that an attempt to put it in operation would rather aggravate than mitigate our sufferings. But on this point it is not necessary to express an opinion. I only allude to it, to prevent any improper inference, and that the committee may understand that all I have to say of the United States Bank is as matter of history, and not of opinion as to its expediency or usefulness at this time. Times have essentially changed; and what might have been proper or useful then, may be wholly improper or useless now. Then, such a bank, with the confidence of the Government and people, might be useful in regulating the currency. Since the war upon that institution, banks have multiplied beyond all former example. To add another at this time, and collect together the requisite specie to put it in operation, would, I fear, add greatly to our present embarrassment. People must learn from actual suffering that it is much more easy to tear down than to build up, to destroy than to create, and to derange than to restore. Ignorance and folly may accomplish the one; wisdom, prudence, and time can alone perform the other.

But, sir, I said I was opposed to these measures because they promised no permanent relief to the country. Why has the President, after witnessing the sufferings of this community—after calling us together, as every one supposed, to propose some measure of relief—turned thus coldly away, without recommending any thing to restore a uniform currency? Are the prayers, and tears, and groans, of a whole nation, suffering all the horrors of impending bankruptcy, not worthy of his consideration? Are members of the Administration prepared to return and look their constituents in the face, without making one effort for the relief of the country? We of the minority can do nothing. We are powerless. But you have all power. Then why not exert it to bring back the days of prosperity and sunshine that existed before this fatal war upon the currency, and commerce, and business of our country.

Sir, do the President, and those who support him, expect to find a justification for the apathy they manifest towards a suffering country, by charging all our distresses to the follies and extravagance of the community, and by carefully concealing every thing which shows that those very follies and that very extravagance, which are held up for universal reprobation in the President's message, had their origin in the wickedness or folly of this Government? So it would seem. The President, after adverting to the distresses and embarrassments of the country, in his message, says:

"The history of trade in the United States for the last three or four years affords the most convincing evidence that our present condition is chiefly to be attributed to over-action in all the departments of business; and over-action deriving, perhaps, its first impulse from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper,

and by other facilities for the acquisition and enlargement of credit."

Sir, I agree with him, that excessive issues of bank paper have stimulated to destructive consequences. Of this fact there can be no doubt; and it is a precious confession from the head of that party, that, for years past, has wielded the legislative power of this nation, and also the legislative power of most of the States in this Union, and constantly charged their opponents with being the bank party. I say, sir, this is a precious confession from the head of that party, that banks have been multiplied by this no-bank party, until their "excessive issues have produced destructive consequences." But, sir, if it were decorous to the Chief Magistrate, I would ask if ever such shameful hypocrisy, when exposed, was met by such unblushing impudence.

But, sir, what are those "antecedent causes" that gave the "first impulse to this over-action?" Why are they concealed from the people? They are the true causes of all our sufferings; and, sir, let me tell you, that they had their origin in the war against the United States Bank. That was to be put down; and, to effect that object, and reward the pure patriotism of this no-bank party, new State banks were chartered. Let us look at facts. In 1830, all the banks in the United States were only 320. They have been increased in seven years to 677, and 146 branches, making in all 823 banks!

The capital of all the banks (January 1, 1830,) was - - - \$145,192,268  
It has been increased in seven years to - - - - - 378,719,168.

Add to this the \$40,000,000 of surplus revenue that has been bestowed on the pet banks since 1833, when the deposits were removed from the United States Bank, and you have the antecedent causes that stimulated to that over-action, and those destructive consequences, mentioned by the President. And all these, sir, are chiefly chargeable to the dominant party in these United States. They removed these deposits without law, and gave them to the pet banks. They invited these pet banks to extend their accommodations. They have created nearly three times as much banking capital in the United States, since General Jackson came into office, as all that existed before. Yes, sir, as strange as it may appear, this no-bank party, that has for seven years cried out against the bank monster, until the people trembled for their liberties, have, within the same time, created nearly three times as much bank capital as all that existed in the United States before. Was there ever such unparalleled hypocrisy?

But, sir, this war against the United States Bank, got up for political effect, regardless of the peace of society or the interests of the country, was made to unite the extremes of society. The more intelligent of the middle class never engaged in it; or were drawn into it, from political associations, with reluctance. It was really a war of the State banks against the United States Bank, got up by artful politicians to elevate Mr. Van Buren to the presidency. They tempted the cupidity of the thousand officers and stockholders interested in these banks, with the bribe of the public deposits, and the prospect of destroying a hated rival that kept them in check, and loaned money at six per cent. It was a Shylock feeling of avarice and revenge. On the other hand, all the affiliated presses connected with State banks cried out against the monster, until the more ignorant part of the community thought their liberties in danger, and joined the strong bank party against the weaker, to put down the United States Bank. Having effected this, and brought the country to the verge of ruin, and overwhelmed these State banks with infamy and disgrace, is it strange that the same unprincipled course should be pursued against them, that has been pursued against the United States Bank? It is what they had a right to expect. It is but "commencing the poisoned chalice to their own lips." We may pity their folly; we may condemn the heartless perfidy that first seduced them from their duty, and prostituted them to the vilest purposes of partisan warfare, until their infamy has rendered them useless, and now casts them aside; but we cannot

deny that the retributive hand of justice is seen in their sufferings.

Sir, in corroboration of what I have said about this being a war of the State banks against the United States Bank, got up by designing politicians, I will mention a few facts connected with a little secret history on this subject in my own State.

It is known, sir, that we have a peculiar system of banking in the State of New York, called the safety-fund system. It had its origin with Mr. Van Buren, when Governor of that State in 1829. Although he did not claim the merit of an original inventor, yet he adopted it as his own, and recommended it to the legislature. This system, sir, establishing a community of interest between the banks, and being under the immediate supervision of three bank commissioners, is admirably well calculated for use as a political engine. It was no sooner put in operation, than it was brought to bear upon the legislature of that State. In 1830 or 1831, while I was honored with a seat in the legislature of that State, resolutions were introduced into that body against a recharter of the United States Bank. These resolutions, sir, originated with the banks in that State. Not one solitary petition from the people on that subject had been presented to the legislature. The bank then had three branches in that State: one at New York, one at Utica, and one at Buffalo; and the people were contented with the currency which they furnished. No murmur, no complaint, was heard from the people. But, sir, day by day, as these resolutions were under discussion in that legislature, the birds of ill-omen, that deal in bank stock, hovered round that hall, and watched the progress of this unholy proceeding with an intense anxiety. But no farmers, no mechanics, were there. They had not been consulted; they took no interest in the proceedings. They had no share at that time in this conspiracy of the State banks against their interest. They were delving at their labor, and slumbering in security, while these banks were forging the chains with which they have since bound them. Yes, sir, I was informed, and I believe it, that nightly, during the discussion of those resolutions, their supporters in the legislature met in conclave, in one of the principal banks in that city, to devise ways and means to carry them through. They were carried. These banks, with the aid of the party screws, proved too powerful for the independence and honesty of that body; and the result was proclaimed as the sense of the people of that great State against the United States Bank. This State bank, sir, had its reward—it shared the spoils. But, sir, my colleague (Mr. Foster) has taken occasion to eulogize this safety-fund system. He says it works like a charm. I shall not deny, sir, that it has some good qualities; but I am far from thinking it so charming as my honorable colleague. I doubt not it appears so, sir, to many who share in its golden harvest, and enjoy its exclusive privileges; but to the great majority of the people, who, like myself, deal not in bank stock, but occasionally see or feel the tyranny of these little monsters, the working of this political engine is any thing but charming. Sir, I conceive it had its origin in the foul embraces of political ambition, and cunning, heartless avarice. "It was conceived in sin, and brought forth in iniquity." It has spread its baleful influence over that State, corrupting the fountains of power, and demoralizing the whole community, by the manner in which its privileges have been granted and its stock distributed. Banks have been granted, and the stocks distributed, to party favorites, as a reward for party services. They have been the mercenary bribe offered to the community to sap the foundations of moral honesty and political integrity. But I will not enter into the disgusting details. As to those who wish to see the workings of this charming system of my colleague, I will refer them to an examination of our State legislature last winter, and the proceedings of that body upon the report of their committee upon a single bank. I believe the very day on which the report was made, it showed such abominable corruption and abuses, that a bill was introduced to repeal its charter, and, within one or two days, passed through all the forms of legislation in the popular branch without a dissentive vote;

and also passed the Senate with but three or four votes against it. Does my honorable colleague think that a system which produces banks like this, works like a charm? But, sir, I perceive that this incestuous connexion between the politics and banks of that State has been festering and corrupting until it is about to fall asunder from its own rottenness. I, for one, have no tears to shed at the dissolution. I only regret that many of these banks, since they were chartered, have passed into the hands of honest and honorable men. I fear that the odium which rests upon this corrupt system, and which, in my opinion, is now necessarily connected with banking, will sink the whole, without discrimination. The vengeance of an insulted and oppressed community is terrible and overwhelming in its course. It stops not always to discriminate between the just and the unjust, between the proper use and improper abuse of a particular system; but, in the wild madness of popular fury, they hurl the whole to destruction. I warn them to stay their desolating hands. All sudden changes are dangerous. Let us not destroy, but purify this odious system. We cannot live without banks and banking. Credit in some shape is indispensable to our prosperity. Were we reduced to a specie circulation, as now proposed by the President, property would not be worth twenty-five per cent. what it now is, and would soon be wholly absorbed by the wealthy capitalists of our country. The debtor part of the community would be utterly ruined. Then let us purge this vile system of its corruptions and abuses, and strip it of its odious monopoly, and open the privilege of banking to all who comply with such prescribed rules of the legislature as secure the bill-holder and public generally from fraud and imposition. I hope, sir, to live to see the day when this shall be done, and the moral pestilence of political banks and banking shall be unknown.

Mr. F. here went into an examination to show that the pretence in the message, that there had been the same over-banking and over-trading in England as in this country, was not true. He exhibited tables that show the following results:

October 1, 1833, circulation of the Bank of England -	£19,800,000
December 27, 1836, do do	17,300,000

December 28, 1833, circulation of all the banks in England and Wales -	£27,621,104
June 25, 1836, circulation of all the banks in England and Wales -	29,386,196

Mr. F. then spoke of the hostility of the Administration to the deposit law, and its attempts, by means of the specie circular and transfer drafts, to oppress the banks, and, through them, the people, and render the law odious; and that the last effort was to declare the Treasury bankrupt and withhold the funds.

He then exhibited a statement showing that the banks in the State of New York, had on—

	In circulation.	Specie.	Discounts.
Jan. 1, 1837.	\$24,198,000	\$6,557,020	\$79,313,188
Sept. 1, 1837.	13,740,318	2,747,642	59,367,815

Red. in 8 mos.	\$10,457,682	\$3,809,378	\$19,945,373
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Sept. 1, 1837, { United States deposits	\$728,571
{ Individual deposits	\$15,134,968

Now, sir, it appears from these facts, that the banks in the State of New York, in eight months, have reduced their discounts one-fourth; their circulation near one-half; and their specie almost two-thirds. The people of that State are literally gasping for breath, like an animal under the exhausted receiver of the experimentalist. And if you pass this bill, you authorize the United States to take all but \$2,000,000 of the specie now remaining in that great State, and lock it up in your vaults of this new sub-Treasury system. And you leave the bill-holders and individual depositors of that State with upwards of \$25,000,000 due them from the banks, and only \$2,000,000 of specie to pay them with.

Sir, however solvent these banks may be, it is impossible that they should ever resume specie payments under circumstances like these. This sub-

Treasury scheme, which I regard as the germ of a Treasury bank, will draw the specie from our banks faster than they can collect it. The Post Office now acts as an absorbent of all the small change in the country. Where the edict of the officer at the head of that department is faithfully executed, all the specie is gathered into the Post Office, paid out to the mail contractors, and by them sold to the brokers, by whom it is sold as a commodity, and shipped out of the country. In this way it daily grows more and more scarce, and has almost ceased to be used as a circulating medium among the people. This sub-Treasury system is calculated to carry out this infamous distinction between the Government and the people—to absorb all the specie for the use of the Government and its favorites, and leave the people to irredeemable bank paper; and this bill, with the bankrupt law recommended by the President, is calculated to take "peaceably if they can, but forcibly if they must," all the specie from the banks, and hoard it up for the use of the office-holders under this Government. Sir, there are evils between which a man is not bound to choose; he may reject both. And I regard this sub-Treasury system, and the union of the Government with the State banks, as evils of this character. I will not choose: I am opposed to both.

But have my colleagues, who profess to be the guardians of these State banks, who call themselves "conservatives," duly considered the awful precipice upon which we stand in the State of New York? Are you willing, instead of adding \$1,300,000 to our circulation in this time of distress, to pass this bill, and thereby not only withhold that, but take from us the \$700,000 now there in specie? Recollect that all our safety-fund banks are incorporated under a law that declares that they shall be deemed insolvent, and their charters dissolved by the Court of Chancery, if they neglect, for ninety days after demand, to redeem any evidence of debt issued by them in specie. The effect of that law has been suspended for one year, and for one year only, from the 11th day of May last. It will then expire by its own limitation, and can then only be renewed by the concurrence of each branch of the legislature. Is there not much reason to doubt whether this law will be extended? It was passed in a moment of alarm, when the cry of bankruptcy and ruin broke upon the astonished ear of the legislature like a peal of thunder from a cloudless sky. But they and the people have since had time to reflect. This is a state of things that cannot be endured, and most of the measures here recommended are calculated to aggravate it in a ten-fold degree. Men become desperate, and already the deep sea of popular commotion begins to heave its rising billows. I confess I watch its motions with solicitude and alarm. And I have been surprised to find, in the papers of the day, a letter from Gen. Jackson, the former patron and eulogist of these pet banks, speaking of them in the following language:

"The history of the world has never recorded such base treachery and perfidy as has been committed by the deposit banks against the Government, and purely with the view of gratifying BIDDLE and the BARINGS, and, by the suspension of specie payments, *degrade, embarrass, and ruin*, if they could, their own country, for the selfish views of making large profits by throwing out millions of depreciated paper upon the people, *selling their specie at large premiums, and buying up their own paper at discounts of from twenty-five to thirty per cent.*, and now looking forward to be indulged in these speculations for years to come, before they resume specie payments."

But, sir, although I have been surprised to see the foregoing charge, I must confess that I have been more surprised to see it published to the world, week after week, and meet with no response or denial from any man on this floor or elsewhere. Are gentlemen Conservatives aware of the effect of such a publication upon the popular mind? Let me tell them it bears upon its tainted breath, if false, a charge too foul for honest and honorable men to submit to in silence. It distils into the ignorant and credulous mind a poison more dangerous to the peace of society than foreign invasion or individual treason. And is there no honorable man connected with these institutions, or who stands upon this floor as their guardian, that will deny the foul charge of treachery and perfidy thus made against them? Why this unaccountable silence under a

charge so infamous and revolting? Is it the deep contrition of guilt and merited condemnation that has sealed your mouths? or are you transfixed with superstitious horror, and struck with silent awe at the Greatest and Best, who uttered the anathema? Then prostrate yourselves in the dust, and let this mighty Juggernaut roll over you without a groan or a tear. But if there be one independent and honorable man—as I trust in God there are many—let him stand forth and deny this base charge. Let this little band of Conservatives upon this floor, if they are fighting for principles, and not for spoils, raise the banner of independence, and meet their destiny like men; otherwise they must soon sink into utter oblivion and merited contempt. Already a black cloud hangs impending over your heads, and its sulphurous fires, lighted up by the midnight torch of *locofocism*, will soon burst upon you, more terrible than that storm of fire and brimstone that overwhelmed the devoted cities of Sodom and Gomorrah; and, without independence and firmness, you will go down to your political graves.

"Unwept, unhonored, and unsung."

### SPEECH OF MR. LOOMIS, OF OHIO,

[As reported by the National Intelligencer.]

In the House of Representatives, September 21, 1837.—The bill to postpone the fourth instalment of the payment to the States being under consideration—

Mr. LOOMIS of Ohio, addressed the committee to the following effect:

Mr. CHAIRMAN: Believing that the faith of the United States and the interests of the State which I have the honor to represent in part, are deeply concerned in the fate of the measure now under discussion, I have felt it my duty to ask the indulgence of the committee whilst I present the views and considerations which will influence my action upon that measure. It is no part of my present purpose, sir, to discuss either the policy or propriety of the enactment which proffered to the States the custody and safe-keeping of the anticipated accumulations of the Treasury. Suffice it to say, that that policy having, after full and ample discussion, after grave and mature deliberation, received the constitutional sanction of all the departments of the Government requisite to its legal obligation, I am not only disposed, but feel myself in the discharge of my legislative duty bound, so far as my vote and my voice can have an influence, to fulfil all the requirements, and to satisfy all the just expectations which that enactment has excited.

It is not, sir, in my judgment, material to determine whether the States have, or have not, in strict, legal, technical language, a vested right to the fourth instalment, contemplated by the deposit act. So far as relates to the three first instalments which have been deposited with them, I entertain no doubt that they have acquired vested rights and valuable interests, entitled to legal and constitutional protection. The States have a perfect right to the custody and benefit of those instalments, until recalled under the restrictions and in pursuance of the provisions of the statute. And I hold, sir, that the Government could not, in any emergency, or under the pressure or necessities of any combination, of circumstances, accelerate their recall beyond the limitations of the deposit act. And I think, sir, that a critical analysis of the stipulations of that statute, and a careful collation and examination of the acts of the States and the Executive departments, in pursuance and fulfilment of its provisions, will exhibit all the elements and requisites of a legal, valid, and binding contract. They would disclose full, adequate, and mutual considerations, and clear and distinct arguments between parties competent and willing to contract. I am aware, sir, that views and opinions variant from these have been entertained and expressed upon this floor. It has been denied that any certain sum has been appropriated by the deposit law: it has been affirmed that, although limitations upon the power of recall have been imposed upon the Secretary of the Treasury, none have been imposed upon Congress.

It has been claimed that Congress now possesses the power and right to recall, at pleasure, the funds deposited with the States; it has been denied that the States had a right to appropriate and use the funds which have been deposited with them. I hold, sir, and believe that I can maintain the converse of all these propositions. The thirteenth section of the "Act to regulate the deposits of the public money," provides "that the money which shall be in the Treasury of the United States on the first day of January, eighteen hundred and thirty-seven, reserving the sum of five millions of dollars shall be deposited with such of the several States, in proportion to their respective representations in the Senate and House of Representatives of the United States, as shall by law authorize their Treasurers or other competent authorities to receive the same, on the terms hereinafter specified; and the Secretary of the Treasury shall deliver the same to such Treasurers or other competent authorities, on receiving certificates of deposit therefor, signed by such competent authorities in such form as may be prescribed by the Secretary aforesaid, which certificates shall express the usual and legal obligations, and pledge the faith of the States receiving the same to pay the said moneys and every part thereof, from time to time, whenever the same shall be required by the Secretary of the Treasury for the purpose of defraying any wants of the public Treasury, beyond the amount of the five millions aforesaid: *Provided*, That if any State declines to receive its proportion of the surplus aforesaid on the terms before named, the same shall be deposited with the other States agreeing to accept the same on deposit, in the proportion aforesaid: *And provided further*, That when said money or any part thereof shall be wanted by the said Secretary to meet appropriations by law, the same shall be called for in ratable proportions, within one year, as nearly as conveniently may be, from the different States with which the

same is deposited, and shall not be called for in sums exceeding ten thousand dollars from any one State, in any one month, without previous notice of thirty days for every additional sum of twenty thousand dollars, which may at any time be required."

The fourteenth section provides "that the said deposits shall be made with the said States" on the first day of January, eighteen hundred and thirty-seven, or as soon thereafter as may be, and on the first days of April, July, and October, all of the same year. I find, sir, that this act received the Executive approbation on the twenty-third day of June, eighteen hundred and thirty-six. It is true that it did not provide for the deposit with the States of a sum certain then in the Treasury, but it did provide for the deposit of moneys which should be in the Treasury on a given future day, and the precise amount of which could be ascertained with mathematical certainty. It required that all the money which should be in the Treasury on the first day of January, eighteen hundred and thirty-seven, reserving the sum of five millions of dollars, should be deposited with the States. All moneys or funds, whether in the safe of the Treasurer of the United States, in the vaults of the Mint or Custom-Houses, in the hands of receivers for the sale of public lands, or in the possession of deposit banks, and passed to the credit of the Treasurer of the United States, on that day belonging to the Government of the United States, were, within the meaning and contemplation of that statute, in the Treasury and subject to deposit, first reserving the five millions of dollars. The Secretary of the Treasury so understood the law, and proceeded to execute its directions upon that construction of its terms and spirit. He did ascertain the aggregate amount in the Treasury (after the reservation required by the act) on that day, and promulgated to Congress and the States the aggregate amount, and also the precise sum which, under the provisions of the act, was subject to deposit with each of the States. The sum subject to deposit has been ascertained with exact certainty by our own officer charged with the execution of the duties and trusts created by our own legislative act, and promulgated with official sanction to the States and to the world. And surely it is not now competent for us, who represent here the United States, to evade or avoid a compliance with a contract which we have made with the respective individual States, by a denial that a certain sum has been appropriated. By whom was this deposit to be made? Congress could act only through the instrumentality of an agent; the Secretary of the Treasury, the chief fiscal officer of the Government, was very naturally and with great propriety designated as such agent, charged with the duty, and clothed with full power to execute the act. The Government is bound, or rather the United States are bound, by all the acts which he has performed in the execution of these trusts within the scope of his authority. He has communicated to the several States the propositions of the United States; the several States have respectively accepted these propositions, and he, as our agent, has proceeded to a partial execution of the contract on our part, by payment or deposit of three out of four of the instalments. The law required of him, before delivery of the money to the Treasurers or other competent authorities of the States, to receive from such Treasurers or other competent authorities certificates, signed by them, expressing the usual and legal obligations and pledge of the faith of the States for the safe keeping of the moneys, and for the repayment thereof, agreeably to the provisions of the statute. These certificates contain the evidence, and the only evidence, of the undertakings of the States. Their obligations and responsibilities cannot be extended beyond their terms and spirit, and they require the repayment of the deposits, agreeably with the restrictions and limitations imposed upon the calls of the Secretary of the Treasury, and not according to the will and pleasure of Congress. The limitations upon the authority of the Secretary of the Treasury, in calling upon the States for repayment, are clear and distinct. He can only call when the funds are required for the purpose of defraying the wants of the public Treasury, after the five millions reserved are exhausted. He cannot call at his own will and pleasure; he can only call when the funds are required to defray the wants of the Treasury, or, in other words, in discharge of legal appropriations. Again, sir: the last proviso of the thirteenth section, before quoted, contains superadded limitations upon the authority of the Secretary of the Treasury in recalling the funds deposited with the States. The money must be "wanted to meet appropriations by law;" it must be called for in ratable proportions, as nearly as may be, from the different States, in sums not exceeding ten thousand dollars from any State, in any one month, without previous notice of thirty days for every additional sum of twenty thousand dollars. These limitations enter into and circumscribe the legal effect and obligation of the certificates given by the States, and are restrictive of the power and authority of the United States in recalling the funds deposited with the States. Congress has reserved no right to interpose or accelerate the recall, nor have the States consented to the exercise of such right.

Suppose, sir, that Congress should enact a statute (I could not denominate such a statute a law) directing the Secretary of the Treasury to demand repayment of all the moneys deposited with the States; and, upon a refusal on the part of the State of Ohio to comply with his request, he should institute an action (conceding to some judicial tribunal jurisdiction) to recover the two millions deposited with her; suppose, sir, the certificate, which contain the evidence of her undertaking and indebtedness to the United States, to be given in evidence, and the provisions of the deposit act to be examined; would such judicial tribunal hesitate to pronounce the law of the case with the defendant?

It has been denied that the States had a right to use or appropriate the funds deposited with them. That sir, depends upon the character of the deposit, whether general or special.

[Mr. PICKENS of South Carolina explained. He had said that there was nothing specified in the act providing that the States should have the use of the money, or that made it a general deposit.]

I am aware, sir, that it is not declared to be a general deposit; but where there is no restriction, the deposit is general. The responsibility which a general deposit imposes upon the party receiving the deposit, and the rights which he acquires, are entirely different from the responsibility imposed, and the rights acquired, by a special deposit. A general deposit imposes upon the party receiving it the liability to re- and at all events the amount of money deposited, when demanded in pursuance of the terms of the deposit, and vests in him a right to dispose at pleasure of the moneys deposited. A special deposit vests no right to the use of the funds, nor does it impose a liability to return them, if proper care has been taken for their safe

keeping, and they are lost or destroyed. If, for instance, the Treasurer of the State of Ohio had received from the Secretary of the Treasury \$500,000 in bank paper, and given the certificate required by the provisions of the deposit act, and by a conflagration of the State Treasury the paper had been consumed, can there be a doubt that the State would have been bound to repay to the United States the full amount? Certainly not, as the property in the funds vested in the State as soon as they were deposited. The States have all received the deposits upon the distinct understanding that they had a right to the use of these funds, and have all made such disposition of them as was deemed proper.

The deposit act offered to the States the custody of one certain sum of money; that sum was ascertained by the Secretary of the Treasury, and proclaimed to the States. The proposition was made to the States to receive the whole sum, upon the terms specified in the statute; the States respectively accepted the proposition to receive the whole, not a part—the four instalments, not one only. The States had a right to regard it, and did regard and accept it, as one entire and indivisible contract; as a "unit," and to regard the national faith as pledged for the performance of the contract on the part of the United States. I am aware, sir, that there is no mode by which the several States can enforce this contract against the United States. There is no judicial tribunal possessing jurisdiction over these sovereign parties, or capable of affording an adequate or effectual remedy. The United States are above the reach of coercion; and there is nothing upon which the stipulations of the contract can be operative but the national faith, honor and justice. And shall it be said, sir, that a party which has wrested from another a specific written pledge of faith, shall violate its own? Shall it be proclaimed to the world that a sovereign power, enjoying the high character, and possessing the immense resources of this nation, has permitted its justice to be questioned, by refusing a compliance with its contracts, or disappointing the just expectations which it has excited? Never, sir, with the aid of my vote. The States, sir, have acted in good faith, and made their respective dispositions of these funds, which they have agreed to receive in deposit, with a confident expectation of receiving the full amount. The funds were declared to be in the Treasury by the Secretary; and the deposit act expressly provided that the funds so in the Treasury should be deposited with the States. No man anticipated a division of these funds to other purposes than those to which they had been specifically appropriated, and solemnly pledged. If, sir, they shall be withheld, just expectations will be disappointed, and great and serious inconveniences will be suffered by the States.

The State of Ohio stands in a peculiar and interesting relation to this measure, which, with the indulgence of this committee, I will proceed to explain.

The patriotic framers of the Constitution of that State were deeply imbued with the spirit of liberty, and an anxious desire to secure, upon stable foundations, its future prosperity. The provisions of that great charter of freedom, under whose benign influence and salutary protection the State has risen to wealth, power, and eminence, exhibit abundant evidences of that spirit and desire.

After a solemn declaration that all men have a natural and inalienable right to worship Almighty God according to the dictates of their own consciences; that no human authority can interfere with the rights of conscience; that no preference should ever be given by law to any religious society or mode of worship, and that no religious test should ever be required as a qualification to any office of trust or profit, I find this remarkable declaration and constitutional injunction: "Religion, morality, and knowledge, being essentially necessary to the government and happiness of mankind, schools and the means of instruction shall for ever be encouraged by legislative provision, not inconsistent with the right of conscience." This provision, impressed by the superadded sanction and obligation of an oath, imposed upon her legislators in all future time, the duty to encourage schools and the means of instruction by legislative enactments, so far as a just regard to the condition and resources of the State would permit. They were justly viewed by the enlightened founders of our Government as the main pillars and only sure support of our free institutions, as safeguards of liberty, and beacon lights to warn us of the approaches of danger.

But, sir, many circumstances connected with the history and condition of the State retarded and prevented compliance with this constitutional requisition. The hardy pioneers had reclaimed from the forest but a small portion of that fertile country at the adoption of the Constitution. Population was sparse, and resources few. Immense forests were to be subdued, roads opened, buildings erected, bridges constructed, the means of subsistence procured, families reared, and Government supported. During the first ten years of our existence as a State, these duties and pursuits occupied the time and employed the means of our enterprising population. Then succeeded the calamities of war, our Northern frontier exposed to daily descents from a superior naval force upon the lakes, and our Western borders overrun by hordes of ferocious savages. The scenes of that eventful contest are well known here, and will be long remembered in the West. It was with us, sir, a struggle for existence and self-preservation, and permitted not a diversion of our resources to the purposes of education and mental improvement. The revolutions and distresses which followed the restoration of peace are indelibly written upon the pages of our history. The wars of Europe ceased, and her immense armies were no longer the consumers of our productions. Commerce, agriculture, manufactures, and every other department of industry and enterprise, were paralyzed; credit was prostrate, and labor could neither find employment nor reward. It required, sir, the lapse of years to restore credit, repair losses, provide capital, reanimate enterprise, and reward industry. At length the approaching completion of the great Northern improvement promised a market for our productions. Ohio awoke from her slumbers, and aroused her energies. She resolved to develop her resources and improve her condition. With but thirty thousand dollars in her Treasury, and with no sources of revenue but the fertility of her soil and the industry of her citizens, she pledged her faith, and boldly went into the market for the millions requisite to complete a connection between the lakes and the Ohio. She appealed with success to the intelligence, sagacity, and interest of the capitalists of the great commercial emporium of New York. The commencement of her great work was speedily followed by an influx of capital and population, by a rapid development of her great natural resources, by vigorous activity and productive energy in all the branches of industry. Through the agency, sir, of credit, that much abused source of national and individual prosperity and



Improvement, her legislators soon found the State in a condition to fulfil the constitutional requisition which I have brought up for the notice of the committee. In a statute, enacted, I think, in eighteen hundred and twenty-seven, the preamble of which recited the constitutional command which I have read, the Legislature of that State laid the foundation of a system of instruction. The power of taxation, of direct taxation of the people, was boldly exercised to carry into execution the system. It encountered many prejudices and much opposition, but perseverance improved legislation, and experience overcame them.

The system was organized, and with much labor and great care improved. To the revenues derived from taxation were added the proceeds of the public lands appropriated by Congress to the great purposes of education. The system thus organized and improved promised great advantages, but it required enlarged resources and augmented revenues to carry into full, complete, and perfect effect the great and laudable purposes of its creation. At this auspicious juncture the national revenues accumulated beyond the wants of the Government. Their custody and safe-keeping were wisely proffered to the States. The proportion of Ohio amounted to nearly three millions of dollars. Her enlightened statesmen and patriotic citizens beheld in this proffered treasure the abundant means of perfecting and sustaining her great system of instruction. Upon the assembling of the Legislature, in December last, her patriotic Executive, Governor Lucas, called the attention of the Legislature to the propositions of Congress, advised their acceptance, and in a luminous and patriotic view of the whole subject, strongly recommended liberal and munificent appropriations to the purposes of education. His views and recommendations were seconded and strongly enforced by his patriotic successor, Governor Vance, in his inaugural address. The public voice sustained their appeal. Her Legislature accepted the proposition of Congress, and pledged her faith for the safe-keeping and repayment, if called for, of the proffered funds, and in discharge of their constitutional obligations, appropriated the proceeds of the fund to her great system of instruction. Sir, Ohio has a deep and vital interest in preserving this fund entire. If preserved, and wisely applied, it will afford to her sons and daughters, through successive generations, accumulating means of moral and intellectual cultivation.

But, sir, this bill, deceptive in its professed objects and ostensible designs, will, as I believe, for ever withhold from us nearly seven hundred thousand dollars. It is calculated, if not designed, to effect, covertly, purposes which could not be attained, if openly avowed. Who does not perceive, that postponing "till further provision by law" the fourth instalment is equivalent to a repeal of the deposit act? If this bill pass, further legislation must precede further payment. The united concurrence of the legislative departments must be obtained. Discordant views, conflicting interests, and rival appropriations will render such concurrence improbable, if not impracticable. But, sir, I warn gentlemen that there is a fatal danger beyond the legislative branches of the Government. There exists in the Executive a power that will be interposed between the declared will of the Representatives of the People and the accomplishment of that will. Sir, I may be told that no danger need now be apprehended from that source; that the political Sampson who once wielded that terrific power, to the dismay and destruction of so many interests, has been shorn of his locks; that that extraordinary man, who could at pleasure subvert and destroy without prejudice or injury to himself, is now beyond the lofty mountains of the West, in the quiet retreats of the Hermitage. Sir, though distant, he is not dead; though in retirement, he still mingles in political strife. Like the superannuated and dismissed war-horse, he still delights to rush, at the sound of the trumpet, unbidden into the conflict. Though his voice does not now resound in the commanding tones that once reverberated through the saloons and precincts of the palace, it is still heard amid the legions of power, and his influence is yet felt in the supreme Executive action of this Government. But, sir, I may be told that no danger is to be apprehended from the exercise of the veto by his successor; that he is mild, peaceful, and timid, partaking more of the qualities of the subtle and sagacious Reynold than of the bold and fearless monarch of the forest. Sir, I breathed my natal air in the State in which he was raised; I know something of his history, and have some knowledge of that extraordinary political party which has so long controlled the destinies of the Empire State, which brought him into power, and of which he was the moving spirit, the leader and idol. Though that party may have acquired much of its power and influence by sagacity and political intrigues, yet I challenge the history of the world to exhibit a party that, in emergencies, was more prompt, bold, fearless, and daring than the republican party of New York. The celebrated seventeen set at defiance and trampled upon public sentiment and the rights of the People, and yet, sir, strange and paradoxical as it may appear, were afterwards triumphantly sustained by public opinion, modified, wielded, and controlled by the sagacious influence of the party. Sir, I have a vivid recollection of a scene which occurred in another part of this Capitol during the panic session of 1834. Day after day official Senators pressed the supporters of the Administration to disclose their views, and the course of policy which they intended to adopt, whether they would create or oppose a National Bank, till, at length, one of the leaders of that party rose, cool, calm, and collected, disclaiming all authority to speak for the Administration, and, planting himself upon professed constitutional scruples, proclaimed undying hostility towards any national bank. Sir, from that moment the united energies of the Government and the party were arrayed against the revival of the old, or the establishment of a new national institution. The contest was yielded by the Opposition, and the bank surrendered to its fate.

Soon after trepidation and alarm reached the Empire State. Her credit system was in danger—confidence was impaired. Her connection of affiliated banks was in imminent peril. Appearance indicated the rapid approach of some great convulsion, some dread calamity. But, sir, the energy and boldness of the party saved them from the catastrophe. The bold design was conceived and communicated to the Legislature, with the sanction of Executive recommendation, of pledging the faith and resources of the State for six millions of dollars, principally to sustain the credit of the banks, then the pampered favorites, but now the prostrate victims of the party. Without consultation with the people, whose faith and resources were pledged, the proposition soon received the sanction of legislative approbation. The panic ceased, confidence was restored, prosperity succeeded, and the party reaped a rich harvest of popular favor. The leader of this party, sir, was never friendly to the policy of the deposit law. His predecessor

yielded to its reluctant and constrained approbation, and his prejudices against it are abundantly manifest in his letter to Sherrill Williams, and in various recent Executive emanations. His boldness has been put to the test. That most extraordinary exercise of Executive power called the Treasury circular awakened throughout the country a strong spirit of dissatisfaction. The voice of popular condemnation approached unanimity in one branch of the Legislature, and greatly preponderated in the other. But, sir, the Executive, instead of returning the bill repealing the Treasury circular to the constitutional action of Congress, under the extraordinary pretence that neither he nor the chief law officer of the Government could comprehend its import, deposited in the State Department as a memorial of the last triumph of Executive power over the popular will. It was believed that the present Executive would yield to the strong indications of popular sentiment, that he dare not refuse to revoke the obnoxious order. But, sir, what was the result? The dissatisfaction of the country increased; commercial embarrassment and distress, aggravated by the existence and operation of that obnoxious Executive measure, threatened the country with the most serious disasters. The commercial interests of New York, trembling upon the brink of ruin, petitioned, entreated, and implored the Executive to rescind the order, and to assemble the representatives of the people. But, sir, they petitioned, entreated, and implored in vain. The Executive, sir, gave a prompt, stern, and decided refusal. And let it not be said, or credited, that he will fear or hesitate to veto any bill that does not meet with his approbation. But, sir, there was one occasion, one memorable occasion, when he yielded to the influence of trepidation and alarm. Yes, sir, when that tremendous revulsion, which swept like a tornado through the land, overtook in its fearful course him and the Government, then, sir, he turned his anxious eyes to the representatives of the people, and bade them come up to his deliverance. Then, sir, with imploring looks he said to his faithful Commons, "help me, Cassius, or I sink." But, sir, he has recovered from his panic; he has surveyed his position, calculated his chances, and taken his course. We have had abundant evidence of his courage, and of his reckless determination. He has sent to us, assembled to receive a communication of the grave and mighty matters referred to in his proclamation, the most bold, novel, and extraordinary message ever communicated to Congress. Has he proposed, sir, any great and salutary measures for the permanent relief and prosperity of the country? None, sir, none. The Government is the great object of his solicitude. He has, sir, very plainly intimated that the people were created for the Government, and not the Government for the people. He has proposed, sir, to divorce the interest and destiny of the one from the interest and destiny of the other. He has kindly proposed to take for the Government the constitutional currency, and leave for the people their paper—their sufferings. He has, sir, disclaimed the power, and denied the duty of the Government to afford relief to persons in producing evil is powerless in doing good.

Sir, that extraordinary in sage has gone forth to the country, spreading in its course distrust and terror and alarm. But it has awakened a spirit among the people that will not slumber until their insulted rights shall have been vindicated. The popular response to the doctrines of that remarkable message have returned from the confines of the Republic to this hall, in tones which can not be misunderstood. And, sir, if the "recent demonstrations of public sentiment" have not already directed the eyes of the Executive to the handwriting on the walls of the palace, an adherence to his present policy will soon exhibit to his astonished vision his inevitable destiny. Sir, if this bill pass, the fourth instalment is for ever lost to the States. The Government desires the funds and the Executive veto will preserve them for its use. What necessity is shown for its passage? Is it even certain that there will be a deficit of funds in the event of its failure? There was a time, sir, when the true state of the Treasury was accessible to the comprehension of all. An early law of Congress made it the duty of the Secretary of the Treasury to communicate periodically to that body, and through them to the people, the state of the finances; to exhibit to the nation the receipts, disbursements, and existing condition of the Treasury. The reports of the enlightened men who filled that station during the early history of the Government subverted the purposes for which they were required. They presented to the people a plain, simple, and lucid exposition of the operations and condition of the Treasury, easily comprehended by the most ordinary capacity. But now, after fifty years' experience in the affairs of Government, in an age of unexampled light, intelligence, and improvement, we are told, upon this floor, that it has become a matter of "science," yes, sir, of deep and profound science, to comprehend the report of our Secretary of the Treasury! It requires the twenty years of incessant toil that qualified the English lawyer for the practice of his profession, to unveil the mysteries of a Treasury report. And, sir, this memorable declaration comes from a gentleman (Mr. Cambreleng, chairman of the Committee of Ways and Means) of commanding influence and distinguished talents, whose official station places him in intimate and confidential communication with the Treasury, and who, after sixteen long years of public service, with all his light, intelligence, and advantages, when placed upon the Executive tripod of this House, though inflated with the inspiration and trembling with the agitation of the Pythian priestess, can give but an *oracular* response to the interrogatories of those who seek intelligence at his shrine.

Instead, sir, of those clear, satisfactory, official expositions of the state of the finances, that silenced doubt and forbade discussion, we now behold, on every side, those sibilant views (alluding to the various calculations presented by members to explain the state of the Treasury) that have been for days scattered through this hall, claiming credit, and, as I believe, deriving negotiability from the endorsement of the Secretary of the Treasury! Must we be required to thread such labyrinths and fathom such depths? Sir, were we to leap into such an abyss of darkness, I fear that we should have just and early cause to exclaim, with the "mountain bard,"

*Facilis descensus Avernus, sed revocare gradum,  
Hic labor, hoc opus est.*

But, sir, suppose that the Government has not sufficient means now available to pay the fourth instalment to the States, can not those means be procured? Is it necessary for the United States to break their contract or violate their faith? Are not the millions due from the deposit banks, and the bonds of the Bank of the United States, which can be converted into available means at pleasure, abundantly sufficient to meet, in a manner acceptable to the States, the payment of that instalment?

And, were they insufficient, are not the credit and resources of the United States adequate to the exigency? Sir, their credit will command at pleasure, at home or abroad, all the funds requisite to meet any emergency; and their resources, the cotton fields of the South, the grazing and grain-growing regions of the West, the manufactures of the East and North, the products of the forest and the ocean, our navigation and commerce, our public domain, our national industry and enterprise, will afford abundant means of payment. Sir, the Empire State pledged her faith and the resources of her citizens for six millions, to preserve her credit system and sustain her banks. Shall the United States hesitate to pledge theirs to fulfil their contracts and preserve their honor.

Sir, in opposing this bill I disclaim all desire or intention of thereby throwing obstacles in the way of the administration. I am ready and willing to give my vote for procuring all the funds necessary to the beneficial administration of the Government, to give relief so far as we can to the Government and the country. I am prepared and disposed, sir, to sustain all the recommendations and measures of the Government that I can consistently with my conviction of public duty. I have no political aims or purposes to subvert; I stand not here to war with the men who compose this administration, but to sustain all measures, come from what source they may, which shall, in my judgment, conduce to the promotion of the public interests, and to oppose those of an opposite tendency firmly and fearlessly.

Sir, I should rejoice if our delegation could present an unbroken front against withholding this instalment from the cherished policy of Ohio; if they could raise an united voice in behalf of the great interests of that generous State which has warmed and cherished, honored and distinguished us, by sending us here, the representatives of her power and the advocates of her interests; of that State in which are concentrated all our interests, all our affections, and all our hopes; which contains our wives, our children, our dwellings, and our altars. Sir, I advocate on this occasion not merely the present interests of the citizens of Ohio, but the prospective interests of the unborn millions which shall, in coming generations, be spread over her fertile surface of the poor, the orphan, and the destitute. I seek to ameliorate and improve their condition; to elevate their hopes, their character, and destiny. I desire that the great edifice of education and intelligence should be reared upon enlarged and stable foundations; and, sir, with the liberal and abundant means which are justly due to us, it will arise broad in its dimensions, perfect in its proportions, and durable in its structure. And I fondly hope, sir, that biding defiance to the assaults of time and the shock of revolutions, it may endure to the last ages of this glorious Republic, a proud and abiding monument of the wisdom of its projectors and the faithful care of its builders.

## REMARKS OF MR. MENEFEE, OF KENTUCKY,

[As reported in the National Intelligencer.]

In the House of Representatives, September 27, 1837—On the bill to postpone the payment to the States of the fourth instalment of the surplus revenue.

MR. MENEFEE began by observing, that, after the protracted discussion which the bill had already undergone, he should refrain from taking the wide range in which gentlemen on both sides had indulged. He should content himself with a consideration of the proposition immediately before them—a proposition, in his opinion, quite sufficient for one debate. Nor, indeed, was he sure that he should have trespassed on the House at all, had the question been one of exclusively national bearing. But, sir, (said he,) it concerns, nearly and deeply, the Government and the people of Kentucky: to a degree rendering it inexcusable in her representative to witness the passage of this bill, without, at least, protesting against it on behalf of that State.

Among the numerous objections to this bill, it may, not without reason, be urged, as it has been, that the act of Congress of the 23d of June, 1836, directing certain money belonging to the United States to be transferred to the several States, on their complying with the prescribed terms, bears the character of a *legislative contract*, from the obligations of which this Government cannot lightly discharge itself by such an interference with its provisions as the bill under consideration proposes. The act carried with it certain propositions to the States, which, they accepted, respecting the public money. Its mere custody, if nothing more was intended, undoubtedly involved both expense and responsibility, independently of the express and formal stipulations to restore it when demanded according to the terms of the act. It is not pretended that the States have failed, in the smallest particular, to observe the requisitions of the act, as far as transfers have already been made; nor is their readiness or ability to comply, with respect to the instalment yet due, at all questioned.

It is perfectly competent to a Government to create, in the form of laws, contracts binding upon it. The practice often occurs. All our acts of incorporation are instances of this kind of legislation.

If, then, the act of 1836 be, as it is represented, and insisted upon as a *contract*—and it is difficult, if not impossible, to distinguish it from a contract—the objection to the bill, for that cause alone, is altogether sufficient. If a contract, it must be fulfilled. The Government cannot escape from the obligations it imposes, except by the consent of the other contracting party—the States. The violation by Congress of such a contract could not, I know, be redressed by a resort to the judicial tribunals. Yet the imputation of treachery and perfidy would justly await such a violation: a position which no one supposes an American Congress capable of occupying.

But, sir, I do not rest my opposition to this bill exclusively, or even mainly, on the ground of a supposed violation of contract involved in it. This I deem a narrow view of the matter. I place on higher and more commanding reasons: on the true nature and spirit of the act; not as evinced by its language or its form, but by the principles in which it was conceived, the ends it aimed at, and the whole context of circumstances which attended its enactment.

What, sir, I ask, are the nature and spirit of that act? It is attempted to be maintained that it was merely intended as a measure of finance; that the public money was to be transferred, for the advantage of the Treasury of the United States, to the State treasuries, there to be held on deposit strictly—not contemplating the use of it by the States for their own benefit, even temporarily. In other words, that the Stat

were, as such, substantially converted, by that act, into so many agents and instruments of the Federal Treasury. Under this pretension, the use of the money, by the States, even for the shortest periods, or to the least extent, was wholly forbidden. For if Congress could authorize the use of it by the States, without interest or equivalent, for an indefinite time, they might, upon the same principle, and with equal propriety, wholly relinquish it to the States; the constitutional power to do which the advocates of this construction deny.

The idea of the General Government collecting its vast revenue, from its innumerable sources, all over the Union, with its multitude of collecting officers lining our seaboard, and of receivers of public money scattered over the whole West, and all the expense and machinery belonging to so extended a system, to divide out amongst the twenty-six States, to be held without use by them, or interest to the Government, for the purpose of being returned when demanded, is utterly inadmissible as a measure of finance purely. But a small advance would be needed under a system like this, to require the revenue, after its collection, to be returned to the individuals from whom collected, to be by them held as agents of the Treasury, and repaid when wanted for the immediate use of Government. Its clumsiness, and utter imbecility, as a system of finance, would justly fix reproach on any nation that should adopt it.

But, sir, the error of this construction is still more manifest, when it is remembered that Congress, in the antecedent part of the same act, formally and minutely provides for the deposit of the public money in the State banks; another addition to the deformed and unnatural system attempted to be found in that act. As a system of finance, who, with a proper respect for his reputation, will consent to stand forth as its champion? Who will endure the paternity of such a financial monster? Who so reckless of the opinions of the world as publicly, in his place here, to hold fellowship with it? I dismiss this view of the question. Gravely to relate such a construction, would be an act of violence to the wisdom of Congress and the national character.

No, sir, (said he,) the act of the 23d of June was no financial expedient. It is more imposing. It is the offspring of considerations tenderly affecting the Federal Constitution and the purity of its administration.

By a course of federal legislation, whether constitutional or unconstitutional, wise or unwise, is of no moment here, a large revenue had accumulated beyond the wants of the Treasury. Large, however, as this surplus was, it cannot be pretended that its mere custody by the Government was impracticable, or even difficult. Its full competency to this end was never questioned. Yet, from the earliest period of this accumulation, it was universally regarded with an eye not only of distrust and apprehension, but of absolute abhorrence. It was viewed as the dread fountain from which were destined to flow extravagance in the Federal expenditures, augmentation of Executive power, and all else that was hostile to the Constitution and dangerous to public liberty. Nor, sir, was it viewed in any false light. No fear was entertained that was not just; no abhorrence felt that the frightful visage of the evil did not fully warrant. The worst predictions of its pernicious influences fast ripened into fulfillment. Government extravagance, impelled by this surplus, progressed without check, and with the utmost rapidity, to the point not only of profusion, but of profligacy, verging on actual corruption. Executive power, already expanded to its fullest constitutional dimensions, seated on this same surplus, and wielded by a popular hand, wrenched from its co-ordinate departments every check, and demolished every balance designed for its restraint. Under an abused, if not unconstitutional power of removal from office, the independence of public officers, so necessary to a pure administration, broken down to the basest servility, and the whole corps transformed from servants of the people and officers of the law into an army of mercenaries, obedient to Executive command, no matter what commanding. The Senate—prostrated, utterly. The Judiciary, contemned, defied; and principles advanced openly by the Executive, abolishing every vestige of restraint through that department. Congress—a seducing patronage perpetually playing upon it—the veto lightly and capriciously hurled at it—the practice of withholding bills, insulting and defrauding it—the purse violently wrested from it—the regulation of the currency usurped—its spirit broken—and at last subjugated and outstretched at the feet of the Executive. The people—deceived, despised, most grievously distressed. Their most highly favored measures—the bank bill, the land bill, the currency bill, successively perishing under the veto, or that other more terrible power. Their currency, in rags, torn asunder by the hand that had snatched it from Congress.

I do not insist, sir, that all these evils, or the most of them even, flowed from the surplus. But I do insist that the tendency of that surplus, whenever and however it operated—and in some form or other it incessantly operated—was pernicious in every aspect, and in the extreme.

Was it, then, in the least surprising, that the statesmen of the United States should have striven to relieve the Government of this surplus? The subject of its disposition accordingly became, as early as 1829, sufficiently important to find a place in the annual message of the President.

"As then," said he, "the period approaches when the application of the revenue to the payment of the public debt will cease, the disposition of the surplus will present a subject for the serious consideration of Congress."

That this recommendation may be duly estimated, it is of importance to remember that it was contained in his first Message, whilst flaming with ardor to signalize his Administration by a radical reformation of the Government, then supposed to teem with abuses. It was meant as a measure of purification. But it is remarkable that, notwithstanding the astonishing increase of the surplus subsequently, its disposition never afterwards attracted his attention; its employment for evil having unfortunately entered into the plan of his Administration.

The notice of Congress and the American People having been thus formally and officially drawn to a disposition of the surplus, it formed, up to the present year, a prominent subject of their consideration. In condemning the surplus as a lamentable evil, and in the propriety of some effectual disposition of it, there was but one opinion. The divisions found to prevail, related only to the mode of disposition. The Message of 1829 had distinctly announced the mode then most acceptable to the Executive.

"To avoid these evils," said he, "it appears to me that the most safe, just, and federal disposition which could be made of

the surplus revenue, would be its apportionment among the States."

And so fixed was his preference of that to all other modes, that, in his opinion, if that mode "should not be found warranted by the Constitution, it would be expedient to propose to the States an amendment authorizing it." This also occurred in the pure, or comparatively pure, days of his Administration; and, like the subject of disposition itself, from having been a favored measure, soon became an object of his hatred. Other counsels predominated. Plans were formed under the eye of the President, if not countenanced by him, for its employment in a vast system of military defences. Our whole national confines were to be walled in by fortifications; for the construction, arming, and preservation of which, countless millions would have been required, and for the manning of which an overgrown standing army kept up—alike useless and oppressive to the People, and dangerous to their liberties. Numerous other plans were conceived and pressed forward, as wrong in principle, though not so stupendous—all contemplating a disposition of the surplus by wasting it. To these schemes the Administration at length decidedly inclined, if forced to relinquish the surplus at all.

But, sir, the People of the United States were unwilling to abandon the subject, or even their favorite mode of disposing of the surplus, notwithstanding the abandonment of both by the Executive. They constantly and resolutely urged it. State after State pressed it—New York and Pennsylvania in the lead. Their sentiments were unequivocal for such a disposition of the surplus as would relieve the Federal Government of the dangers which its possession threatened, and, at the same time, render it beneficial to the States, by preserving instead of destroying it.

Its abstraction from the Federal Government was the principle common to all these plans, and kept steadily in view. It looked to a divestment of the surplus as a sanitary measure—a depletion indispensable to the health of the Constitution.

The principle of preserving the surplus for the States first acquired form and consistency in the land bill of Mr. Clay. That measure, from its first conception, was dear to the people and dear to their representatives. It received majorities in Congress seldom, if ever, commanded by so grave a measure; and it might have been reasonably supposed that such majorities, backed by the almost univocal voice of the nation, would have ensured its success. Yet, sir, it perished—under the frown of one man. Not by the veto, but that more detestable engine of withholding bills. Its fate was calamitous to the country, and the calamity was aggravated by the general conviction that it was induced by no constitutional objection really existing in the breast of the Executive, but by the relentless hatred he bore the author of that measure, and an insuperable repugnance to do or permit any thing tending to advance his fame.

The determination of the country to relieve the Government of this malady did not, however, perish with that bill. It survived and flourished. It presented itself next in the form of the deposit bill of the Senate, in the spring of 1836, proposing to transfer the surplus to the States, upon the execution to the General Government of certificates of deposit bearing an interest, and negotiable by the Secretary of the Treasury. That bill found its way to this House, and finally grew into the act of the 23d of June, 1836.

This, sir, is a concise view of the history of that act, and of the principles which lie at its foundation. That history and those principles, I think, prove—the debates upon it, the general understanding of the country, every thing that attended its passage, all that could characterize such a proceeding, its contemporaneous exposition drawn from every source, manifestly prove—that this transfer of money to the States was but colorably a deposit, having been meant, in fact, as distribution. Upon its constitutionality as an act of distribution, some, I know, expressed doubts; and, for that reason, opposed it. We have, therefore, their authority for asserting that it involved distribution. The various hues it assumed, between its first germination in the land bill and its maturity, arose from a desire on the part of its friends to mould it to the views and constitutional opinions of those who favored the principle of distribution, but hesitated upon the mode of effecting it. Sir, that great act experienced much tribulation in struggling into life. The organs of the Executive, in both Houses of Congress, denounced it—reviled it—warred against it in every shape, by all means, and without quarter. Their published speeches, now before me, breathe the utmost violence towards it. It is notorious that it experienced the frowns of the Executive; for even in the third generation, it labored, in his eye, under the curse which he had pronounced on its forerunner, the land bill. And when, at last, after passing by most striking majorities, it was presented to the Executive, a reluctant signature was wrung from him. He did not, in the language of the Constitution, approve the bill; he barely tolerated its passage—the first and last instance, during his administration, of his yielding, even in his caprices, to the will of Congress or the people! He repented signing the bill the moment after he had done it. His spirit of unbridled rule construed it into an act of Executive humiliation; to soothe which he followed the act of signing the bill with an extraordinary announcement, through the official paper, of his determination to publish to the world the secret necessity which had forced it upon him. His growing and ill-suppressed wrath pursued the measure ever after.

Those who regard this act with such utter abhorrence, as involving a flagrant violation of the Constitution do not, in my opinion, justly discriminate. They maintain that it is unconstitutional *for the mere purpose of distribution*. Granted. But that doctrine has no application to the act in question: it proposed no such thing. The constitutional sin, if any, had been committed long before. The surplus was found in existence, and the act sought to operate upon it. It contemplated no creation of a surplus. It looked to it, isolated from the means by which it had been raised. It formed no system, but terminated with the disposition of the existing surplus, no matter whether rightfully or wrongfully acquired. Congress has express power "to dispose of the property belonging to the United States." Does any just distinction exist, in a constitutional view, between property and money? The late President, in his far famed protest, thought not; and he had high authority, if not strong reason, for his opinion. Besides, sir, a deposit of this surplus with the States, without interest, and for an indefinite time, must obviously encounter the full force of the constitutional objections against a direct distribution. The right to distribute the use—the interest—of the surplus, cannot be assumed without yielding the right to distribute the surplus itself. Nor, in principle, can any difference be found between an investment of the surplus in stocks and a distribu-

tion of the dividends among the States, and a transfer of the principal surplus to the States without interest. In both cases, the States have its use without equivalent.

But, sir, I forbear to discuss the constitutional question, or even to allude to the right of the States to the surplus, founded on their interest in the public lands. It is not incumbent on those who oppose the bill under consideration, to maintain the constitutionality of the act of June, 1836. The true question is, was not an act of distribution, in fact, right or wrong? For the reasons assigned, I holdly claim that it was.

Nor, sir, in reaching this conclusion, by compelling the letter of the act to yield to its true nature and spirit, as manifested by the consideration to which I have referred, am I without authority or precedent in the legislation of Congress. This mode of interpretation, though from its nature seldom authorized, is well established. No Government can be wise or just without it. Our tariff laws, especially our protective tariffs, are all thus interpreted. Investments of capital are made in the branches of industry invited into existence, under promises of protection, to which the faith of the Government is committed. A sudden repeal or disturbance of such laws, though not forbidden by their letter, would undoubtedly expose the Government to the just imputation of perfidy and injustice. The great compromise act of 1833 presents a striking illustration. It differs, upon its face, in no respect, from an ordinary act of Congress. Yet, who views it as such, liable to be extended, modified or repealed, at the pleasure of Congress? Who, then, values his country's institutions or tranquillity, can regard it otherwise than as a great and extraordinary act, sacred beyond just treaty, no treaty, pledge, or even intimation. Whence, then, its inviolable character? It lies, sir, deeper than its language—in its history. It is not recited in that act that this Confederacy, being convulsed to its centre—a disruption of the Union impending—the national sword delivered over by Congress to a military Executive, who, if patriotic, was revengeful too, and flaming in his hand over a devoted State—the awful epoch opening in our constitutional history of subjugating by arms a sovereign State—the common blood of our ancestors, which had flowed in the revolution in the common cause of freedom, about to flow from the veins of their descendants, after little over half a century, in deadly civil strife—the sword or an ignominious gallows awaiting much of the genius and flower of the land—it is not recited. I repeat, that, in this portentous exigency, the compromise act came as an angel of peace, silently and invisibly, to compose and hush the troubled elements of the Republic! None of this appears in the act; yet it all existed. It was the offspring of all this. Nor is its nature the less sacred from this silence. Sir, its sublime spirit would have been degraded by the shackles of language. Too ethereal to be embodied, it nevertheless hovers around that act, and sanctifies it.

I maintain, sir, that the act of June, 1836, though certainly not so important, is of a kindred nature to the one referred to; that Congress has no more just right to disturb the one than the other; and that its obligation, in either case, to abstain from such an attempt, is derived from considerations more exalted, if possible, than contract, treaty, or pledge—the duty, I mean, which it owes to the cause of free institutions, which could not fail to incur the deepest reproach by its violation. It is of no moment whether these circumstances are allowed to enter into the construction of the act, or merely to afford reasons operating on the discretion of Congress. The mode in which they shall be permitted to influence our action, I am indifferent upon; their influence—decisive and irresistible—in some mode, is what I contend for.

What action, by the States, ensued the passage of this law? In their reception of their respective proportions of the surplus, none of them either viewed or treated it as a deposit merely; though, for the sake of the appearances which the act had been compelled to assume, they, too, observed the forms prescribed by it. The general policy adopted by them respecting the application of the surplus, was the same. In the West, in particular, as in all new countries, a great demand existed for capital, the want of which repressed their enterprise, and stifled the development of the boundless resources profusely scattered around them. This act was hailed as measurably supplying that capital. Their Legislatures, previously limited to the means afforded by direct taxation, felt freed from their former restraints, and at once launched into a bold and incautious policy. Popular instruction and internal improvement were the predominant objects of their regard. The whole energy of their legislation was bent towards laying deep and broad foundations of that policy; and the systems devised for the purpose became intimately connected with every ramification of business. They, in many instances, were connected with the local banks by an investment of the surplus in capital; through the banks, with the trading and mercantile interests; and ultimately with all classes.

In Kentucky, struggle after struggle had been made, through a series of years, for the establishment of an efficient system of public instruction. Scheme after scheme had been devised; but they all failed for want of money to sustain them. The occasion presented by this act was embraced with the utmost avidity; and upon it now rests a liberal and enlightened system, to which the poorer classes of her citizens have been taught to look as the only inheritance of their children.

Although a system of internal improvements was in operation in Kentucky prior to the act of 1836, yet, from deficiency of means, it was unavoidably partial and inefficient. Under the impulse of that act, it sprang at once into strength and activity, and promised its advantages, at no distant day, in the improvement of rivers, and the construction of roads and canals, throughout every section of that great State.

In these systems, sir, the people of Kentucky not only feel a deep interest, but have embarked in them their affections and the tenderest hopes of their posterity.

The influence of this act on the western country could never, I am sure, have been duly estimated by the friends of this bill. Tested by the ordinary progress of nations, the States, at one session of their Legislatures, advanced nearly half a century. They literally bounded forward, as if steam-impelled.

Its operation in other respects, to which too much importance can not, in my opinion, be attached, was peculiarly beneficial. The advantages of the ordinary legislation of Congress were, for the most part, general and remote. Many of the States, from their interior position, and a policy of this Government of doubtful justice, were excluded from a participation in the annual expenditure of the millions which they contributed their full share to raise. They were all, or nearly all, absorbed on the seaboard. Although the power of Congress to regulate commerce "with foreign nations," and "among the several States," is granted in the same clause of the Constitution, it has



been exercised almost exclusively in reference to commerce with foreign nations. Our whole Atlantic frontier attests it. It is not wonderful, therefore, that discontents should have arisen in the West, from this supposed inequality of legislation. But this act instantly dispelled them. It was hailed with general joy, and was deemed a measure of justice, though slow in its arrival. It came home to them, was embraced, domesticated, and cherished, as it deserved to be, as the future parent of a mass of most beneficent legislation. And, sir, it now stands indisputably incorporated with their domestic policy, which must perish under its withdrawal, and droop, if not perish, under its suspension.

Taking into view this application of the surplus by the States, and supposing it liable, as contended for, to be recalled at the pleasure of the Secretary of the Treasury, is it not plain that the act, instead of abridging Executive power, as was intended, must greatly augment it? It confers upon the Executive the most dangerous power over the States—no less a power than that of direct taxation; for to that a recall of the surplus must lead, the States having no other expedient to sustain the interests shown thus to rest upon it.

Even admitting then, that Congress may have the right to extort from the States the surplus already paid, and to withhold that now due, the exercise of the right would not be warranted, except on the most urgent and irresistible necessity.

What, sir, is that necessity, as alleged by the President and assumed by this bill? It is, that the Treasury of the United States is unable to sustain itself in its embarrassments without resorting to the fourth instalment intended for the States, amounting to \$9,367,214 98; the proportion of which transferable to Kentucky being nearly half a million. Have looked in the spirit of sincere inquiry into the evidences upon which this alleged financial necessity rests, and have looked in vain. The report of the Secretary of the Treasury, submitted to Congress at the opening of the session, though obviously meant to magnify, as far as possible, our financial difficulties, has, I think, utterly failed to establish it. Information derived officially from that Department since, under resolutions of this House, still further weakens the attempt.

Without entering minutely into the condition of the Treasury, it is, in my opinion, plainly demonstrable, that by converting into cash (which can readily be done) the bonds held by the Government on the Pennsylvania Bank of the United States, amounting to \$7,946,356 16, besides interest, means may be commanded fully adequate to the wants of the Treasury, without violating the act of 1836.

The proposition to withhold this surplus would be more tolerable if it were intended to prevent the creation of a new national debt; my aversion to which, if any thing could, might induce me to support it. But it intends no such thing. The President boldly announces to the people of the United States the startling purpose of fixing upon them a new public debt—not in a direct form, but under the insidious disguise of Treasury notes. The employment of these notes is, in the end, more pernicious than any other expedient of finance that could be adopted. Under its cover a public debt steals upon the nation by degrees, imperceptible to the people; and the first signal of approaching danger is, depreciated Government paper, and public credit prostrated, with impending burdens and taxation in the rear.

The plan of the Administration, then, being not only to withhold the fourth instalment, but to lay the foundations of a public debt also, if a deficit in the means of the Treasury should be found actually to exist, why may it not be supplied by an increased issue of Treasury notes? The principle having been assumed, a mere question of amount can be of but secondary consideration.

Sir, if the Treasury were reduced to the greatest conceivable wretchedness, the present times and condition of the country imperatively forbid the measure now proposed. The opening of a new Administration, or perhaps, more properly, the beginning of a continuation of the past Administration, finds this nation plunged into universal distress, reaching, indiscriminately, every class, condition, and pursuit of life.

The actual condition of the country has, until very recently, been a subject of much controversy. By one party it has been represented as I have described it. The Administration took the ground—as a party measure—that the country was, in fact, in the highest state of prosperity; that the country was taking the lead, by declaring that "there was no pressure which an honest man need fear." The thousand satellites revolving around it, reflecting the light, or darkness, thus imparted, united in the strain. Under these siren songs, multitudes of the friends of the Administration, shutting their eyes to what was transpiring around them, and closing their ears to the cries of surrounding misery, remained insensible of the real condition of the country, until themselves fell victims to the distress, the existence of which they were taught to deny. The suspension of specie payments by the banks, the overthrow of

Without aiming at exact accuracy, the following is believed to present, substantially, the condition of the Treasury:

<i>Is chargeable with—</i>		
Balances of appropriations, on the 31st of December, 1836		\$16,752,283 09
Appropriations for 1837		28,575,537 10
Other appropriations, specific and indefinite, October instalment due the States		2,242,560 40
		9,367,214 98
Making		\$57,519,585 57
<i>From which deduct—</i>		
Amount paid up to 11th September, 1837	\$24,077,031 22	
Postponed appropriations	15,000,000 00	
Estimated receipts for the balance of the year	4,500,000 00	
In banks, the mint, and hands of collecting officers	14,596,311 00	
Making		58,173,342 22
Leaving excess of means of		\$563,756 65
<i>To which, in case of obstacles in collecting from banks, or other causes of unavailability, etc. add the bonds (readily convertible into cash) held by the Government on the Bank of the United States, payable in four annual instalments, commencing on the 1st of October next, deducting the interest of the navy pension fund</i>		
		7,204,995 16
Exhibiting a total excess of means of		\$7,868,751 81

the financial system, founded on the deposit banks, and the Proclamation of the President, convening Congress, to consider of "grave and weighty matters," bred some suspicion among the faithful that all was not well; and the Message fully settled the question. The President's manner of unfolding, through the Message, the state of the country, is singular, though probably characteristic. He breaks to the nation the subjects of his griefs with a parental tenderness, and by degrees. The blunt and frightful truth, it was feared, might shock the sensibilities of a party long habituated to the deafening note of "unexampled prosperity." "Embarrassments in the pecuniary affairs of the country" are first gently hinted at; "the difficulties experienced," shortly after grow into "unexpected exigencies," and they, again, into "a revolution." "Destructive consequences," "wide-spread and calamitous embarrassments," "plunged into distress," and "disastrous derangement," are revealed in rapid and dread succession; and the dismal climax at last terminated in an "overwhelming catastrophe!" His country's misery is recurring to with a mournful frequency; and every touch deepens the picture, and, as the ghost of a nation's murdered prosperity rises up before him, he has hardly resolution to plead, like Macbeth,

Thou canst not say I did it; shake not  
Thy govy locks at me.

He confesses "the unpromising truth;" and his confession, like those of another class, less unenviably elevated, dwells with a melancholy satisfaction upon the most dreadful particulars; and, as in other cases, the fulness of the confession is relied on, in his application for mercy, where he reminds the People that they will "never desert a public functionary laboring for the public good." Of the pecuniary condition of the country, then, we have the highest official information.

Nor is its condition in other respects less deplorable. Pillar after pillar, and column after column, of the Federal Constitution, struck down by repeated assaults, and now in fragments at the feet of the Executive; an extravagant and profuse, if not corrupt, administration of the Government; an Indian war prosecuting at enormous expense, with extreme imbecility, and disgracefully to the American arms—all subjects of loud and just complaint by the people. The standard of national morals lowered, under the example of lawlessness set by the Federal Executive, and the influence of a policy which convulsed and upset the regular business of the country, by turning loose a spirit of wild and reckless speculation; riots, mobs, insubordination, and bloodshed, marking almost every day of our recent history. In short, sir, when the condition of the country is such, that the Secretary of the Treasury, enabled to discover no green spot in its affairs not blighted by "the evils occasioned by the waywardness of man," with every appearance of complacency consoles himself with the reflection that the country has not fallen a victim to some great "physical calamity!" When it has come to be a subject of official gratulation that our beloved country is spared us! that no tornado has overswept it! no pestilence depopulated, or earthquake swallowed it! To which, let it be added, that the people are now looking to Congress with an intense and almost morbid anxiety for relief—speedy and effectual.

Now, sir, suppose, in the midst of all these troubled and stormy elements, roused by the misdeeds of our own rulers, and these just expectations of relief, that the Government, instead of administering that relief, shall go forth, as this bill proposes, with sword and torch in hand, in quest of that same dreaded—detested—discarded surplus; threatening to tear up by the roots the most cherished systems of the States, by holding out an early abandonment of them for want of means, or the dim prospect of supporting them by grievous and interminable taxation; and when it is remembered, too, that, with the State Government, taxation is such in fact—direct—and seen and felt in every step of its progress; not like that of the Federal Government, unperceived and unknown by the people, except as announced from time to time in the reports on the finances—can any one doubt, under such circumstances, its disastrous tendency, and utter inexpediency as a financial measure? But it is of no purpose to enlarge on this view of the question.

In representing the effects of this bill, if passed, upon the States, I speak of it as looking to the entire revocation of the act of June, 1836. For, sir, now warn the States that if that act is suffered to be violated in one jot or tittle, it is lost to them—wholly—and forever! Once divest it of the sacred character which I have ascribed to it, construe it as a mere deposit act, and treat the States as other officers of the Treasury with funds in their possession, and it will be infatuation in hope to retain, for any considerable time, the money already received. Their only deliverance lies in the defeat of this bill; for even if the payment of the amount now with States should not be shortly exacted, the act will be so far shaken by this bill, that they cannot wisely or prudently rest any public measures upon it.

Yet, sir, intense as might be their suffering under such an operation, the people might endure it with some appearance of patience, if its object were different. But it is one of a system of measures devised by the Administration, and recommended in the Message, and now in the shape of bills before Congress, to sustain and relieve the Government, without the least reference to the fate of the people. To justify himself in this selfish and unnatural policy, and to silence the murmurings of a suffering and supplicating people, they are met with the chilling and repulsive information by the President that "they look to the Government for too much," and that the Constitution was framed on "a sounder principle" than to authorize Congress to extend them relief; in other words, that the Government, which they have lately seen prove itself so almighty for the purpose of mischief and distress, is, under this self denying doctrine, utterly imbecile for the purposes of good. Its own relief and preservation alone occupy the mind of the Government. The "grave and weighty matters" which Congress has been convened to consider, thus resolve themselves into measures to discharge in specie the demands of all the office-holders, contractors, and other dependants on the Treasury, from the Chief Magistrate down; being, substantially, an increase of their compensations, to the extent of the premium on specie, now between eight and ten per cent.

I trust, Mr. Speaker—I know—that I sympathize from my very heart with the people in their present adversity; and deeply deplore, "more in sorrow than in anger," the folly and madness which inflicted it. I stand ready, by my vote, to alleviate it by every means known to the Constitution. I condemn and sincerely lament the determination of the Government to separate, in the hour of tribulation, its fortunes from those of the people, and, from its secure position on a specie medium,

witness without emotion their calamities. But, sir, in the midst of this general gloom there is one ray of consolation. The Government, under the same policy which has brought distress upon the people, is itself fast approaching a point of financial weakness, which, under wise counsels in this House, may ensure a real, substantial, and permanent reformation of its abuses. The extravagance and profusion of expenditures which have marked the late years of its Administration, and, in greater or less degrees, forced the State Governments into an imitation of its pernicious example, may be effectually arrested. Its retrenching influence has already been manifested in a report of the Secretary of the Treasury, under a resolution of this House, that appropriations of former years, to the amount of fifteen millions of dollars, might be postponed without material injury to the public service. Governments, like individuals, are not sensible of what they can dispense with, until instructed by the hand of adversity. In this respect, the present exigency is peculiarly favorable. Maintain the inviolability of the act of June, 1836, and the fourth instalment may be held up in *terror* over the Government. The States will be enlisted on the side of retrenchment and economy, as the only means of securing the benefits of that instalment, and of escaping the load of direct taxation which awaits a recall of the instalments already received; and that recall must ensue at no distant day, if the Government persists in its profusion. I am solemnly convinced that the Federal Government, administered with an eye to direct taxation for its support, would be conducted, in all its constitutional efficiency, upon an annual expenditure of twelve millions and a half of dollars—scarcely half the sum now applied. Its tendency to abridge Executive power—the great bane of the Republic—is no less apparent.

For one, then, sir, I embrace the occasion; and, without respect to the course of others, shall cleave to it resolutely, obstinately, and to the very last. I had no hand in producing the wreck of our finances now exhibit. I view it as an existing "result of the disasters of the times;" and but seek to convert it into an instrument of good. Left to its own action—unmitten itself by the hand of misfortune—the Government would never have returned of choice, nor could have been brought back by force, to the simplicity and economy which lie at the root of our institutions; for no Government, when once fleshed into profusion, is ever satiated, but rushes on, ravening more voraciously every step it advances: of which the history of our own affords trumpet-tongued proofs. In this House all revenue bills must originate. It is the constitutional guardian of the people's money. I wish to make it such in fact. Of late years, the voting of millions at a time, without debate, inquiry, official estimates, or time for deliberation, has been a scene regularly recurring at the close of every session of Congress. This should not be; and I entertain a strong, and, I trust, patriotic anxiety to witness the day, at no distant period, when a demand by the Administration for money shall involve high and substantial responsibility: an event inconceivably important to the purity of the Government.

Considerations like these, if no others existed, would at once decide my opposition to this bill. But I am taxing too heavily the attention you have so flatteringly extended. I take leave, sir, of this wretched expedient.

## REMARKS OF MR. THOMPSON, OF SOUTH CAROLINA,

*In the House of Representatives.*—The bill to postpone the fourth instalment of the payment to the States being under consideration—

MR. THOMPSON, of South Carolina, addressed the House as follows:

MR. SPEAKER: I shall vote for the amendment of my colleague, as it makes the bill more acceptable; but I shall vote against the bill even if thus amended. Time and reflection have only served to confirm my first impressions of the wisdom and policy of the law depositing with the States the surplus in the Treasury. The chief recommendation of that law, to me, was not the money which it gave to the States: that was a small matter; but it was that a fund was provided to meet the future exigencies of the Government—a fund which was to be raised by each particular State in its own way, with a just regard to the different interests of each State which could best bear taxation, and not by the majority interest of the General Government, alike ignorant and reckless, as past experience has proven it to be, of the interest and circumstances of these respective States. If there were now a deficiency of resources, I should feel constrained, by the principles upon which I supported that bill, by plighted faith, and the peculiar interests of those I represent, not only to give back this fourth instalment, but all that we have received. No such case exists. I have examined the statement of the resources of the Government, presented by the gentleman from Tennessee, (Mr. Bell,) and have made the calculations in various forms; and, sir, I am satisfied that he has demonstrated (for it is a matter of figures) that there is no deficiency of funds. Charging the Government with all the demands upon it, including the fund of \$37,000,000 set apart to be distributed among the States, the unexpended appropriations of last year and the appropriations of this year, and you have an aggregate of \$55,000,000. Of this sum, the Secretary informs you that \$15,000,000 cannot be expended during the year, reducing the amount to \$70,000,000. The payments made, and the admitted resources of the Treasury, amount to \$64,000,000; to which add \$5,000,000 in the hands of disbursing officers, and you have \$69,000,000. In this estimate, the accruing revenue of the last half of the present year is taken, on the statement of the Secretary of the Treasury, at \$7,000,000; whereas it has been proven to my entire satisfaction that it will exceed \$9,000,000. So that, instead of a deficiency, there will be a surplus, even if you do not withhold from the States this fourth instalment. I am unable to perceive why money in the hands of disbursing officers of the Government is not as much the money of Government as if it were in the Treasury. It is only one step nearer being paid out—that is all. The Government can order these officers to pay it back into the Treasury, only to be paid again to the disbursing officers. If, then, sir, you withhold this fourth instalment, you leave in the hands of the Government \$9,000,000; to which add the \$12,000,000 of Treasury notes, and you have a surplus of \$21,000,000—not to meet the wants of the Government, but to be deposited in your Sub-Treasuries. I have another and an insuperable objection to this bill. The States will receive the funds in the bills of the State banks. The General Government will not, and cannot, receive it but in specie. The only



cers of the Government will be constrained by law to demand it in specie. They will be constrained by that which, with them, is stronger than laws or constitutions—by party obligations and an irresistible necessity to play out the desperate game they have commenced. I will not arm them with this terrible power over the deposit banks in their mad and ferocious experiment of a metallic currency. I would sooner see the whole amount of the fund sunk in the ocean than the wide-wasting ruin which a demand on these banks for \$12,000,000 in specie will produce. At the very moment that you are asked to adopt a measure which must lead to this pressure on the deposit banks and their debtors, it is recommended farther to indulge the merchants on their bonds. Why this discrimination? If you press the deposit banks, is not a corresponding pressure upon their debtors inevitable? Why, I ask, are they to be pressed, when the merchants are to be indulged on their bonds? I would at this time press neither. These considerations bring up at once the Sub-Treasury scheme and the metallic currency. They are all cognate branches of the same system of measures, and one of them cannot be properly considered disconnected with the others.

As to this new *expedient* of Sub-Treasuries, I am opposed to it in any and every form in which it can be presented. This new *expedient*, yes, sir, the old word *experiment* is somewhat odious; I have not heard it from the mouth of an Administration man for some months. No, sir, it is an ugly word. I fear that, if the present regime is to continue, one-half of the words of our language will become equally odious. I like this new word better: it is singularly appropriate: it is one evidence of a better state of things—that the Jack-Cade banner, which has been for eight long years floating over us, with the motto "hang all the schoolmasters," has been lowered. The meaning of this word "*expedient*," is "means employed in an exigency." If our whole language had been searched, a word more singularly significant could not have been found. But I cannot consent, by this dangerous expedient, to relieve our rulers from an exigency into which they have been led by confident folly and reckless ignorance. I have been too long denouncing this scheme of Sub-Treasuries as a tremendous engine of power and corruption to support it now, although it may be called by another name. By giving to a coiled anaconda a harmless name, I will not be induced to lay my head upon it. It is said that this is not a Sub-Treasury system. Indeed! will some gentleman inform me what has heretofore been understood by a Sub-Treasury system? Will he give some definition of such a system which does not describe that which is proposed to us? It is the very system which was first suggested by a very worthy gentleman, with a very savage name, (Mr. Gouge,) with the exception that it does not specially direct the sliding shelves and hydrostatic balances. In every important particular, in every point of political danger, in surrendering to the President the unlimited control of the public purse, it is the precise system which a few short months since was so generally and justly denounced. It is, sir, a Sub-Treasury system. I go farther—it is not only the embryo, it is the living form, the shape and substance of a Government bank, and that in its most dangerous form. Sir, it is one of the most melancholy signs of the times. The sword of the Government was absolutely surrendered to the late President. The present incumbent not being exactly the man to wield the sword of Achilles, as if in the very wantonness of a surrender of every guaranty of public liberty, it is now proposed to surrender to him as an instrument more compatible, but not less powerful—the purse of the country. Is any patriot willing, on the eve of a warmly-contested election, (in the city of New York, for example,) upon which the destiny of the Republic may depend, to trust five millions of the public money, with the power and the temptation to use it, in the hands of one man, and that one man the appointee of the President, whose very bread may depend upon the result of that election, as it may turn in favor or against the Administration? Suppose a wicked and ambitious man filling the Presidential chair, (and these are things to be looked to and guarded against, for confidence is not a republican virtue,) will he not place at the head of these treasuries his own corrupt minions and parasites? Are you willing to place in his hands twenty millions, to corrupt your people and perpetuate his power? I said, sir, that it was in fact a bank. I care not by what name you may designate it. It is admitted to have that character as a place of deposit. Will the system not also necessarily involve the business of discount or exchange? How are your funds to be transferred from places where they are redundant, to places where there are none? By hauling money from New York—say to Pittsburgh? No, sir, but by drafts or bills. These bills will be bought at a premium, when above par; at less, when below par. What power of speculation and fraud do you not thus place in the hands of your agents? How many losses shall we not suffer from bills thus purchased and not paid? Who is to lose in such cases; the Government or the agent? We shall have hundreds of applications to release our agents from such liabilities, of the same character as the famous Purviance claim. But it may be said that transfers will be made by drawing drafts on those places where the funds most accumulate. Does not every one see, by whatever name you may call it, that this will make of the agency in New York a great central power, around which the whole system must revolve, dependent upon it for light, heat and motion? Then as to issue. Is it not proposed that the drafts of these agencies, and the Treasury notes about to be issued, shall be the currency? It will then be a bank of issue, deposit and discount, and in its worst form, with greater insecurity, greater power and temptation to speculation and dishonesty, and greater facility of using the Government funds for corrupt electorship purposes, than with a bank at Washington, with branches distributed all over the country; as the security against all these is greater with an institution with twelve men to manage it than with one.

Why, sir, shall we be driven into this dangerous and untried expedient, when, to say nothing of other plans, that of special depositories with the banks is better in every possible point of view? In Spain, where a system of Sub-Treasuries exists, it is estimated that not more than one-fourth of the revenue received ever finds its way into the public Treasury. In France, not more than half. The banks will be more cheap depositories, all will admit; more secure, as the responsibility of the banks will be greater than that which can be secured from a private individual. The facilities of transfers of the public funds will be greater, and the risk and the patronage less. Let me state a case; and, stating it, I furnish the answer. Two millions are deposited with a Sub-Treasurer, who is the appointee of the President, of the same political party, and dependent for his support upon his salary—say \$3,000; and for that upon the

President. The same amount is deposited with a bank of a million capital, receiving the same compensation, to be divided amongst a thousand stockholders: over which is the President likely to wield the greatest power? Would special depositories with the banks increase their power? I cannot, for the life of me, see how. But the banks, it is said, are not to be trusted. Is this true, sir? Will any man rise in his place and say that he would fear to deposit his own money, jewels, or plate, in a bank, or that he would have the slightest doubt of having them restored to him on application? But, the banks have stopped payment; they are, therefore, broken. Is an inability to pay specie equivalent to insolvency? Between man and man is it so regarded? Does he who holds the note of his neighbor for one hundred dollars, who is worth one hundred thousand, regard his debtor as insolvent, or his debt insecure, because he has not the hundred dollars in specie? The promise of a bank to pay is no more than that of an individual. It is a promise which places it in the power of the creditor, in both cases, to exact specie, or to sacrifice the property of the debtor if he fails to pay it; with this decided advantage on the part of the bank—that the creditor is fully informed of the condition of the bank, and well knows that the bank has more notes out than it has specie, and more than in times of panic and apprehension can, by any possibility, be commanded. The credit is not given on the faith of the bank having specie, but that it has property, or, what is the same thing, lies upon the property of its debtors, to meet its engagements; that property, being a measure of the value of which constitutes the great value of specie, and to buy which, specie is alone wanted.

Take, as an example, the condition of the deposit banks in the State of New York. They had, at the date of our last annual Treasury report, \$4,637,731 in specie, to meet demands upon them of \$44,737,475; and yet, knowing this, the Secretary made his deposits, and gave to Congress the most confident assurances that the public money was safe. So it was, sir; not because the banks could pay all their obligations in specie, but because they could pay, and have paid, nearly the whole amount in that which alone was expected.

The banks not only acted wisely and honestly in stopping at the time they did, but they would not have acted thus if they had continued to pay until their last dollar was exhausted. It would have given a preference to some bill-holders and depositors over others—that very preference which is the object of a bankrupt system to prevent; and might, besides, have put it out of their power to pay their other debtors any thing. No, sir, the banks are not only entitled to the approbation, but to the gratitude of the country; and that they have received both, is conclusively shown by the fact that every where the people have abstained from the exercise of their power to coerce payments in specie. They have stood—nobly have they stood—between the people and general bankruptcy. They have done more: have enabled our merchants to save their own high character and that of the country from the infamy of paying their debts by wilful and fraudulent bankruptcy—a course recommended to them by those, and the organs of those, in high places.

But, Mr. Speaker, the insolent effrontery of these charges upon the banks must excite a just indignation, when it is seen that every single act imputed by the Government to the banks as a crime has been committed by that very Government, not only without excuse, but with aggravated enormity. The Government has stopped paying specie, when it is unquestionably in its power to do it. It may at any day raise funds in specie by loan; the banks can not. The Government has caused, by its action, the impossibility to pay specie; the banks have not. The Government, whilst it refuses to pay its debts in specie, demands specie of its debtors; the banks only demand the same currency that they pay. Take the conduct of the Government in the matter of the French indemnity; that indemnity, rather than delay which for three months, until the meeting of the French Chambers, we were well nigh being involved in war. After it was obtained, instead of allowing the claimants to draw for it, and have the premium of a foreign bill on their own money, it is delayed for a year, that it may be brought home in specie, at the loss of the premium, the delay, and the expense of transportation. When it arrives, is it paid in specie to the claimants by the Government, their mere agent? Oh! no, sir, but in paper; and the very next day the man who was refused his own specific money, if he owes to the Government, (yesterday his debtor, and refusing to pay specie) is forced to pay his own debt to the Government in specie. If the banks had been guilty of conduct so flagrant and flagitious, what shouts of indignation should we not have heard from one end of the Union to the other? But the banks have shipped specie to England—a charge, I believe, wholly without evidence; but, if true, has not the Government done the very same thing? Has it not very lately paid a debt to the Barings in specie—to those odious Barings, who have been guilty of the unpardonable offence of placing in this young and vigorous country, with its immense energies undeveloped, that capital which we needed, and giving the sole control of it to American citizens. But, at worst, it is but a discrimination between creditors; and a charge for it comes with an ill grace from a Government which pays us, who held the rod over them, in gold, whilst they pay to the time-worn veterans of the Revolution, and to the soldiers in your Florida campaigns, bank rags. Sir, impudence and effrontery can go no further.

I am, if possible, still more opposed to the other untried expedient, of demanding the dues of the Government in specie. I will not venture on the experiment in the present condition of the country, how gradual soever the process may be. I will not take any more drugs from quacks who have reduced me, in their recklessness and ignorance, from a state of health to one of almost desperate disease. I will not venture on another and a violent and dangerous remedy in any state of the system, and especially in the present condition of feebleness and inanition. I will not now, by the slightest movement, shake public confidence, at a time when I regard it the first duty of a statesman to restore it. Especially will I not venture upon a measure which I believe to be absolutely impracticable, and undesirable if practicable. If we were in a state of nature, and about, for the first time, to enter into social relations, and form a Government; or if we could, by a universal agrarian law, divide every thing equally—money and property—abolish debts, and to begin *de novo*, I should even then doubt about this metallic currency. But, taking the world as we find it, the thing is impracticable; or, if practicable, only to be attained by that universal change in the personal circumstances of men, that wide-wasting ruin which no people can or will bear. It is an old saying, that it is easy for bystanders to make observations. It may be, that those who owe no debts, or those who, having debts, are reckless of the moral obligation to pay, or beyond the reach of legal coer-

cion, can look with complacency upon the scenes of universal suffering and misery which will result from a return to a specie currency. I regard a depreciating or diminishing currency as one of the very greatest scourges of man. Pestilence, has its horrors, but they are temporary; war has its tolls and its sufferings, but it has its glories and its triumphs. But the misery produced by sweeping whole classes of society from ease and affluence, to a condition of poverty, helplessness, and despair, is deep, withering, and permanent. It does seem that philosophy has been teaching by example little purpose. In every similar crisis in other countries, the conduct of Government has not been like that proposed to us—the cold, selfish, and heartless policy of the greedy miser sternly exacting his own dues, and careless of the universal suffering of others. No, sir, it has been kind, paternal, wise, and efficient; taking their full share of the suffering and embarrassments of their people—rejoicing when they rejoice, sorrowing when they sorrow.

On the bursting of the Mississippi bubble in France, when the indebtedness of the people was more than the value of the whole property of the kingdom—a time of dismay and despair—the Government stepped forward and restored confidence and business, and gave repose and happiness to its people. The same was the course of England on the blowing up of the Mississippi scheme.

More striking instance perhaps, than either, was the memorable year in England, of 1793, a period of unprecedented embarrassment and difficulty. The Government came forward, not as a grinding creditor, but to relieve the general distress by the issue of five millions of exchequer bills. The fiat of Omnipotence could not have been more instantaneous than the effects of this order. Before one cent was issued, confidence was restored, and not more than half the sum ever was drawn. So it would be here. Our Government has it in its power, by the simplest means, to re-establish confidence, and restore business to its accustomed channels. But it can not do this by expressing its own distrust, by the demand of specie. Our whole disease has been more a disease of credit than of currency. It is the fashion to say that our currency is redundant. With gentlemen, before they talk of redundancy, tell me what is their measure of the proper amount of currency—what proportion to the value of property, to importations, or internal commerce? When they shall have fixed upon this standard, they will have done what the ablest writers on political economy have hitherto failed to do. I venture the proposition, that, according to all the established indicia of redundancy, our currency never has been redundant. Will you take as a standard the currency of France? By the last accounts I have seen, the specie alone of France was £120,000,000, or about \$600,000,000; if to this you add a million of paper, you have \$700,000,000, with a population just double ours. But it is a law of currency that it is required in an inverse ratio with the denseness of population. Our population is more diffused than that of France, and our internal commerce much greater. I am satisfied that we require as much currency as France, yet ours is \$140,000,000 less than one-fourth. I speak of paper; for specie, for years, has not been an article of currency, but of commerce.

But take the established criteria—the rate of exchange, or the market price of bullion, and neither has indicated any excess. But these are uncertain, and liable to variation from other causes. There is one rule which, in my judgment, can not fail. It is this: can articles be purchased in our currency and sold in a foreign market, where the currency is sound, at a profit, after paying expenses? If so, our currency can not be unsound, or else an unsound currency is as good as a sound one; for this thing of excess of currency only exists in relation to other countries. By this standard, our currency has never been sounder than it is now. Will you take the specie basis? Never has that, either in the banks or in the country, been greater than now. In 1833 it stood thus: \$17,000,000 specie to \$78,000,000 circulation; now it is, even after the banks have been depleted by the panic, \$30,000,000 specie to \$140,000,000 circulation. If you take the aggregate specie in the country, we have \$80,000,000 of specie to \$140,000,000 of circulation; a larger basis than has existed at any former period. No, sir; with our sparse population, vast internal commerce, and undeveloped energies and capacities, twice the amount of currency that we have ever had would be a blessing instead of a curse. We have only been enabled to get along at all, by the deficiency of currency being supplied by bills of exchange and other forms of credit.

It is a mistake to say that our paper has depreciated. Specie has appreciated; paper, to every other article, bears the same relation it has heretofore done. Specie is in greater demand. The great law of demand and supply, which is the foundation principle of the whole system of political economy, applies to specie as to every thing else. The return of Bonaparte from Elba raised the market price of specie, in one night, forty per cent. Were not bank notes as good as they were the day before? Yes; but specie, by the demand for foreign uses, was raised in value. So in the case of the suspension of specie payments by the Bank of England in 1797. What caused it? All the writers on the subject say the demand for foreign exportation, on account of the large importation of corn and the payment of foreign subsidies, added to the apprehension of invasion by the French. Precisely so here; the demand for specie to meet the demands of excessive importation, and that panic and apprehension which was caused by the war of the Government on the currency, as evidenced by the Treasury circular and other measures. Yes, Mr. Speaker, I have been so long arguing that the removal of the depositories and the Treasury circular would produce the present state of things, that I have at least persuaded myself that the cause of our present difficulties is to be found there; and now that the events predicted have happened, I am not willing to forego the exultation of prophecy fulfilled. The demand of his rents in specie by a single land-holder in England, Lord King, produced a sensation all over the kingdom. What effects will not be produced by such a discrimination by our Government, the great creditor and money-dealer? Sir, it is in vain to tell me of two currencies in the country: one for the people, and one for the Government; they cannot co-exist. The demand for specie will sink your paper from twenty to fifty per cent, and men will not receive their dues in the depreciated medium; they will demand specie; and then come the sacrifice of property for one-tenth of its value, relief laws, popular commotions, and God only knows where it will or where it should stop. And this, sir, is the avowed purpose of the original author of this system—he who, for being its author, has obtained the sobriquet of "the great humbugger." He avows his purpose to make gold and silver the sole currency of the country,

and to accomplish this by refusing any thing else for Government dues. But from whence is this specie to come to pay duties, and supply the deficit in our currency? From England? Do gentlemen, with a remaining feeling of our colonial condition, look to the father-land as to a place where every thing abounds? Is England that El Dorado which an illustrious Englishman once represented America to be? England has only about \$140,000,000 of specie. Every dollar withdrawn from that country injures us as much as it does England. It disturbs that equilibrium, as important to us as to England. Have we not recently had proof of this, as well as of the greater wisdom and sagacity of that enlightened Government, in coming to the rescue of American houses and American commerce, whilst we were waging a barbaric war upon hers? But, suppose you do get specie from England, you cannot pay for specie and manufactures both with the same cotton and rice. What then? Are we to live without them, with no revenue from imports, and buy American manufactures at prices greatly enhanced? But, suppose foreign goods are imported, is not the payment of the duties in a currency twenty per cent. more valuable than that for which they are sold, a clear addition of twenty per cent. to the tariff? I have been taught to believe that every impediment to foreign commerce is a duty upon that section that supplies the articles of that commerce. In other words, I believe in the truth of the famous forty-bale theory. Believing so, I cannot consent to impose so heavy a burden on that commerce in which my constituents are so much interested. Suppose we paid duties of twenty-five per cent. on the cotton we exported, would it not be a grievous addition to that duty to demand it in specie? If the doctrines of the school to which I have been attached be true, it is an equal burden imposed upon the imports received in return for our cotton; and this was the ground upon which cash duties were so strenuously resisted. What was the difference between cash and a short credit of a few months, compared with this appreciation of the currency in which the duties are paid? You had as well add twenty per cent. to the tariff, as to add twenty per cent. to the value of that in which the duties are paid.

Suppose, that it was proposed that foreign goods should not be allowed to be imported unless they had made a voyage around the Cape of Good Hope: every man would see that it would be a tariff in disguise. Sir, we have heretofore staked our lives and fortunes upon a resistance of that policy. Nay, more, sir, we put in peril the institutions of the country. I will not now contribute to re-instate in its full vigor that odious and unequal system.

But, sir, there is another view not less strong, in which this thing is presented to my mind. I have seen somewhat of the tendency of the disbursements of this Government. They are all eastward. With the Government fairly and justly administered, it must be so; as it is administered, it is one eternal tide that knows no reflux. The depletion of the South and West of their specie—of that which is literally the life-blood of the system—which would take place, is not to be estimated. Take for example the States of South Carolina and Kentucky—a Southern and a Western State. They pay, directly and indirectly, not less than a million and a half annually of duties on imports. Both States receive back from the Government less than \$200,000. Is such a drain of specie long to be endured? More than all this, sir: New York is our great commercial emporium; it is to America what London is to Europe—the place where payments are to be made, and where prices are to be regulated. It is there where specie will be mostly wanted, where its value will be highest; and that is the point to which it will tend, by a law as irresistible as that by which water finds its level. I appeal to every man from the plantation States, and from the West, so indissolubly connected in interest with us: is this a time—when the delicate and doubtful question of demand and supply of our great staple, cotton, is trembling on its balance—is this a time to be tampering with interests so vast?

It is wise in us to adopt a course of policy which shall force upon our great customer the alternative of buying of us and paying in specie, or of looking to other countries, to her own vast East Indies, for her supply, and encouraging its production. In the presence of such dangers, if, with the best intentions, I should do any thing to produce consequences so tremendous, I could not easily forgive myself. If, from any considerations of a party or selfish character, I should do so, I should expect the time to come when I would pray for the hills to fall upon me and protect me from the wrath of my injured constituents.

And, sir, if we could, without any of the evils apprehended, attain this political millennium, what are its wonderful advantages? The cant and the slang of the present day is against banks and corporations; in other words, sir, a war upon civilization, and an effort to abolish it. I regard them as both the signs and the instruments of the highest civilization. How many of your manufacturing establishments, your railroads and canals, would have existed, without banks and charters of corporations? To how many men of talent and enterprise has the banking system furnished the means of rising from poverty and obscurity to rank and power? It is, sir, the great instrument of the distribution of wealth. It is the only just agrarian principle; and in my heart I believe that it is especially beneficial to the poorer classes, to those whose ignorance and passions have been operated upon to array them against it. What has enabled England to sustain both herself and the cause of human liberty for the last hundred years? Her banking system, mainly. Contemplate her grand and glorious career in letters, arts, and arms, and say if you would think it well to exchange them for the blessings of a hard currency, as exhibited in Spain, or even in France? No, sir, abolish your banking system whenever you will; you may drag along through a period of peace, but let a period of war come, and you will have, as you always have had, to resort to it. Is this a time to talk of returning to a metallic currency, when the supply of the precious metals has diminished one-half, and the demand is daily increasing; when wise and able men are of opinion that there is not enough of them in the world even as a basis of currency?

But we are told by the President that he is of too strict a sect of the State rights creed to recognise any power the Government to relieve the sufferings of the people. Most modest and unassuming President! as free from all arrogance and assumption as a Chief Magistrate, as he unquestionably is in private life; and I do not know a more prepossessing gentleman. The Government has power to produce ruin in the country; none to relieve it. The Message itself attributes our present condition, in a great degree, to the action of the Government; to the distribution bill, and to the large loans made on the Government deposits. I was a little surprised at this

when I remembered, sir, that these loans were made under the direction and dictation of the greatest and best himself—of that "illustrious chief, under whom it was honor enough to have served, and in whose footsteps he was pledged to follow." It was regarded as one of the most degrading acts in the life of the great Bacon, that, in applying to King James for a high office, he said of Lord Coke, "He will seek gloria in obscurio." "I suppose the President did not know that he was not the first to tread the paths of subservience; but that he did not know that he was not the first to use the very same words of fawning. It was only a coincidence, resulting from congenial natures.

But, sir, to return to the disclaimer of all power to interfere with the internal concerns of the States. It is surely found in strange company with a proposition of a bankrupt law extending to the banks—and, what is most strange, at the very moment that it is proposed to cut the Government loose from all connection with these banks. If the Government is to have nothing to do with the banks, what business of this Government is it whether they are well managed or not? The President is a little equivocal as to what he means by a bankrupt law. He does not tell us whether he means the law of the twelve tables, *de debitoribus in partes secundo*, the law which directed the cutting up the body of the debtor and dividing it among his creditors, or the English law of bankruptcy. I suppose the latter. Now, sir, there are some curious things in this same law of bankruptcy. Let us apply them to State corporations. Some of the States—my own, for one—is a banking corporation itself. I will give you some of the acts which constitute bankruptcy, and their consequences. One is, departing the realm. Well, now, sir, my State will not do that as long as you will treat her tolerably well; but if she were, a commission of bankruptcy would be a notable remedy. Another is, voluntarily procuring himself to be arrested. I think we have some experience that the State will not be apt to do that. No, sir, her return is not in that way. A third is petitioning the King for relief: that is not in her line either. But when the commission issues, all the assets are to be surrendered. Now, the assets of our State bank are the whole property, real and personal, of the people of the State. It would be a "right merry sight to see" your commissioners—from Wall street, perhaps—going to take possession of the State of South Carolina, under a commission of bankruptcy. But, sir, there is some consolation, nevertheless. The commissioners are empowered to make a small allowance to the bankrupt; "by which allowance (says the law) and his own industry, the bankrupt may again become a useful member of society;" so that my poor State is not to be thrown on the common altogether. Sir, a proposition of this sort is not a fit subject even of ridicule. It is an audacious and impudent assumption, for which, in the worst periods of English history, the monarch would have put in jeopardy his crown, if not his head. I am opposed, sir, to this separation of our Government and its fortunes from the people and theirs. It is the very first principle of a representative Government, that the interests of the governors and the governed shall be the same. It is the only effectual security against oppression. I have as much attachment to the Government of my country as becomes a free man; no country ever was great without that feeling; but I am not willing to see prostrated before its juggernaut car the prosperity and happiness of the whole people.

## REMARKS OF MR. PRESTON, OF SOUTH CAROLINA,

[As reported in the National Intelligencer.]

In the Senate, Friday, September 23, 1837.—The bill to provide for the collection and safe keeping of the public revenue being before the Senate, and Mr. CALHOUN'S amendment thereon being under consideration, Mr. BUCHANAN concluded his remarks, and

Mr. PRESTON rose and addressed the Senate as follows: Mr. President: The administration has distinctly avowed that it is not their purpose to propose any measure for the relief of the country or the people. Their sole object is to devise means for the relief of the Government; and upon the declared policy of a separation between the Government and the people, they propose the receiving of the public dues in specie; and that they be collected, and kept, and disbursed by Executive agents throughout the country.

This is the project of the Administration. Another is proposed for our consideration by the gentleman from Virginia, (Mr. Rives,) who, being a distinguished member of the party in power, may, more reasonably than any member of the opposition could, calculate on a possible success. His proposition is to revive the joint resolution of 1816, which has regulated the currency for the last twenty years, and to re-enact the currency bill, which was passed with such unexampled unanimity at the last session, and was, so unfortunately for the country, suppressed by the late President. The main object and purpose of the measures proposed by the Senator from Virginia I understand to be, to restore, as far as the agency of this Government can effect it, a sound currency to the country, and to use that currency, thus re-established, in common with the States and the People.

Between these two measures we must decide. It is manifest that we must take one or the other, or go home without having done any thing; for, however gentlemen may object to either of these propositions, it is obvious that no third project can be brought forward with any possibility of success. The Opposition constitutes a small minority in the Senate, and could suggest no measure with the slightest prospect of success. It would be idle and absurd to make propositions doomed to inevitable rejection; but, by the division among the Administration Senators, we have some small privilege of selecting what we may consider the least objectionable policy. The Opposition, therefore, has distinctly assumed the ground that it will propose no measure; and especially have those gentlemen, whose known policy and long established predilections are in favor of a United States Bank, declared that it is not their purpose to bring forward a proposition for the creation of such an institution. The policy of such a measure would be very questionable; its suggestion would be manifestly vain and useless. It is most properly not before us. It is not one of the measures from which we are to select. All that has been said about it, therefore, on either side, is entirely gratuitous and irrelevant. I am wearied and disgusted with the eternal iteration of unmeaning clamor about the United States Bank. Whatever is

the subject of our deliberations, they run into the bank; whatever we are to be driven upon, the bank is the last that urges us. The bank is the raw-head-and-bloody-bones with which the Administration and its friends scare down the rising complaints of the people; and he who here might lack other means of entertaining the Senate can strut his little hour denouncing Biddle and the bank. Honor, and glory, and power were given to the late administration for having slain the monster, and yet honorable Senators roared him around this hall to split the ears of the groundlings. Whenever a measure is to be defeated, it is the bank in disguise; whenever a measure is to be carried, it is that of the bank. Three years since, he who did not praise the State banks was a bank man; now, he who does not denounce them is a bank man. The bank drove us into the pet banks; it now drives us out of them and into the Sub-Treasury. It is fact and argument, pathos and satire, logic and declamation, ready made to the hands of honorable gentlemen. It is the burden of every man's speech, the alternative of every man's proposition. It is the secret purpose of every opponent; it is the lurking cause of every difference of opinion. He who is cool on every other subject is warm upon this; and many a burst of eloquence would have been lost to the world but for the inspiring terrors of the bank. At present it is only in the heated fancy of gentlemen, or by the plastic power of their dialectical skill, that the bank is before us; and the Administration party alone is capable, by its misrule, and reckless plunging from one mischievous experiment on the currency to another, of bringing it up in a more substantial form. When you have teased and worried the country until its patience is exhausted; when you have destroyed all confidence; when you have broken down commerce; when you have made domestic exchanges impossible, and have irritated the whole body politic into fever and frenzy; then the people will demand the bank at your hands. When your shallow expedients and capricious experiments have reduced the country to that state of confusion and suffering which existed twenty years ago, the people will seek refuge from you in any institution that will give them quiet and security for their property and industry; and thus those who clamor with a ceaseless vociferation against the bank are at the same moment dragging the country towards it. And not the less so, Mr. President, that now, for the first time, their denunciations of the United States Bank are generalized into denunciations of all banks, and of the whole banking system. It is now said that the whole system is wrong and vicious, and that there is and always has been adverse feeling in the community against it. It is doubtless true, that in periods of commercial disaster, like that under which we now suffer, in the uneasiness of men's minds, complaints are apt to be made of the banking system, and of the whole system of credit, to such an extent, indeed, that some have said that all who trade on borrowed capital should break; but that the settled opinion of any respectable portion of this community is opposed to the banking system, or to commerce, from which it springs, and which it re-produces, I should very much regret to believe. My own opinion has always been, that the banking system was the child of commerce, and the handmaid of liberty. It is one of the mainstays of the great civilization of the last 150 years. It belongs to free States, and free States have grown freer under its influences. Its birth-place was free, and commercial Holland, and England and America have fostered it. Run you're, sir, over the map of the world, and you will find that in proportion as its nations are free, civilized, and commercial, this institution has been cherished and developed. All the peaceful triumphs of human intellect which day by day exalt us into wonder and admiration, all the glorious results of modern society, all the magnificent achievements of human industry, whose aggregate has made the last century more replete with human happiness and with the promise of it for hereafter, than the whole tract of history before—all this has been accompanied, promoted and vivified by that organized system of credit which is itself, for efficiency, complexity, and controllability, the most wonderful engine that the tasked, excited, and victorious ingenuity of modern times has produced. It has made England a miracle, and has, in a generation, built us up into a great nation. Is banking England less happy than hard money Spain, or less moral than hard money Mexico? Unquestionably the banking system, like all other beneficent institutions, may be and has been occasionally perverted and abused. Constitutional Government itself is subject to morbid action or vicious control. We are at this moment assembled here to deplore and remedy the effects of misrule and usurpation. Have our republican institutions failed because they are in this crisis? Has the Constitution run out because it has been abused? Shall we go back to hard money and despotism, abolish banks and the Constitution, because we are smarting under temporary evils, produced by the mal-administration of both? Denounce the breeze which wafts your commerce through the world because it may be lashed into a tempest. Deprecate the showers which fructify your fields, because they may descend in torrents. War against the blessed light of Heaven itself, because its scorching rays may wither a harvest. Shall we set about to supersede these kindly ministers of Nature's bounty, by arrogant devices of our own, or endeavor to bring them into disrepute by our ungrateful forgetfulness of their good, and exaggeration of their evil?

But, Mr. President, where is it proposed to terminate the war now declared against banks and banking? Is the whole system to be at once torn down and destroyed—scattering to the winds all the property, which, in such a vast variety of modes, is implicated in the banks? No one has proposed this instantaneous destruction of the country; and yet, sir, by my mind, it is questionable whether a short and final agony, though it be of death, is not better for the country than a protracted war of the Government upon its money, its currency, its property, and its credit. Your edict is that they shall all perish; and your boon is that they shall perish slowly, or still worse, that they may linger on for ever, under the ban of the Government; which, separating itself from the general destiny, will look coldly and safely upon the crippled and decrepit condition of the country. What, sir, is the arrogant and cruel language which this Government holds to the country at this moment? It has made an experiment upon the banks and the people, and has ruined both; and now we propose to leave the banks and the people to take care of themselves, and we will take care of ourselves! Boldly and calmly this revolting proposition is announced by the President, repeated here, and this moment avowed by the gentleman from Pennsylvania, (Mr. Buchanan,) whose whole declaration has been a tirade against those very institutions whom he and his friends seduced and debauched. The remedy he proposes is, to cast them back, polluted and dishonored, to the States and the people, for whom he considers them good enough, not being



good enough any longer for the chaste embraces of this most pure administration. Oh, no; not pure enough so as to deny, virtuous, humble and righteous administration, which, eschewing all adulterous connection with power or patronage, or spoils or banks, will be honestly married to hard money; and from its humble residence in a Sub-Treasury, prove its virtue to an admiring and incredulous people, by crying *hie, hie*, at the State banks.

Why, Mr. President, the honorable Senator (Mr. Buchanan) who has just taken his seat, was one of the loudest eulogists of the State banks; that day of the removal of the deposits up to this extra session. I recall the rest of them, lauded the experiment to the skies, deified the great experimenter, and, next in prophetic fire, predicted at the beginning the most glorious results—the best currency the world ever saw—the most graceful prosperity—a grateful people and triumphant Government; and then it was proclaimed with exultation this prophecy had become history; that all the flaming predictions of patriotic enthusiasm had been more than realized, and that democracy, Jacksonism, and the pet banks had established a political millennium. Such were the declarations of the Senator, and those who act with him, up to the fourth of March last. And now, sir, in the short space of six months, the very gentlemen turn short round, and with a gravity which would be ludicrous, if experience had not taught us to feel that their gravity is terrible, tell us that this Government has nothing to do with currency; that ours is the worst in the world; that the experiment has utterly failed; that the State banks are utterly unworthy to be trusted, and unfit to be used as financial agents; that the people must undergo another experiment, and for a moment imagine that, when it has failed like the last, the experimenters will turn coldly upon them, again smile at their folly, and advise a new ledgerman to arrive us for the time, and to enable them to keep their places. For some years past, I am aware that anti-States rights men, because we would not attribute all honor and glory to the State banks; and now, again, we are denounced as United States Bank advocates and anti-States rights men, because we will not attribute all sin and iniquity to the State banks; and when the wretched system now proposed shall have served its hour of delusion, and brought us to an avowed Government bank, then we shall be denounced in the same terms, from the same quarter, for not acquiescing in this ultimate, inevitable, and designed destiny of all these measures.

inadequate means and *designed* destiny for all these measures. From this general imputation against the Administration party of ineffectual tergiversation; justice and candor demand that I should make an exception of the Senator from Missouri, who, with unwavering pertinacity, has adhered to his hard money project, defending with paternal solicitude, against all assailants, his own political offspring, whatever may have been the momentary pet of the Administration, until he has achieved his present triumph. Well may the honorable gentleman congratulate himself upon his measure having survived for years the persecution of both sides of the House, until now, adopted as the bantling of the Government, it no longer requires his guidance or nurture.

The honorable Senator from Pennsylvania (Mr. Buchanan) not only treats the late experiment as an absurd measure, predestined to inevitable failure, but, with the provoking aid of recent conversion, denounces his late pets with bitter invective; delights to swell the key-note lately given from the *Hermitage*, by exaggerating all the evils produced by the banks, and attributing to them others, which I believe to be entirely imaginary. That great evils have resulted from the over-action of the banking system is entirely obvious; but that all the difficulties and distress which the country now labors under have sprung from this cause, is a gross and dangerous fallacy. The honorable Senator knows better than I can tell him, that no country is exempt from vicissitudes of prosperity and adversity, and that all commerce ebbs and flows. Even in those hard money countries which the gentleman is so well acquainted with, in Russia, Austria, and Prussia, and, still more, even in that beau ideal of a hard money country, Algiers, where there was lately found in the Government strong-box, unsummed silver, that was told by the bushel; even in those enviable and envied States there have been seasons of pressure, of commercial distress, of deranged currency. Indeed, Mr. President, it is of the nature of all human institutions to fluctuate; to advance, and to recede; to expand, or to contract, to be subject to over-action or to apathy; and in our country especially, where every department of human industry is urged by the unbridled will of the citizen, this alternate propulsion and recoil must be proportionally violent. While I concede, therefore, that there has been an over-action of the banks, still I am a friend to those institutions; and I assert with confidence that, in the midst of the evils which they have in part contributed to, their influence has been salutary and protective. With or without the banks, this commercial storm would have burst upon us; it might not have done so much harm without as with them—as the loss of a crop on barren land is not so great as that on fertile; but when the storm did come, these institutions have stood between us and its ravages. Under the protection of the incorporated credit of the community, the individuals of the community remain safe until time is allowed them to recover their means and meet their responsibilities. In obedience to the wishes of the people, and for their benefit, the banks suspended specie payments; and this for their credit, without loss of credit, to the public mind, without doubt of its solvency. The banks have a double fund for the discharge of their responsibilities—the specie in their vaults, which is sufficient to meet ordinary demands in the usual routine of business; and, secondly, the infinitely larger fund made up of all the property of all the drawers and endorsers of notes to whom they have loaned. A demand upon the banks beyond the capital in their vaults is, therefore, a demand upon the individuals of the community, and if it be so sudden and violent that they can not meet it, inevitable and general ruin is the consequence. Whatever cause we may have to deplore our recent sufferings, they bear no proportion, they give no indication of what they would have been, if the banks had gone on to pay specie, wringing it for that purpose, by forced sales of property, from the people, making a hundred bankruptcies where there has been one, and sacrificing the whole property of the country without paying its debts. The banks, the States, the General Government, and the people would have been involved in one common ruin. From this we have been protected by the stoppage of the banks. And, Mr. President, this suspension has operated on this occasion as it did in England and this country formerly—to the general relief, to the restoration of confidence, and to the instantaneous enhancement of the credit of the banks themselves. Sir, I thank them for their prompt and wise action, and would regard with indignation, if, were it not for the contempt I feel for it, the Execu-

tive recommendation of a bankrupt law; to be applied exclusively to them. \* The banks have not merited punishment, but thanks, for the suspension of specie payments. Their sin was to be wheedled and seduced into a contaminating contact with a corrupt Administration, which urged them to over-action by entreaty, exhortation, bribery, and bullying, and now rewards them (not unaturally or unjustly, perhaps) by proposing punishment for their unwise compliance.

Mr. President, the evil word of the day is divorce of Bank and State. The honorable Senator from Pennsylvania has it often on his lips; but as the gentleman argues that the union always was in violation of the Constitution, it is rather a casting off than a divorce. But what is the divorce the Administration proposes? A divorce of this Government from the State banks, from the State currency, from the whole monetary system of the States and of the people. You divorce this Government from its cumbrous and restraining connection with the country, that you may be free to wed it to the money. You divorce it from the banking system that you may, with a licentious polygamy, marry it to ten thousand Sub-Treasuries, making the whole land a Government harem.

But it is said that the experiment of the State banks has failed. Doubtless an experiment on the banks, made by faithless and incompetent experimenters, has failed. It was instituted in an open violation of law and the Constitution. It was conducted with the rashness and precipitancy of personal purposes. There was scarcely a passing regard bestowed upon the financial aspect of the arrangement, the whole attention of the President being directed to its political and party aspect. There was an omnipotent President wielding an acquiescing Congress, ever ready to record either his passions or his principles; and his passions were excited at the moment into a fury, which I hope, for the honor of the country, history will forget. He pronounced sentence of death against the United States Bank; by his own will he confiscated its property, he seized upon the public treasures; and when Congress assembled here, we beheld, with amazement and terror, the President standing upon torn charters and constitutions, and holding in his hands the money of the people, which he had snatched from the custody of the laws. The popular branch of Congress acquiesced; the people, I regret to say, acquiesced. This omnipotent President seized upon the State banks, promised to us a better currency than the world had ever seen, and ordered these institutions to relieve the wants of the people by discounting liberally upon the Government money, which the President had added to the banking capital. The national debt was paid off; the income of the Government was beyond all former precedent; there was an enormous surplus revenue, and an irritated and furious Executive lashed up the banks to effect larger and larger discounts.

The supervisory and restraining power of the United States Bank had just been removed. All the States created new banks to supply the place of the abstracted capital, and in their eagerness and recklessness quadrupled it. In the midst of this flush and plethora, the Government found itself in possession of forty millions of surplus revenue, and this was also converted into active bank capital. Much has been (and most properly) attributed to the agency of this surplus revenue in producing the present state of things. It is a political phenomenon without a prototype in all history, and could not but exercise a disturbing influence upon the politics, finances, and currency of the country. What were the remote causes of its accumulation it were perhaps useless to inquire. The immediate cause was the unreduced duties upon an increased commerce. By the compromise act of 1833, it was provided that the duties should be reduced by a fixed ratio, neither to be accelerated nor retarded; and this act was esteemed, and most justly esteemed, to be so sacred in its character and objects, of such binding as well as healing efficacy, that Congress was willing to brave the terrors of a surplus revenue, rather than disturb its provisions, or loosen the obligations of good faith and honor as well as interest, which were pledged to its maintenance. But for this, the obvious method of evading the crisis was to diminish the taxes, and thus prevent the surplus, which my colleague then foretold would be the fruitful cause of financial disorders and difficulties. I do not know, Mr. President, how the United States Bank, if it had been in existence, would have got on with this surplus of forty millions; but it is ludicrous to think on, with your proposed system, you would have been counting revenue by the chaldron—you would have had two millions and a half avoirdupois of silver—you might have laughed to scorn the Dey of Algiers, with his eighty bushels of coin.

It is a capital error of the late Administration to destroy the United States Bank without having provided in its stead some restraining power upon the banking system of the States. A very great, perhaps the main advantage of that bank was, that while it performed its own appropriate functions with unsurpassed wisdom and integrity, it also acted as a regulator of the State banks, keeping them, by a salutary check, within the legitimate bounds of banking. Each moved in its appropriate sphere, regularly and harmoniously, producing the happiest possible results. We had the best currency and the best condition of exchanges ever known in the world; and so firmly were they fixed, both by the organization of the banks and in the public confidence, that they could not be disturbed by the Executive or his party, until, by a nefarious act of open war, the President showed that the laws could not protect his victim from his fury. Then at once the whole organization was broken in upon and deranged; opposing forces and counteracting attractions, whose well adjusted combination had resulted in such harmonious action, and relations were disturbed and dislocated—confusion, violence, and eccentricity were of course the immediate result. But it was not only removing the restraint upon over-banking by the banks then in existence, but, what has been more productive of evil, was the unrestrained license given to the States to create a redundant banking capital. As soon as the United States Bank had received its death-blow, and while yet it lived, the States had created many times the bank capital which it had used, and both the old and the new banks rushed into the market with unbridled impetuosity. For this obvious and inevitable state of things nothing had been provided. The tendency of the States to an over-creation of bank capital, and of the banks to over-bank, unless checked and restricted, is the great danger of our condition. My colleague, whose monetary voice was unfortunately unheeded, predicted these results in 1834, and proposed, as a means of avoiding them, a recharter of the United States Bank, with such provisions as it was supposed would ascertain, by slow and cautious experiment, how far the country could or ought to be “unbanked”—where the restriction upon our over-tendency to

banking ought finally to be fixed. The Administration, however, not perceiving or disregarding the danger, tore down with brute force the barrier which had been erected against the overflow of bank paper, and the country was inundated. This is the great difficulty which the Senator from Virginia has to encounter. The Federal States and the State institutions will have received a salutary lesson in the present state of things. No doubt that the stern admonitions of disastrous experience will produce a decided effect: still, that very experience warns us that, without some restraining power upon the bank system, there is imminent danger; without some such, I have great distrust of the permanent success of the project of the Virginia Senator, (Mr. Rives.) I see the peril to which it is to be exposed. His project excites alarm—that of the Administration despair. His project may succeed—that of the Administration cannot.

A constitutional restriction upon the States in regard to the extent of bank capital to be created by them, ought to be obtained by a constitutional amendment. The pressure of the present difficulties would go far to induce the States to consent to the limitation of bank capital upon some fixed ratio amongst them; and if their wisdom and patriotism required to be stimulated to this prudent act of self-denial, that stimulus might be found in the fact, that the Administration project makes the alternative to the State banks restriction or destruction.

It is obvious that the evils of redundant banking, at present, are much more the result of indiscreet legislation in the creation of new capital than of indiscreet banking in the use of old. A document furnished from the Treasury Department shows that the bank capital now is more disproportioned to what it was four years since than the bank issues or discounts. There is, in regard to the latter, an ever-present, though sometimes sluggish principle of restriction to be found in the pecuniary interest of the institution itself. Over-issues endanger a bank, and therefore some degree of caution and hesitancy may be expected in venturing upon them. But the discretion of the Legislature is not aroused by any such necessity, and its prudence is apt to be overcome by the urgent solicitations of private interest, or the still more dangerous spirit of competition with neighboring States. Indeed, the extension of bank capital in one State imposes a sort of necessity for an equal extension amongst its neighbors. Its worse currency supercedes their own, and the necessity of their channels of circulation is thus increased. It is the extension of the bank capital, and not the issue of the currency, which is the cause of the evil. It has all the advantages of supplying them with capital, and at the same time it has all the evils of the extension of its length, when the revulsion takes place, all are involved in a common calamity—the States which created, and the States which used, the surplus capital sharing all an equal evil, having enjoyed an equal good. Thus are the States alternately put under a sort of necessity to push their banking to a hieutous extent, and this will unquestionably be done, unless prevented by some overruling power, such as a constitutional regulation.

The principle is broadly laid down in the Message, and practically embodied in the bills now under discussion, that the Government is not authorized to regulate the currency, but that the States have an exclusive right to do so, as far as least as the circulation is to consist of bank paper. This power, repudiated now for the first time by this Government, is assumed and exercised by all the States. We are in the midst of a banking system, good in itself when not abused, and of paper money, eminently fitted for all the business of money when not issued in excessive quantities. To avoid the possibility of abuse, all that is necessary is, that the States should mutually fetter each other by a constitutional amendment, forbidding the creation by any one State of banking capital beyond a certain limit; for example, beyond \$20,000 for each member of the House of Representatives, and forbidding, also, (if it be thought desirable), the issue of any note below a fixed amount. The Constitution already takes from the States the power to issue bills of credit, and the restriction suggested is of the same nature and policy. If the party in power, and which for the sine of the land have ruled it with such absolute and destructive sway; if that party which professes such violent antipathies to a degraded bank paper circulation, had suggested some such measure when they removed the control of the United States Bank, much of our present distress would have been avoided; or if that party, which as yet alone holds power, (tottering and decaying, I trust,) would now move such a measure, the States acting upon the recommendation of Congress might, and I believe would, before the termination of your next session, put the banking system in a condition that would silence the stoutest and most clamorous advocates for divorce. This Government has caused the mischief—let it propose the remedy. Pass the order along the lines of your party, sir; they obeyed you for the expunging, and will hardly be less prompt to adopt a measure of obvious propriety—a measure which will take away from you, by giving to the people a sound currency, all pretence of separating yourself from it; which will leave you without excuse or palliation of your selfish withdrawal from the destiny of the citizens—a destiny which your misrule has made wretched, and threatens to make intolerable by perpetuating it. Let it not be supposed that it is possible in the nature of things for two currencies to exist simultaneously in the same community, of different values. The worse, of necessity, expels the better. Thus the Government, by giving to gold and silver the exclusive power of paying public dues, makes it a better currency than any paper can be, and, by necessary consequence, makes them articles of merchandise and traffic, deprives them of the character of a circulating medium, and thus abstracts them entirely from general use. If the note of a specie paying bank cannot perform all the offices of the specie itself, it is degraded by and to the extent of the difference. When, therefore, the Government, the great money dealer of the country, rejects notes and demands specie, it at once, by force of the act itself, debases the currency, and makes the money of the people worse than the money of the Government. It is not possible that you can separate yourself from the common currency of the country, and maintain peaceful or neutral relations towards it. The separation itself inflicts a wound, and every run which the debtors of the Government make upon the banks to enable them to pay Government debts is an act of hostility.

Then, sir, the distrust and suspicion in regard to the banks, implied by the rejection of their paper, cannot fail to derange and injure that currency which is composed of it. Why, sir, will you not receive the notes of specie paying banks as you have always done, under the joint resolution of 1816? No answer has been given to this question but the vague and senseless cant word of divorce. Do you distrust the banks? Then propose measures of making them safe, so that you may no longer distrust them. Is your object to be paid in better money than the debts of the country are discharged in? Do you in-



tend to abolish the banking system, and substitute specie, or, as that is impossible, an irredeemable Government paper, a continental currency, by which this Government shall have the unlimited control of the whole property of the country? Are none of these your purposes? Why, then, demand specie, and reject the notes of specie paying banks? If you do not intend by your divorce to have a better medium of payment than that which the people use, what is the object of your measure? And if you establish for yourself this better medium, you make that of the people still worse; you not only abandon them, but aggravate their distresses. I have always held the true policy of this Government to be, that in the exercise of its granted powers, it should so shape its policy that the incidental effects of its measures should operate to the good of the community—that the collateral action of its money power, for example, should be so regulated as to sustain the currency, relieve the embarrassments of commerce, and facilitate the business of exchange. If there were in our community any bloated millionaire, any Rothschild or Baring, who from the extent of his operations could influence and control the moneyed affairs of the country, and who by that influence had induced distress, and difficulty, and embarrassment, and, in the midst of it, should demand the "Constitutional Currency," with what burning indignation would a suffering and insulted community denounce the wretch, and drive him from our borders!

I hold it to be a clear proposition, Mr. President, that this Government is bound not to make for itself a better currency than that of the people; and it results from this, that if the currency of the people is not good enough for the Government, it should suggest measures for making it so. The United States Bank effected this object; that you have destroyed, and by general consent it is not to be revived. The same object can be effected by a constitutional limitation upon the banking power. By this means you will have a sound currency for the people and for the Government. By this means you may continue the safe and long-tried policy of the resolution of 1816. By this means you at once restrain and strengthen the State institutions; you give them vigor by pruning, and you will enable them for ever to supersede all pretext for a United States Bank.

There are, Mr. President, some gentlemen who are opposed to any measure which has for its object the restoration of a sound paper circulating medium; whose eyes and ears can delight in nothing but the glitter and jingle of metal, and whose happy hallucinations continually picture to their fancy a sort of Saturnian reign, a golden age, a pastoral state of political impunity and beatitude, exempt from vicissitudes, amidst perpetual sunshine and perpetual peace. Of these romantic politicians there are but a few, and they would do well to study the most authentic chronicle of that ancient king, to whose earnest prayer the mischievous deities granted the power of converting all he touched to gold, and of whom the very winds proclaimed to mankind

"Auriculas asini Midas rex habet."

Certainly, sir, the idea of establishing a pure specie currency for this numerous, commercial, and rapidly growing people, is very chimerical. The purchase of the specie requisite for this purpose would cost an enormous sum. One very efficient cause of our present difficulties is the large importation of specie, forced by the blind and ignorant policy of the late Administration, with apparently no other object but that of boasting that they had eighty millions in the country, while the country is not only bankrupt with it, but in a great degree in consequence of it. The vast consumption of the precious metals, in various manufactures, and the diminished production of the mines, have enhanced their price to a degree that would make them a very expensive medium of circulation, while they are by no means so convenient as paper. Indeed, it may well be questioned whether the metals could answer the purpose of currency for our enterprising community, spread over so vast a surface, and engaged in such complicated commercial adventures. All this, however, I understand to be given up. The flood of specie which was to run up and down through the country in such strange courses is indefinitely postponed, or, rather, perhaps, has subsided into that little Pactolus which, dribbling from the exhausted Treasury, flows in tiny meanders round these walls, for members to dip their fingers in, while there is not a drop for the people.

But, Mr. President, although it be no longer contemplated to fill the country with specie, it is not the less insisted upon by the measures under discussion to demand it in the payment of revenue. The most obvious consequence is, that the action of the Government will increase the price and keep up the demand for the precious metals; by which means the resumption of specie payments by the banks will be rendered impossible. Let me, sir, point out the separate links of the chain by which you are to bind down the prosperity of the country.

1st. You confer upon specie a use which does not appertain to the note of a specie paying bank, convertible into specie: thus specie is made better than the best note, and a run is created upon the banks to the extent of the difference.

2d. The Government dues are almost a million and a half a month; the demand for this much specie must necessarily threaten the banks with a disastrous run upon them the moment their doors are opened.

3. The prospect of such a state of things will make it necessary for the banks to press their debtors, for the purpose of fortifying themselves; and thus the two great creditors of the country, the Government and the banks, will be pressing the people at the same time; the Government compelling the banks to this course for the purpose of trying an experiment. It is obvious that, under such circumstances, the banks will postpone the resumption of specie payments, and at length, perhaps, be driven to it through their own and the ruin of the community. These are necessary results from the attitude of place, the Government and the banks. In such a contest where the Government, from the beginning, has been in the wrong, and where its success can be achieved only by a wide-spread desolation of the property and prostration of the energies of the Government, I cannot wish success to it. I doubt whether this Government is worth to my constituents what it will cost them to make this experiment.

It is to be continually borne in mind, Mr. President, that the proposed divorce not only contemplates a rejection of the banks as Government agents for the receipt, custody, or disbursement of public moneys, but, what is of much more consequence, the re-

jection of all State bank paper in the receipt of Government dues. This last is the aspect in which I have been considering the proposition; and I have shown, uselessly, perhaps, how futile or pernicious would be the attempt to substitute specie. I say uselessly, perhaps, because, though specie appears in the bill, and although hard money—constitutional currency—gold and silver, are clamored through the country, I am not inclined to believe that there are a half dozen men in Congress who seriously entertain thoughts of actually adopting this absurd policy. It is a pretence; a matter of cant and electioneer upon; in short, sir, a humbug. No Senator has been able to get through a speech without a suggestion of paper money of some kind or other. To this complexion must we come at last. Even the Senator from Missouri, the great propositus of a hard money family, admits the necessity of discharging Government dues by bills of exchange, drawn from one Sub-Treasury on another; which, while they are in transitu between the place drawn from and the place drawn upon, must serve, to a certain extent, as circulating medium. The actual condition of our affairs will show the operation of this system. At this moment the largest disbursements of the Government are in the South-west and West—for the Florida war and for the protection of the Western frontier; the next largest disbursement is for fortifications and harbors in the North. Now, and at all times, New York is the great point for the collection of the revenue, there being about as much collected there as in the whole of the United States besides. These heavy disbursements, therefore, are to be made by bills of exchange upon New York. The workmen in the North and the soldiers South will be paid off by an exchequer bill upon New York, and this bill circulates until it is presented for payment. Until that time it is paper money, and in the mean time the Government has locked up the specie which it represents. The Government receives its debts in gold and silver, and pays its debts in bills of credit. The gold and silver are buried, and the bill is in circulation; and this is called the hard-money currency. I shall have occasion by and by to show that this is in truth and in fact a banking system; but my present purpose is merely to show that it is a paper currency convertible into specie in the city of New York. The supporters of this scheme rely upon what they consider a profound feeling in the community of hostility to bank paper. I think they are mistaken in regard to this feeling. The practice of this Government and of the States indicates no such prejudice. There has been a United States Bank during eight-tenths of the existence of the Government, and there have been State banks during the whole period; and although the system has occasionally, during times of pressure, been assailed by a few ardent minds, yet the great onward current of public opinion has set directly in favor of it. There is, however, a deep-seated and wise public opinion, inherited from our ancestors, against Government paper. We have hardly a more vivid recollection of the glories of the Revolution, than of the disasters of the continental money. The heaviest penalties of the laws, the utmost tension of public spirit, the devotion which subsisted to the encampment at Valley Forge, and the campaign of the Jerseys, all put together, could not keep up the Government paper. No Government has been found strong enough for this purpose. The Revolutionary Government of France, the Reign of Terror itself was not strong enough to create that vital spirit, that subtle and ethereal essence of all currency, confidence; and, for the want of it, the assignats sunk to nothing, although sustained all around by penal statutes. It is because we have not forgotten continental money, because we have not forgotten the assignats, that there is a settled hostility in the public mind against Government paper. But, if it were a new matter, in regard to which we were deprived of that intense light of experience which, fortunately, we possess, a single view of the proposition would at once condemn it for ever. It is proposed to make this Government the creator, centre, and controller, of the circulating medium of the country; to give to it the power of regulating the price of every man's property, and of deciding, according to its caprice or the exigency of party affairs, whether those who owe money shall pay it according to the contract, or doubled, or divided; all this. All this, the dexterity of debate might retort upon us, have the guarantee of their own interest that they will be careful how that power is exercised, their successful operation depending upon the prosperity of the people; whereas the interests of party, the desire for spoils and place, have been found to control the politics of the country. So deeply felt is the danger of combining the political and the moneyed power in the same hands, that all parties have in turn objected to the measures of their opponents, by stigmatizing them as having this tendency. The danger, it is said, of the United States Bank, is that the Government may get the control of the money power. The danger of the pet bank system is, that the Government may get control of the money power; and to avoid these dangers, it is proposed to give to the Government at once the whole power to create and control the whole money of the country; and this without the salutary check which all ages have found to reside exclusively in the convertibility of paper into specie. This is the great check in the banking system; a check which, to be sure, like all human restraints, may occasionally prove inoperative, when fraud is stimulated by temptation, or crime urged by necessity. But have we found angels in the laps of Government agents?

We all know, sir, by what indirect, crooked means the present Administration came into power, and what prodigious agency the usurped and illegitimate control over the currency had in effecting it. Confer upon it the power of issuing paper money, let Congress assume the power of making it; and do you believe, sir, that the country will ever be strong enough to stand up against the Executive? Will not its present waning power, will not its reeling and rickety majorities, be revived and increased, and its ignominious reign, now just about to be closed by the sentence of an indignant people, be perpetuated until our institutions perish with the vampires that feed upon them? Let those who look with favor upon the project of endowing this Government with new powers over the currency think a moment of the history of the last four years. While the currency was regulated by the natural and undisturbed action of the banking system, we had nothing left to desire; when the Government undertook the management of it, we soon had little left to lose; and yet the control which the Government had had for the last four years is nothing to the grant which is suggested of the money-creating power. I have before asked, sir, whether all history can furnish an example of a sound currency made by Government paper. I now ask, with as much confidence, whether in all history a Government can

be found assuming the power to make its own paper answer the ends of money, that it did not abuse the power thus assumed? History holds but one language, and that proclaims the perils into the midst of which we are hurrying. Let us not turn a deaf ear to the warnings of past times. I tremble, Mr. President, when I hear my colleague say, "There is another and a final reason which I shall assign against the reunion with the banks. We have reached a new era with regard to these institutions. He who would judge of the future by the past, in reference to them, will be wholly mistaken." I should be deeply grieved to think so. I should lament to believe that we are so adrift upon an unknown ocean, with an unknown heaven above us, that the light of the polar star can no longer reach us, and that our only hope for a safe navigation through the perils which beset us is, either in trusting blindly to the pilots who have brought us where we are, or in following the meteor coruscations of genius, which too often dazzle rather than guide. For myself, sir, I will continue to look out for, and endeavor to steer my course by, the steady light of experience—that light which beams from its fixed, unalterable position in the firmament of the past, through the misty prejudices and stormy passions of the present, showing us the way of safety and deliverance. If I could shut my eyes against this light; if I could forego the solemn warnings of experience yet ringing in my ears, in favor of the revelations of genius, I should go nowhere for them with so much confidence as to my colleague. But, sir, on the subject of an inconvertible Government paper the past is too pregnant with monitions to be disregarded. History has erected warning beacons on all sides of us. Our colonial, our revolutionary history, the old Congress, all the States, concur in exhorting us to avoid this fatal evil. The Constitution has embodied and perpetuated the terrors of our ancestors. "No State shall issue bills of credit." In this clause, sir, is declared the bitter experience of the Revolution. North Carolina, my colleague supposes, has furnished an exception to the history of her sister States and the world in the success of her Proc. money, as it was called. The history of that affair makes no exception to the general destiny of Government money. It fell below par, it embarrassed and confused the financial action of the State for very many years, and was finally burnt, with three or four times its amount in counterfeits, by the Treasurer of the State. My colleague's researches have not enabled him to cite any other instances than this of the Proclamation money of North Carolina; and whatever weight this may be entitled to I am persuaded is against his proposition; while the old Congress, and I believe, every one of the revolutionary States, afford woful examples of the disastrous utility of Government paper. It is impossible that it should be otherwise; for the primal law, the fundamental principle, the living soul of currency, is that it be property, or be readily convertible into it. Convertibility makes currency. Paper is money because it represents property; and losing the representative quality, it is but paper, and there is no magic in Government to make it otherwise. This necessary incapacity of Government to convert itself into a manufactory of money is one of those limitations upon despotism that the friends of freedom cannot too much rejoice in; and surely, Mr. President, if the question were whether we should, if we could, endow this federative agency with such a monstrous power, would we venture upon it? As guardians of the rights of the States, as jealous assertors of the limited character of this Government, as advocates and lovers of free institutions, would we give this tremendous power to this Government? No, sir. If we must have a Government paper; if this absorbing and destructive aggrandizement of Government power must be conferred, give it to the States, sir, and do not convert this Government into a money manufactory. Sir, I will not trust this Government with such a power, no matter who administers it; even if our own wise and pure Washington, (all will feel how extravagant the supposition is,) even if he were at the head of affairs. Could I then, sir, entrust it to a party whose wretched mismanagement and incompetence have brought us to this mournful condition? Shall I be called upon to confide greater powers over the currency to those who, with such powers as they have, have produced so much disorder; or, rather, sir, to state the proposition truly, shall I entrust them with much power because they have ruined us with a little? Those who govern us have given testimony of their financial abilities; if we are satisfied with the past, why, sir, pass these bills!

For one, Mr. President, I do not at all share the confidence in this Government which my colleague avows. I look upon it with an habitual distrust and jealousy, sharpened instead of blunted by recent events. My colleague says "I rejoice to think that the Executive Department of the Government is now so reduced in power and means, that it can no longer rely on its influence and patronage to secure a majority. Henceforward it can have no hope of supporting itself but on wisdom, moderation, patriotism, and devoted attachment to the Constitution, which, I trust, will make it, in its own defence, an ally in effecting the reform which I deem indispensable to the salvation of the country and its institutions."

I do not participate in these sanguine expectations; I see nothing in the proposed measures to quiet my long established terrors of Executive power. I see before me the same men whom I have been all along warning upon—those men who have subverted the Constitution, and usurped all powers—those men who issued the proclamation against South Carolina, who passed the bloody bill, who seized the deposits, who expunged the records of the Senate, who have perpetuated their control, by using the patronage of the Government and the plundered money of the country, in the hands of one President to make his successor. I see before me these men avowing, vindictive, and exulting in all that they have heretofore done, and proclaiming that they will persist in the same policy. All this I see, and I cannot give them my confidence. Let them resign, let them acknowledge their incompetence, and testify in sincere repentance, and they may be forgiven for the past. But still, Mr. President, I will not trust them for the future; I will still be jealous and circumspect, in regard to them and to this whole Government. It may be that the Administration is weakened and stunned for the moment, and is terrified that its misdeeds are about to be avenged by the indignation of the people. It may be that, like sailors in a storm, they will be pious for a moment; but, even if this were the case, I should have no great faith in their repentance. I do not, however, see any signs of repentance. I see their error distinctly enough, but there is nothing in their demeanor that would induce me to select them "as an ally in effecting reform."

With these feelings, therefore, and prejudices, if you choose, Mr. President, I do not come to the consideration of the Executive measures with a predisposition in their favor; but, on the

\*Members of Congress are paid in gold.

contrary, I am animated with a decided disinclination against any project which proposes to endow this Government with a new power, or to entrust my rights and liberties to the keeping of the newly-enforced "wisdom," "moderation," "patriotism," of this Administration.

My colleague states, as a main objection to any connection of the Government with the banks, the unsteadiness produced in the currency by the action of Government. He says:

"It follows as a necessary consequence that, to the extent of this influence, the issues of the banks expand and contract with the expansion and contraction of the fiscal action of the Government; with the increase of its duties, taxes, income and expenditure; with the deposits in its vaults, acting as additional capital, and the amount of bank notes withdrawn, in consequence, from circulation; all of which must directly affect the amount of their business and issues; and bank currency must, of course, partake of all those vibrations to which the fiscal action of the Government is necessarily exposed, and, when great and sudden, must expose the system to catastrophes such as we now witness. In fact, a more suitable instance cannot be selected to illustrate the truth of what I assert than the present, as I shall proceed to show."

Now, if this be true when the Government is operating upon banks which trade on a specie basis, and are cautious of their own interests, how much more true is it when the Government, divested of all such connection, and having full control of the currency, will expand or contract it, according to its necessities, whims, or party purposes? I understand the proposition to be, that the banks are to be discontinued because their paper partakes of the vibrations to which the fiscal action of the Government is exposed. But it is obvious that Government paper, that is, a currency created by the fiscal action of the Government, will be still more immediately and intimately affected by the vibrations of that fiscal action than bank paper. The banks are some check upon these fluctuations; which, without that check, will necessarily be greater. I can easily conceive that if this Government undertakes to decide on the quantity of money, or to regulate its issues by law, nothing can be more uncertain than its quantity, and therefore value, from year to year. If it be regulated on a ratio with the revenue of the Government, we may estimate the fluctuations by the receipts of 1836, compared to those of 1837. Or if it be submitted entirely to the discretion of this Government, let the various opinions at the present moment, in regard both to the quantity of money in circulation, and to the quantity which is necessary for circulation, and to a lesson of caution. The Administration party at this moment supposes that the country labors under a redundant circulation; and if it controlled the currency, would immediately curtail it; while, perhaps, the better opinion is, that the money in circulation is hardly equal to the wants of the country.

I cannot but think, Mr. President, that my colleague habitually overrates the influence of the fiscal action of the Government upon the currency, in regard to the expansion or contraction of it, and especially if he be correct in supposing that the income of this Government is now reduced to an economical standard, and that the Executive will sustain itself only by wise, patriotic, and moderate measures. He supposes that the Government has power to make an inconvertible paper money circulate, which I conceive to be beyond the power of any Government, and this idea seems in part to result from what I consider a misconception he has fallen into as to the credit which sustains bank notes. He supposes that this credit is conferred to a great extent by the Government making them receivable in public dues, which he illustrates by stating that if the Government would say that it would take in payment of its dues the notes of any beggar in the streets, such notes would be current. I do not think they would be current, unless the dues of the Government were unlimited, or the notes of the beggar limited. If, as I have endeavored to show, a Government cannot make its own notes circulate at par, it cannot make a beggar's. The case of the beggar would be analogous to that of the banks, if the Government said that it would take his notes as long as he continued to pay specie, which is the language of the resolution of 1816 to the banks. The endorsement of the Government on the bank notes was not "receivable in public dues," but "receivable in public dues as long as specie can be got for it." The efficacy of such an endorsement to confer credit is not very perceptible. The convertibility of the note makes it good without the endorsement, nor does the withdrawal of the endorsement injure its credit. The pet banks were not in better credit than the rest of the banks, nor did the withdrawal of the Government from all bank paper whatsoever strike down its credit. When the banks suspended, the Government withdrew its countenance, and yet the notes maintained and still maintain their credit, and this, too, when the Government has not only withdrawn its credit, but is waging a war of extermination against the banks. The community believes in the ultimate convertibility of the bank notes, and therefore trusts to them; and believing, moreover, that the prospect of that convertibility was improved by the act which made the Government withdraw its credit from them, the general credit was enhanced by it. Sir, let those who conceive that there is magic in the Government touch to confer or to take away credit, look to the recent history of the United States Bank, whose bills have been "every where at home," while the Government has been waging war against them, all over the world; amidst all the ruin which that war has occasioned, amidst the prostration of so much wealth, and the loss of so much credit, with a distressed people and a bankrupt Government, the credit of that bank is yet unimpaired, and its successor, under the wise and honest management of Mr. Bidle, is by general consent ready now to redeem you from your difficulties, and would be appealed to, but for that pride of opinion which prefers to suffer rather than acknowledge an error, especially when the suffering is that of the public, and the error that of the individual.

Mr. President, I deprecate this mad and ferocious warfare against any of the institutions of the country, against the United States Bank formerly, against the State banks now. It does not appear to me that this root and branch policy, this tearing up things established, to supply their places with new theories, however neatly constructed, or carefully elaborated, is the part of prudence and wisdom. My nature and habits of thought, confirmed by the terrible experience of the last four years, make me a Conservative. I hesitate at every proposition to destroy, that you may build again. If any of our institutions have suffered damage, let us repair them; if any portion of the vast edifice of our prosperity has been injured, let us with a cautious and reverend hand restore what has been lost, strengthen what remains, adjust the proportions, if you choose, proceeding in all with a sedate and steady purpose of not weaken-

ing the deep foundations. Let us not, sir, with a fantastic caprice tear down the solid, and let me say glorious fabric of our prosperity, that we may try, by as futile a device as the lamp of Aladdin, to build up another in one night, of fairy marble, and gold, and gems.

It is the part of statesmen to deal with the circumstances around them. In the closet of a philosopher, in the desk of a professor, speculation may discuss what is best, and genius indulge its aspirations for the "chief good;" but the practical politician is fenced around by inexorable necessities. He has to deal with things, not with ideas. He must control, not create. He must govern himself by the circumstances amidst which he finds himself, use the instruments which are presented to him, and be content with such results as he can attain, without attempting such as he can imagine. The genius and temper of Napoleon might aspire to a different destiny; but ours, thank God, is humbler and safer. We administer a limited Government for free and self-willed States, whose bidding and whose business we are to do. They have placed us their servants in the midst of a great banking system; a system of credit, surrounding, pervading, and penetrating the whole body politic. Mr. President, we must conform to our condition; we must work upon the platform prepared for us; we must use the materials furnished to our hands. It is in vain to try to extricate ourselves from the condition of our existence. We have not the strength (God forbid that we should have it) to disconnect ourselves from the circumstances in which the States place us. And if we attempt to tear ourselves loose from them, there may be much suffering, a struggle, an agony; but you will have at length to come back to your allegiance, and content yourself with reform instead of revolution. Let us, then, wisely and at once, begin to correct, control, regulate, modify, adjust, do any thing but destroy.

In 1834, Mr. President, I entertained the same sentiments. I found all the great interests of the country implicated so thoroughly with the bank system, that to tear them apart at once would destroy every thing, and therefore I acquiesced in the proposal of my distinguished colleague for the purpose of making a cautious experiment, to ascertain the extent to which the banking system could be contracted or modified, so as to reject as much evil and secure as much good as it was capable of. It was then proposed to use the United States Bank, rechartering it for this purpose; that instrument is no longer within our reach; but here are the State banks still, and why not use them for the purpose of an experimental reform? They are in the best condition imaginable for that purpose. If the fiscal connection of this Government with the banks gives it any portion of the control supposed, it may be used to induce the banks to limit their issues and extend the specie basis; in short, to induce them to do whatever was proposed to be effected by the recharter of the United States Bank in 1834. My colleague, however, discriminates our present condition from what it was in 1834, by stating that now we are disconnected from banking, and were not then. I cannot perceive the accuracy of this distinction, either in law or fact. It is perfectly obvious that the States and the people are more involved at this moment with the banks than they were in 1834. As to this Government, in 1834, its deposits were withdrawn from the United States Bank, and, as far as law was concerned, were nowhere—the language of the day was "that there was no Treasury, that the money was in the breaches pocket of the Government." There was no law as there now is, making the banks depositories and fiscal agents. At this time the banks have large Government deposits in their possession, which are daily drawn upon; and the resolution of 1816 being unrevoked, the banks can at any moment compel the Treasurer to receive their notes by resuming specie payment. Besides this, there are, by the Secretary's report, six banks yet used as Government agents and depositories. It appears, therefore, both in law and in fact, that the Government is less disconnected from the banks than in 1834!

And here, Mr. President, permit me to say one word on the subject of the partial disconnection which has been effected by the Secretary of the Treasury. But for the perverse and blundering policy which has characterized his agency in this matter, as in all of his official acts, we should not have been brought here at this time. I do not speak, sir, of the manner in which he habitually miscalculates and confounds the public revenue, or of the absurd and mischievous execution of the deposit law, or of the pernicious fluctuations and embarrassments produced by his intermeddling with the exchanges, or of his execrable Treasury order, in regard to the public lands; but I allude to his immediate agency in producing difficulties between this Government and the banks. When the banks suspended specie payments, the act immediately reassured public confidences, as was proved by the rise of stocks; individual transactions with the banks were continued, and private deposits increased, until at this moment there is more money on deposit in the banks than ever was at any former period—than which nothing could more strongly indicate public confidence. In this state of things, had the Secretary of the Treasury permitted the office holders of the Government to go on as every other individual in the community was content to do, they would have received their quarter salaries as usual, and the disbursements of the Government would have been made as usual; but he thought proper to issue a sort of circular to office holders, as he had formerly done to receivers, virtually enjoining them to receive nothing but specie, and putting them on a plan by which they might enhance their salaries by a traffic in dishonored Government paper. It was in this way that a pretext was obtained for this second removal of the deposits, and for a declaration of war against the State banks, as formerly against the United States Bank. But for this ingenious device, this stroke of financial diplomacy, we sir, in all probability, should not have been here; and by the regular meeting of Congress, a renewed prosperity, returning confidence, and the certainty of an early resumption of specie payments, might have spared us the anxious deliberations which now oppress us. The country, conscious of its own immense resources, and confiding in its own vast energies, would have even now been looking for the natural dawn of day, but that the Treasury interposed its huge and darkening bulk, not only giving no light itself, but intercepting that which otherwise would have been cheering us now. It was competent to the Administration to have sustained and kept alive the wounded confidence of the country, by the easiest method in the world, if its purpose had not been other than the country's good. If the President had recalled the Treasury order, in compliance with the wish of Congress, if he had said a word of kindness towards the banks, if he had disavowed his imputed hostility to credit and commerce, and chartered rights; if, above all, he had forbore to urge the wild and impracticable

theories of his Message, the natural springs of our prosperity would before now have begun to develop their recovered elasticity; and I believe, sir, that, even now, if we would adjourn to-day, and go home, having done nothing, we shall assemble at the constitutional time, under auspices so much better than the present, that very few will be disposed to resort to the desperate surgery recommended in the Message.

Let me, Mr. President, put a not improbable case. Suppose we assemble here, and find the banks paying specie, or upon the eve of doing so: will any one, then, propose to repeal the joint resolution of 1816, for the purpose of rejecting bills of specie-paying banks, and receiving gold and silver? I speak of nothing now, but of the divorce of the Government from convertible bills, which is the great divorce insisted upon—the question of the deposits being another and different affair. What I ask is, whether any one will propose, in the midst of solvent banks and convertible paper, to insist upon specie? To what end, if specie and paper be of equal value, as they are by the terms of the proposition? and so, too, in regard to any other kind of money it may be in contemplation to create. Is your continental money to be equal to the money of the people? Then it is useless. Is it better? Then it is a tax upon the people to buy it. Is it worse? Then it is a curse to the country, and a disgrace to the Government. But for the suspension of specie payments, which I contend was, in itself, a wise and proper measure, and full of salutary results, there would be no pretence for the indulgence of this rabid passion for experiment; the fiscal operations of the Government would have gone on; its reduced revenue would have been found to be to a great extent innocuous; experience would have pointed out and effected restraints upon the tendency to excess of the banking system; and the Administration, weak from the manner in which it came in, weak from the load of misdeeds which it inherited, and has added to, and weak from incompetency, would have been compelled to permit the passage of laws, to guard against a mischievous use of the revenue. But the present occasion is seized upon to drive us into new experiments, and made the pretext for a revolution in the monetary system of the country, by force of a single, sudden, and sweeping act of legislation. Nor, Mr. President, is the violence of the measure more objectionable than its delusiveness. It purports to be a hard money project, while in truth it is the merest paper project that has ever been dreamed of since the continental Congress—an inconvertible paper, which, if it circulates at all, must expel specie exactly to the extent of its circulation.

But there is one point of view in which as a Southern Senator this resolution of the whole money of the country into a Government paper system, strikes me with appalling terror. It is, that it establishes a centralization of the moneyed transactions of the Government and the country in New York, which will enhance the wealth, commerce, and political power of that already too powerful city to such an extent as to make the other States of the Union provincial dependencies upon it. Already, by the operation of permanent causes, and the action of this Government, there is a great ascendancy acquired by that city. It cannot be otherwise, perhaps; all systems must have a centre. In every community, or association of communities, there is a centripetal tendency of the moneyed and commercial transactions. This is of the nature of things, a law of society. New York, therefore, is, by necessity, the commercial emporium of the United States as long as we are the United States; but nothing can be more unwise or preposterous, nothing can be more unjust to the Southern States especially, than for this Federal Government to increase by its policy this absorbing centralization. Already the receipts and disbursements of the Government are in one section, and we of the South have felt the disastrous effects of it; but when New York is made the pivot upon which the circulation of the whole country turns, what will be our condition? It is said that the banking system has a tendency to centralization; but it has also a centrifugal tendency. South Carolina has her banks, with their centre at Charleston; abolish them, give us the Government money, (and it matters not whether it be specie or continental paper,) and South Carolina has nothing of her own; she is consolidated upon New York, which is necessarily the centre of the General Government money transactions. The result is inevitable, and will be utterly ruinous. In whatever aspect I regard this project, whether I consider the political consolidation which results from the power of manufacturing money by this Government, or the financial and commercial consolidation which results from the fact that New York must be the centre of the system, or the nature of the currency which is to be created, it is, in my judgment, liable to insuperable objections.

The rejection in the receipt of the revenue of the notes of specie-paying banks is the great revolution proposed by the present measure: this is intended as the vital stab to the banks; it is to be a standing discredit of those institutions, and the excuse for the Government to issue paper of its own to supersede theirs. The Sub-Treasury system is less decisive and far-reaching. The currency established by law since 1816 was that of the bills of specie-paying banks; but the State banks have been used as depositories a much shorter time. Until recently the United States Bank had custody of the public funds; after that, the State banks and the States, by the deposit act; and at present they are in the hands of Government agents. The policy proposed by the bill under discussion is, that when the revenue is received in specie, or in such paper as by law may be directed, (viz: Government paper,) it shall be retained in the custody of Government agents throughout the country.

It is this new mode of custody by individuals, instead of by banks, and, as a corollary from it, the disbursements by individuals, which constitute what is called the Sub-Treasury system. Hitherto it has been the policy of the Government to keep as distinct as possible the business of collecting, keeping, and disbursing the public money, for the obvious purpose of multiplying responsibilities and imposing checks. This sure and long-established policy of separating these functions is now proposed to be abandoned, and they are all to be blended in the hands of near ten thousand different individuals in various parts of the United States. And why is this fundamental change proposed? What is required in determining on the proper custody of the public money is, that it be kept cheaply and safely; and if the Government interest alone is to be considered, (upon which supposition the whole policy is founded,) when safety and cheapness are provided for, all is done that the Government need do. If the doctrine so strongly urged in favor of other branches of this proposed policy, that the Government must take care of itself, and let the People take care of them-



selves, be correct, then it is obvious, that when your money is safely and cheaply deposited, you must look no further; its effects upon the banks, upon the currency, upon the general welfare, are events put beyond the scope of your purposes or your powers, and are rejected by the fundamental principle on which your whole system rests, viz: that you have nothing to do with the currency. If it be your duty to reject a safe and cheap keeping of the public money because it will operate injuriously upon the banking system and the currency, then you are bound to avoid any other measure which is likely to produce that effect. Your first proposition proceeds upon the ground that the Government must take care of itself, and not look to the right or left in doing so. Your second proposition proceeds on the opposite ground, viz: that you must regulate your Treasury with a special view to the banks and the currency. Your plea for hard money, that you must regulate the Government—*safely* is your object, then keep your hard money when you get it where it will be safe; but this you will not do. You will carry one part of your policy on the ground of safety of the Government, and the other on the ground of love of the People.

I have assumed, Mr. President, that the custody of the public moneys is safer in the hands than in the hands of Executive officers. Does any man doubt it; or has any one, even in the fury of that tirade against banks, which constitutes the staple of every Administration speech, ventured to say that the custody of these funds by the banks is not as perfectly safe as moral and physical distress and insolvency which press upon the country, I am not aware that any thing has been lost by your confidence in the banks; but, sir, if your enormous revenue had been accumulated in the hands of ten thousand individuals during the recent rage for speculation and the consequent crash, where would your money have been? The experience of the Government is conclusive. It has trusted banks a thousand times more than individual agents, and has lost a hundred times as much by individuals as by banks. Why, sir, in that department of the Sub-Treasury which is to be conducted by the postmasters, there are now, by a report from the Postmaster General, some two or three thousand defaulters. Banks are created with complex checks and responsibilities, for the purpose of keeping and managing money; and all this is done in the first instance, and afterwards superintended in its operation, by those whose direct interest it is to have it well done. On what different principles are Government offices filled? They are yielded to the arts of solicitation, given to a needy kinsman or a subtle tool, or, to avoid at once the great principle of appointments, they are given for political purposes. This power of appointment is the great, the destructive branch of patronage which it is now proposed to increase to an enormous extent, and to strengthen by the whole money of the Government.

At the moment that the Government proposes to declare, by act of Congress, that banks are unsafe depositories of its money, all the money-holders of the country are contradicting the aspersion. The private depositories in the banks were never greater than at this moment, and vastly exceed your revenue. Merchants, artisans, agriculturists, keep their money in the banks; every individual here, who by word or act denies that the Government money is safe with the banks, contradicts himself by keeping his own money there. The most cautious and wary money-holder in the country will not trust his money to his own custody, but carries it to the banks; and yet you would fain delude us with the vain and presumptuous idea that you will get men more true to the Government than men are to themselves. Where every private individual entrusts his own money, let the Government confide its funds; and this will be the result even with your Sub-Treasury scheme; for, if your agents be honest and faithful, they will carry the money to the banks for safe-keeping, under the conviction that it is safer in the banks than in their own hands.

In such an event, what do you gain by these intermediate agencies between you and the banks? Why, sir, you gain this: a new electioneering office-holder, with means in his hands of influencing the banks. You give to the Executive the use of the money on hand, without any restraint of law to restrain him.

If your Sub-Treasury be robbed, shall your Sub-Treasurer and his serviles lose the money? If your Sub-Treasury be burnt, and your funds with it, shall the poor officer and his poor securities bear the loss? You well know, sir, how subject the Post Office and Treasury Departments are to conflagration; against all this the banks guaranty you.

Then, sir, as to the expense. Thus far the custody of the money by the banks has cost nothing; nay, has been a source of income to the Government, for they have paid for the privilege of keeping the money. General deposits in bank would cost you nothing, because the banks are willing to take care of the public money for certain incidental advantages resulting from it. And here lies, Mr. President, the paramount objection to the use of the banks as Government agents. It is said that these "incidental advantages" to the banks are injurious to the currency, and increase the power of the Government, by the control it gives it over the currency. The principle upon which this objection rests is that there should be no intermediate use of the public money between its collection and its disbursement. This principle is a new one for the last thirty years it has been thought politic that the large sum of money always in the hands of the Government should not be entirely dead to a country so much in want of capital as this; but that, either in the hands of the United States bank or the State banks, it might be brought upon as private depositories use. Thus the country did not suffer the loss of the Government revenue between its receipt and disbursement; but portions perpetually returned into the community to stimulate or resist enterprise. By this process the Government lost nothing, and the people gained. If the Government has a regular sum of twelve millions on hand, it is twelve millions permanently abstracted from the capital of the country. Now, it is said that the Government has no right to permit an intermediate use of its money; true, but it has no right to keep on hand twelve millions. The theory, to be sure, is, that money is collected to be paid out again, and not to be kept on hand or used until it be used for the legislative objects of disbursement; but, from the necessity of the case, it must accumulate, and, being accumulated, the policy has heretofore been to turn that accumulation to some account for the country.

But, it is said, this intermediate use, if entrusted to the banks, creates a political influence, and disturbs the currency of the country. If this be true, these deleterious effects would be hereafter diminished, by the reduced income and economical

expenditure of the Government, and regulated by the "virtue, moderation, and wisdom," which are expected from the Executive. The evil would undoubtedly be much less than heretofore; and, I think, infinitely less than that which will result from filling the country with salaried agents of the Government, wielding immense masses of money, for private or party purposes. General deposits in the banks, with the obvious dangers which I recognise as belonging to it, I do not think comparable to the embasement of Executive power and danger to the currency resulting from the Sub-Treasury scheme. But there is an obvious mode of securing all the advantages I have attributed to the custody of the revenue by the banks, and of avoiding all the evils which are said to be apprehended. This mode, sir, is to make special depositories in the State banks. By special depositories is understood to be that deposite which the bank receives to keep, and not to use for banking purposes; and to return the identical thing to the depositor when drawn for. For this species of custody, from which the bank derives no benefit, some small recompense might be demanded, and given, not amounting to an assignable fraction of the cost of the Sub-Treasury. By this means, the banks would do with the public money precisely what the law would impose upon the Sub-Treasurer; and which would be more likely to fulfil the law—the bank or the individual? Which would the community trust? Which would you, or I, or any body trust? The bank, by possibility, might violate its obligations and commit a fraud. Are you safe in the hands of an underling party intriguer, who receives office, it may be, under the General Government, as the reward for his treachery to his own State?

I shall, Mr. President, as soon as it is in order, move an amendment to the bill before us, providing for the special depositories of the money in the State banks.

Sir, it is said that this Government should not entrust its money to institutions over which it has no control. The proposition amounts to this: that the Government has not power enough over the banks to protect its own interest; and yet, in the same breath, it is contended that to allow this Government to use those banks will endow it with a power over them dangerous to the country. The propositions neutralize each other. But I am not discontented to see this Government using State agencies as far as they are fit for its purposes. I am not averse to some little control, on the part of the States, over the moneyed power of this Government. It is one of the recommendations to my system, that the Government has not so much control over the banks as over its Sub-Treasuries. The policy I propose, Mr. President, is simple, obvious, and dictated by our actual condition: it is to encourage the banks to resume specie payments; to receive, in discharge of Government dues, notes of specie banks, and to make special depositories in the State banks of your revenue, when collected.

Thus we conform ourselves to our condition. Thus we acquiesce in the business habits of the country. Thus we use the institutions provided to our hands. Thus we preserve all that experience has proved to be good, and reform what experience has shown to require it. Thus, sir, we avoid the jeopardy of revolution, we escape the terrors of experiment—a word which, in the mouth of this Administration, should appal the heart of every lover of his country. Let me examine for a moment, Mr. President, this Sub-Treasury experiment. My colleague has objected to the name of Sub-Treasury. Sir, it is a misnomer—*Government bank* is its true name. From the first moment of its existence it will be, as I solemnly believe it is intended to be, a Treasury bank, thoroughly equipped and calculated for Government and party purposes, and devised as the only means of preserving the ascendancy of the party which has so long abused our patience. The course of proceeding is obvious, and has been avowed. For disbursements in one part of the country, where the Government has no money, its Sub-Treasurer draws a bill on another where there is money. This bill is paid to the Government creditor, or sold for funds to pay him with, and is thus put into circulation. The Sub-Treasurer at Orleans is thus a cashier of the branch at Orleans, who issues a bill payable at the mother bank at New York. Thus the circulation of bills is established—bills issued upon the faith of specie or Government paper, in the hands of the Sub-Treasurers. Or if we are to consider the scheme as a whole, without reference to the parts, then the case is this: the Treasury draws a bill upon itself, and puts it into circulation, payable on demand. Now in what does this differ from a bank bill? It is obvious that this process makes the Sub-Treasury a bank of issue and circulation; but it is also a bank of discounts! This Government has funds in New York, and desires to have them transferred to Chicago; by what process is it to be done? Why, it discounts a bill of exchange on some merchant who has funds at Chicago, and pays him for it, either in New York or by a Treasury draft on Boston. In this consists the whole mystery of banking. The Government exchanges its credit for the credit of an individual, as in ordinary cases the bank does. And, sir, it is curious to remark how much more complete this system is than the first effort of the banking system. The origin of banking was this, specie was deposited, and certificates issued of the deposite, which were thrown into circulation, and upon presentation were paid. The keepers of the specie soon ascertained that these certificates returned in sums and at periods which might be calculated with great precision, and that only a small portion of them were presented for payment. Under these circumstances, the keepers abstracted two-thirds of the money confided to them, and were not detected for eighty years. This was the beginning of banking. The Sub-Treasury system is far more advanced, and the Sub-Treasurers no doubt will be equally skillful with the Dutch directors.

As our monetary system is now and has always been organized, there have been large moneyed and commercial institutions co-operating with private individuals, in conducting the exchanges of the country. The regulation and conducting of exchanges is a matter of infinite consequence in a commercial community, and of fearful influence if confided to direct political control. By the proposed system, you establish Executive agents through the country, who, having command of Government funds, go into the exchange market with irresistible power, and control this great branch of commerce, without risk or responsibility. To this huge banking apparatus, to this unchecked control over domestic exchanges, add to the Government the power of manufacturing paper money at its own pleasure; and will any man say that this is a confederated Government? No, sir, it is a consolidated, money Government, holding its tyrannical court in Wall street; for to Wall street are all its tendencies. It has been said that the United States Bank, established in Philadelphia, has a tendency to centralism; it is said that the banking system of the States, with

a bank in every village and hamlet, has a tendency to centralism; but what is all this to that irresistible centralism which will be given to New York, when, to her present political banking and commercial power, you add the all-absorbing influences of this new machinery, which, operating with the undisturbed force of singleness and identity, brings every thing within her already too powerful grasp?

I cannot but consider, Mr. President, the policy proposed by the Message as the very opposite of the true policy of the Government. We should reform our system, not crush it; we should deal with the circumstances around us, not attempt a new creation. We should not endeavor to effect an entire disruption of the ties which bind up our financial destiny with that of the States and the people, but try to regulate them, for mutual benefit—try to make the banks subserve the just ends of this Government, while they are permitted to perform what the States created them for. It is said that the experiment has failed, and ought not to be again attempted. Mr. President, the great experiment which has failed is that which the country has made with this Administration; that is the fatal experiment, and that the disastrous failure; that is the experiment which it is madness to expect success from. To check and control and contradict and beat down this Administration would effect more for the country in producing the true remedy for its disasters than any thing else that can be done. The remedy which the case requires is confidence. Restore confidence, and you reinstate prosperity; conquer the Administration, and you restore confidence. All its principles of finance have been wrong, violent, and preposterous. All men of property distrust it and its projects. If the great object of the vengeance and acrimony of the Administration, if the reviled and denounced Mr. Biddle were to-day called to the head of the Treasury, in the place of Mr. Woodbury, it would in ten days add more than a hundred millions to the value of the property of the country; it would loosen those immense depositories now locked up in the banks, and send them abroad into the community, it would dissipate like a cloud the gloom from men's minds. It would do all this, because the community has confidence in the wisdom, integrity, and honor of that persecuted gentleman. We need not expect the happiness of such a case as I have supposed, but we may, if we choose, revive confidence by other means—by our moderation; by our caution of entering on new experiments; by avoiding warfare upon the moneyed institutions of the country; by showing that we feel deep sympathy for the sufferings of the community, and are willing to contribute within our sphere to their alleviation, and to take our share of the burden. Above all, sir, let us deal tenderly and cautiously with this most delicate matter of currency; and when we have manifested such a temper and such purposes, confidence will be restored.

## SPEECH OF MR. CALHOUN, OF MASSACHUSETTS,

In the House of Representatives, October 12, 1837—  
On the bill imposing additional duties, as depositories in certain cases, on public officers.

MR. CALHOUN, of Mass., rose and said: An attempt had been made during the discussions of this session to give to the financial system of this country a new character, an impression of novelty, an air of mystification. Gentlemen who had taken a prominent part in the discussions in this hall and elsewhere had spoken of an extraordinary crisis in the monetary affairs of the age, a development of principles hitherto unknown or not acted upon, of a great financial theorem or issue of modern times.

This pretension seems to me (said Mr. C.) to be an arrogant one, if honestly believed; and if not, to be intended solely to cover over some most singular changes of opinion. Whatever may be the truth in this regard, certainly these assumptions have their origin in an undue fondness for theorizing and speculating. I have no antipathy to a spirit of this kind, if kept within proper bounds, and applied to suitable objects. In all that can contribute to human happiness, or that may tend to elevate the mass of mankind, I have the strongest sympathy with those who are philanthropically engaged in pointing out a new and better way, and for the abundant reason that they are giving their thoughts to what, unfortunately, does not attract the universal or even general interest of our race.

But in reference to subjects which are of every day concern, which enter into the constant business of existence, and which form an essential and prominent feature in all the aims and objects of the industry of our country, I cannot but look upon this undue attachment to theory as a sore evil. The subject of finance is peculiarly practical, and minds of a practical cast are almost the only ones that master its details, and meet with success in its pursuit. Whatever pertains to the finances of the country, to its business, and its currency, is better, far better, understood by men whose lives are devoted to that business, by men of large and long-earned experience, than by any mere politicians, however ingeniously or adroitly they may theorize. And certain it is that in this country, and in every country where civilization and intelligence have left their mark, the wisest, profoundest, and most sug-



cessful statesmen have been those who, in their financial systems, have drawn most extensively upon the resources and experience of men of practical business.

The mingling of matters of business and of financial institutions with partisan politics I look upon as the curse—the very evil genius of our country. It is this which lies at the bottom of all our troubles and distresses as a people, and which causes the administration of the Government to be so loudly and emphatically complained against. So long as the politicians continue to drag the business of the country within the vortex of politics, and to make it tributary to their own personal aggrandizement, to their own unpatriotic objects, so long will derangement and distraction reign in both.

We were yesterday asked quite imposingly by the gentleman from Virginia, (Mr. Hunter,) why not carry that system of analysis and induction into finance which has been brought to bear so successfully upon science generally? I have given, I think, the true answer: finance is essentially practical; in all its operations analysis and induction are necessarily and incessantly at work.

With such views, I find no difficulty in determining where to look for guidance and direction in all questions connected with currency and business. There is no safety but in the lessons of past experience. And what is the voice which the experience of our country utters upon this important subject? If we examine our past history, we shall find that our financial system has, for the most part, uniformly worked well, and that nearly all our derangements and embarrassments have arisen from the obtrusive interference of politics and politicians. Legislation has always been necessary in order to give the country a suitable currency. When this has been effected, and the currency has been suffered to take its own course, and to be regulated by the usages and laws of trade practically established and always understood by business men, nothing has ever interfered with or interrupted the steady progress of both currency and business, but some event, rarely occurring, extraordinary in its character, and overwhelming and controlling in its influence. In the conflicts of our neutrality with foreign aggression in the restrictions upon our commerce, and in the measure of war, which form a part of our past history, we find examples of such events. Aside from these, our prosperity has been uniform, except when checked by occasional and short-lived overaction. This latter is a state of things not of very frequent occurrence, which usually subsides rapidly under the unflinching operations of the laws of trade and the principles of a just political economy. With these exceptions, I repeat the important lesson derived from our past experience, that all our troubles and annoyances have originated in the unhallowed connexion of politics and business, for purposes of momentary triumph to the former, and with disaster to the latter.

We come to the great question which runs through the discussion of all the measures proposed to us at this extraordinary session. What is the cause of the embarrassments which have now so long afflicted the country?

We are told by the President, in his recent message, that the true cause is *overaction*. I object to this position, that, instead of being the assignment of a cause, it is simply a statement of the fact in another form. The country has suffered, and is still suffering, from *overaction*; that is, from overtrading and overspeculating. And the only question which can sensibly be asked or answered is, what has caused this overaction; to what is it attributable? Are we to seek its origin in the abandonment of those wholesome laws of trade, to which I have already referred, by the practical and sagacious business-men of the community, or is it to be found in the measures of the administration affecting the national currency? What induced the hordes of anxious speculators to precipitate themselves upon the great public domain of the west? What induced another class of adventurers to take advantage of the boon proposed by the Government in the extraordinary, and, in some cases, most indecorous and servile scramble for the public money? What induced the unusual increase of banks, on a sudden, and in defiance of that cautious policy which had

so long characterized the country in the asking and granting of bank charters? What induced the general rush into the business of trade and commerce, and the undue importation of foreign commodities? What induced the anomaly which we have all witnessed and wondered at—an extravagant demand for every thing, at extravagantly high prices, and money at the highest and most ruinous rates?

Unless the true cause can be ascertained for the evils which have so long disturbed the prosperity and deranged the business of the country, it is obvious that those evils cannot be remedied effectually and permanently. If simple overtrading be the cause, that has not unfrequently occurred, and has always readily yielded to the suggestions of prudence and ordinary sagacity. Indeed, overtrading never causes more than temporary embarrassment. If nothing affected our general system now but mere overtrading; if our financial system were not radically and deeply disordered, the discontents and distresses of the country would long ere this have passed away. No one has the assurance to assert a pretension of this kind.

Under the operation of a bad, disjointed, dislocated financial system, permanent prosperity cannot revisit the country. An apposite illustration of what I deem to be the truths now laid down may be seen in the present condition of England, to which reference is made in the President's message.

The President looks upon the state of things as substantially the same in both countries. "The causes of the revulsion in both countries have been substantially the same." Such is the language of the message. But, by a singular fatality, the President ventures to express a truth, within the compass of the same paragraph, which effectually overturns the fancied analogy in the causes of the revulsion in the two countries. "The most material difference," (I quote the words of the message,) "between the results in the two countries has *only* been, that with us there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments, occasioned by the suspension of specie payment by the banks." Why did not the President carry his thoughts one step farther; why did he not see that the causes which led to this suspension of specie payment, thereby producing the acknowledged "derangement in the fiscal affairs" of this country, constitute absolutely the whole that is material to the subject, and the whole difference between the revulsion here and that in England? The monetary system in England has not, as a system, been affected at all. Here the monetary system has been changed entirely. Or rather, to speak more accurately, here we have been shifted from one system to another—upon the explosion of one experiment, betaking ourselves to another—until we have at last arrived at the proposition immediately before us, the sub-treasury or divorce bill, under which we are to dispense with all system. This is what is wanted before us as the great theorem or issue of modern times.

Let it be the revulsion in England and in our own country had been, as supposed by the President, substantially the same, how happens it that whilst he was busied in penning his message, the revulsion in England should have subsided, and business have resumed its place? That such is the fact, all accounts now agree. And no well-informed person can hesitate as to the cause of the embarrassments in England, growing, as they notoriously did, out of the connexion with American trade. The President indeed avers in the message "that the issues of paper credits put in circulation in England by banks and in other ways during the years 1834, 1835, and 1836, will show an augmentation of the paper currency there, as much disproportioned to the real wants of trade as in the United States." But the President gives no authority for this opinion. And it conflicts most glaringly with official, and therefore authentic, statements, furnished by the Bank of England, and by all the other banks, of every description, upon this subject. From these statements, it appears that the whole amount of circulation of the kind referred to in the year 1834 was £23,563,000; in 1835, £23,519,000; and in 1836, £28,875,000; showing an increase of circulation, in the three years designated by the President, of only a little over three hundred thousand pounds;

whilst, in this country, within the same period, the bills in circulation had increased *forty-five millions*; and the loans *one hundred and thirty-four millions*. The difference thus strongly marked between the two countries arises from the fact already stated; a fact which cannot be too often repeated—that in England the financial system has not been affected as a whole; whilst in this country the financial system has been absolutely overturned. And hence has arisen the difference in the results between the remedies applied in the two countries. If we apply to a disordered and revolutionized currency a remedy, as suggested by the President, applicable only to a state of overaction, it will turn out to be inefficacious. We already see that such a remedy is utterly inefficient. The disorder remains. The taint is upon us. How can successful business be resumed without a sound currency and a healthful system of exchanges? How can the country go on without the vigor of a permanent and accredited financial system?

The causes of the embarrassments of the country do then force themselves upon us in a way not to be resisted. They are written all around us in sunbeams. They are neither to be evaded nor escaped from. They are impressed upon the country in broad lines from end to end. Every man of business in the land bears the marks of them. At morning, noon, and night, when we lie down and when we rise up, they are ever and most disastrously present to us. They are distinctly traceable to the change, to the entire revolution, of which I have spoken, in our financial system. The bankruptcy of the Government the bankruptcy of the country, lie at the door of the politicians, who, for their own sinister and selfish purposes, have brought that system, the currency and the business of the country, into the arena of political warfare. Here, in my estimation, is the root of the evil.

Look back at the experience of our past history, to which I have heretofore adverted, constituting the true test, in a special manner, of all financial changes. What do we learn in the pages that immediately precede those which are to record this new theorem of modern times, this entire disruption and scattering of a currency which had carried the country along successfully and prosperously. I ask you, Mr. Chairman, to look back at the period of twelve years which preceded the late Administration, comprising the whole time of service of President Monroe, and that of my venerable colleague, (Mr. Adams.) In the year 1816, there were *two hundred and forty-six* banks, with a capital of nearly *ninety millions* of dollars, and a circulation of about *sixty-eight millions*. In 1820, there were 368 banks, with a capital, including the United States Bank, of *one hundred and thirty-seven millions*. In 1830, there were *three hundred and thirty* banks, with a capital of *one hundred and forty-five millions*, and a circulation of *sixty-one millions*. During the whole period, then, from 1816 to 1830, being *fourteen years*, there was an increase of *eighty-four* banks, with an increase of *fifty-five millions* of capital; of which *thirty-five millions* belonged to the United States Bank; but, at the same time, there was a *diminution of circulation* from *sixty-eight* down to *sixty-one* millions.

Such was the state of the banking system under Mr. Monroe and Mr. Adams. At the commencement of this period, there was great embarrassment all over the land, similar to that which now exists. In 1816, a national bank was chartered. In commencing the operations of that bank, there was much bad management, and the consequences were unfavorable to the business of the country: but these difficulties soon disappeared under the superior skill of new managers. And the whole period was marked by unusual commercial prosperity, although unfortunate cotton speculations, and the agitation of the tariff controversy, were distinctive features of it.

It is remarkable, too, that, during this period, no complaint whatever was uttered, from any quarter, against the currency or the banking system. The business of the country went on without interruption, except from occasional ill-judged speculations or over-trading, leaving no distinctive mark, except as matter of historical remembrance. In addition to this, and as confirmatory of it, another remark may be made, that the financial system was kept entirely detached from the politics of the country;

the politicians interfered not at all with it; and its course was therefore an undisturbed one, answering the great purposes of all financial systems, benefiting the people, promoting industry, awakening well-directed enterprise, and therefore reflecting credit upon the Government.

Immediately upon the close of the period embraced within the comments I have now submitted to the committee, a new order of things arose. The country was in a state of unequalled tranquility in all its prominent interests. The excitements of party had been, and continued to be, animated and bristling: but the business of the country was successfully pursued in all its accustomed channels. But, with a new administration, new men had found their way into the public councils. Adventurers were numerous: the appetite for distinction, for office, but more especially for money, became unappeasable. Politicians rose up in myriads of swarms. If the present moment would not suffice to provide them with the claimed rewards and spoils of victory, the future was drawn upon; and partisanship scented its prey in every avenue and by-path that led to game to be run down. Thus was the field of political aspiration immensely widened. Within the great vortex of party politics were absorbed, one after another, all the great interests of the country. Nothing escaped that could by any possibility minister to the hopes or the cupidity of politicians. And thus was it that the business interests, the financial systems, the moneyed institutions, gradually and successively fell before the destroyer. Each and all surrendered, or were trodden down beneath the tread of the political war-horse. In this way was prostrated the United States Bank. For the purposes which I have now indicated to the committee were the public moneys of the United States wrrenched from their legal depository, and thrown down at the feet of the politicians.

These events, the first in that train of measures which have led to the existing embarrassments of the country, occurred about four years ago. Against these measures, in their inception, my venerable colleague (Mr. Adams) raised his warning voice. Intimately connected as he had been with the preceding policy of the country, well might his judgment be taken as oracular. Unfortunately, it was disregarded and set at naught.

And what was the progress, what were the consequences, of these measures; especially of the transfer of the public moneys to the new league or coalition of State institutions? A general movement was made to obtain a share in the division and distribution. The appeals which were made to the Secretary of the Treasury, to be made "fiscal agents" of the Government, are many of them spread out upon our legislative records; and they evince, in too many instances, a cringing servility, at war with all just ideas of republican dignity and independence. The removal was effected under the dictation of that extraordinary man who has but recently descended from the Presidency. The public moneys were distributed throughout the country; and, under the repeated injunctions of the Treasury Department, founded upon the instructions of the President, which I shall not stop to collate or refer to more particularly, the chosen banks were directed to use those moneys for the public accommodation, in every variety of way. And so were they used; they were carried into every branch of business, regular and speculative. They were absorbed in the speculations in the public lands; they formed the nucleus for the erection of new banks; they were sought after with avidity by partisans; they found their way wherever money can go, and for all purposes to which money can be applied. In the general scramble for the means of speculation, bank rose into existence upon bank, and incredible was the rapidity with which these moneys, performed their circuit through the routine of banks, land offices, and the counters of the receivers.

And what is the exhibit which sober and undisputed facts present to us, of the state of our financial affairs within seven years from the close of the period of which I have already given an account? The report of the Secretary of the Treasury has been placed before us, furnishing an ample view of the banking institutions of the country up to

December, 1836. From that report we learn that at the latest period to which the report is brought down, there were 823 banks in the country, including 146 branches; and that the capital amounted to more than *three hundred and seventy-eight millions*, and the circulation to more than *one hundred and eighty-five millions*. Here is an increase, in a little less than seven years, of nearly *five hundred banks*, of more than *two hundred and thirty-three millions* of capital, and of more than *one hundred and twenty-four millions* of circulation. There are now considerably more than twice as many banks as there were in 1830, nearly three times as much capital, and more than three times as much circulation.

This increase of banking facilities, for which it would be difficult if not impossible to find a parallel, commenced immediately after the first attack upon the old and long-accredited financial system of the country. But the larger growth of this rank crop of banks was subsequent to that revolutionary measure, the removal of the deposits. The banking capital created within the last seven years is greater than all the banking capital created during the whole anterior period of our history. How could such a state of inflation and excess long exist, without being felt through every part and parcel of the business of the country? Shall we be amused with speculative notions about overtrading, when an exhibit like this is staring us in the face? If the President wishes for an example of the *over-action* of which he speaks in his message, here it is—the concomitant and consequence of that fatal measure, the transfer of the public funds, to which he gave his strenuous counsels and advice. If over-action, over-trading, over-speculation ever existed, they are to be found in this inflated, over-charged, and now exploded system of banking, which the counsels and instructions of the last and present Administration of the General Government substituted for the system which preceded it. I do not intend to say, or wish to be understood as implying, that this extraordinary course of measures was entered upon with a view to the result now manifested. It is unnecessary to take this ground, could it be maintained. I impeach not motives. I inquire for facts. With these facts, well authenticated, I go wherever truth will lead me. No one, it seems to me, can shut his eyes upon the fact, the pre-eminent fact, that here, in this inordinate stimulus to banking—this furnishing of means without stint, limitation, or caution—is to be found the *cause* of the excesses which have been indulged in; of the *over-action* which has gorged every channel of business; and of the disasters which have bowed down the country under a yoke too heavy to be borne.

A member from Ohio (Mr. Hamer) has said that the foreign debt, which he estimates at thirty millions, together with the distribution of the surplus revenue, are, in his view, the true causes of the troubles which have afflicted the country. And he asks, with an air of triumph, did General Jackson, did Mr. Van Buren, did the friends of the past or present Administration, either or all of them, induce that debt to be incurred? I answer, unhesitatingly, because I answer upon the solid foundation of facts, *they did*, each and all of them. Has that gentleman examined the course, the progress, of that debt? I apprehend, if he had done so, he would have discovered some facts sufficient to lead him to doubt the policy of some measures of the last few years, to which he has given, if I mistake not, his vigorous aid. During the year in which the celebrated tariff compromise bill was adopted, the imports of free goods into the United States amounted to about *sixteen millions* of dollars. According to the last annual report of the Secretary of the Treasury, giving statements of the commerce and navigation of the country for the last year, the amount of free goods imported had risen in their estimated value to more than *ninety-two millions* of dollars. During the same year, the whole imports, of every description, amounted to nearly *one hundred and ninety millions* of dollars. The import of goods "free of duty," therefore, was equal, very nearly, to one-half of the whole importation of the year: and the difference between the imports and exports was over sixty-one millions—the balance of the former over the latter.

Now, how will the gentleman from Ohio account

for this extraordinary increase of goods imported "free of duty," within the short period of about three years, upon any other ground than that of the incessant attacks which have been annually made upon the compromise bill? It has been the policy of the Administration to take off the duties from all goods, the importation of which, it was supposed, would not directly interfere with the products of American industry. But the *indirect* interference does not seem to have been cared for. This has induced the importer to glut the American market with cheap foreign fabrics and products: and the direct attacks which have been made upon the system, from year to year, have had a tendency, at the same time, to paralyze our own manufacturers. And then, striking in unfortunately with this policy, there has been the extraordinary facility for obtaining means and credit to carry on the foreign trade, since the removal of the deposits: for since that event it is that the principal part of the enormous increase of free goods imported has taken place. I repeat, then, that the foreign debt has been incurred under the inducements held forth by this incautious policy of the Administration. And thus it is that the overtrading of the merchants, about which so much has been said, and so vaguely said, too, lies at the door of the past and present Administrations, and is traceable, with great directness, to the breaking up of our old financial system.

I find myself fully sustained in the view which an adherence to facts compels me to take of the causes of the existing disasters, by a recurrence to a very absorbing and interesting topic—the sales of the public lands. For a considerable number of years anterior to the removal of the deposits, the income accruing from the sales of the national domain averaged, annually, not more than two millions of dollars. Immediately upon the great change effected by that extraordinary measure of General Jackson, we find a rapid and startling increase in those sales; so that in the three years following that event, the increase from this source amounted, on an average, to *fifteen millions* a year. In the year 1836, the amount was considerably over *twenty millions*. The proceeds of the sales during the period which intervened between the removal of the deposits and another great event, the distribution of the surplus revenue among the States, were more than equivalent to the whole amount set apart for deposit under the provision of the distribution act.

The committee will see, therefore, that but for the impulse which was given to the spirit of speculation by the transfer of the public funds from their legal depository to those points from which money accommodations were advisedly urged upon the public, no surplus revenue would have accrued for distribution. But as soon as the public funds were withdrawn from the influence of that financial system which, through all the reverses consequent upon over-trading and over-speculating, had kept the machinery of business steady and well-ordered, are volition followed, which disjoined every thing, diverting business from its fixed orbit, and giving a wild and erratic play to that headlong mania for speculation, which absorbed all and controlled all, until itself finally exploded. Nor is it to be concealed, nor can it be denied, because the records of this house bear the proof, that the politicians, the partisans, were most eager, most importunate in pursuit of those means of speculation.

Nor can it be irrelevant here to remind some members of the committee, especially the gentleman (Mr. Pickens, of S. C.) who opened the debate upon the bill immediately before us with so much earnestness and vehemence, that, from the statement I have now made, it follows, most conclusively, that the tariff system is not to be held accountable or chargeable as the cause of the extraordinary surplus so universally and so justly deplored. Such an opinion has been advanced, over and over again, and is relied upon as furnishing a stable reason for frittering away, in detail, the good effects contemplated by the celebrated compromise. I have already commented upon the facts, which show indisputably the impolicy of that attempt to interfere with the just operation of that compromise. That impolicy is still more convincingly manifested by the facts, now presented to the committee, which point to the true origin of the

surplus revenue. The public domain has been the great field of speculation; and the excessive banking, consequent upon the removal of the deposits, and principally warmed into existence by that measure, has poured forth the overshadowing means by which that speculation was conducted.

I am still farther fortified in the position I have taken, and the opinions I entertain concerning the causes of the embarrassments of the country, by a consideration of the effects of the immense importations of specie, which have been the theme of so much self-glorification. It is unnecessary here to inquire into the necessity for an ample specie basis for the circulating medium of the country. Such a basis is indispensable, and never can, without criminal neglect, be overlooked by any prudent and watchful administration of the Government. But the idea of forcing a circulation of specie in any one country, whilst the supply of the precious metals for all is extremely limited, cannot be sustained for a moment upon any sound notions of public economy. A circumscribed medium exclusively of specie may be imposed and carried out perhaps, but it must be at the risk of sacrificing or overturning the great business interests of the country, and of throwing the limited business that may remain into the hands of a monopolizing few.

The excessive importations of specie by the last Administration, at a time when the balance of trade was largely against us, and a very large foreign debt was outstanding, militated most strikingly against all the acknowledged laws of trade. And this, in connexion with the Treasury order, or specie circular, as it has usually been termed, hastened the approach of that financial crisis, which, without the powerful and electric aid of these causes, might have been longer postponed, but, in all probability, could not have been avoided. The drain of specie from the east deeply affected all the operations of business, which are there concentrated; and the fountains of our whole system were thus broken up. Vast as have been the importations of specie from abroad, did that specie enter into the circulation of the country? Were the promises concerning it at all fulfilled? Have not those promises long been the by-word and jest of the scorner? And are not the precious metals banished from among us, so far as the purposes of circulation are concerned?

This was most certainly true long before the crisis arrived. Instead of enlarging the circulating medium of the country in any essential degree, the imported specie was employed most extensively in forming the basis of new and increased banking operations. And thus, what was probably well intended, theoretically, by the Government, operated to defeat the very object which the Government professed to have in view. We are not to forget, however, that this very rage for banking, which in this manner so sadly crossed the path of the late Administration, grew up under the fostering and nurturing of its own measures. In this fact, we have an illustration, that ought not to be lost upon us, of the extreme hazard which is always incurred by a violent and uncalled for interference with a subject so sensitive and delicate as the currency of a country.

I have now gone through, succinctly, the consideration I intended of the causes which have conspired to bring the country to its present disastrous condition. I am unable to avoid the conclusion—to my mind it is as ready as it is irresistible—that these causes have led directly to that *over-action*, which is the genuine manifestation or development of the disease with which the country is afflicted. And what has been the result? What has been the winding up of that long train of measures, violently entered upon and energetically pursued, which must, in all time to come, hold up Andrew Jackson to the country as no ordinary man? The result is stamped upon the country in deep and broad traces. The winding up of this experiment of a new and better currency has engulfed Government and people in one common bankruptcy. The causes, of which I have spoken, opened throughout the land a boundless field of credit, accessible through myriads of avenues to the lowest and obscurest spots. Every description of business felt the effects of this overshadowing credit—to such a

degree, indeed, that, during the period to which I have referred, the amount of all kinds of transactions has been estimated to transcend *five hundred millions of dollars*. And when, at length, the experiment ran out, and the catastrophe came, the country was found, and still remains, with its commerce prostrated, industry at a stand, the banks unable to redeem their bills, and the Government rich only in unavailable means.

The Government and the people being thus alike embarrassed and paralyzed, it would seem to be the dictate of ordinary wisdom that they should make common cause, and breast themselves together against the storm. Especially would it very naturally be expected of the Government that they should not abandon the people, and seek to find refuge and safety for themselves alone. Their measures having prostrated both in a common calamity, the country had a right to look for peculiar favor in any contemplated schemes of relief. The measures which have brought about this deplorable state of things were never asked for by the people. They never petitioned for a change in the financial system of the country. They never even complained of the operation of that system. As far as their opinions and wishes can be gathered from the representations of their agents upon this floor, in this house of the people, they were contented with things as they were. It is historically true, that all the remarkable and extraordinary measures on which I have commented, met, when proposed, the signal rebuke of the representatives of the people. The two measures most decisive, effective, and revolutionary in their character and tendency—the removal of the deposits, and the Treasury order, or specie circular—have never obtained any favor within these walls. They have been sustained, and the latter is still sustained, against the will of the people. Emphatically is this true, and not to be denied.

With what face, then, can the Government seek relief, to the exclusion of the great mass of the country? Why shall those who have devised, counselled, advocated, and adopted the measures which have resulted in a depreciated currency, be relieved from the inequalities of that currency; whilst the people, who, to say the least, have been passive in regard to those measures, are left alone to reap and enjoy the harvest of their bitter fruits?

But it is said that two of the bills before us are specially intended for the relief of the country: the one authorizing a farther postponement of payment upon duty bonds, and the other to adjust the remaining claims upon the late deposite banks. If there be relief in these bills, it is obvious to remark that it is extremely limited in its scope. But whose is the sole interest to be secured, if it can be secured, by these bills? Is it not the Government's? By pressing its debtors, the merchants and the southwestern banks, the Government may lose all; by granting an extension of time, all may be saved.

The Committee of Ways and Means have reported three bills, in conformity with the recommendations of the Executive, and growing out of the relations of the Government to the disasters which have befallen the country. The first proposes to postpone the fourth instalment of deposit with the States; the second authorizes the issuing of ten millions of Treasury notes; the third is a bill to impose additional duties as depositories on public officers. The operation of all these bills has distinct reference to the Government. The same committee also reported a resolution, declaring it "inexpedient to charter a national bank." I was debarred from the expression of my opinions upon this proposition, after having risen to address the house, by the operation of the previous question—that convenient piece of machinery to check debate, but applied so only in this the freest Government in the world. That proposition is one of the three connected with the great question of the currency, to which our attention has been directed. I voted against it distinctly upon the ground of its being bald and abstract in its terms. I voted against it upon another ground—because it negated the only wishes or opinions which have come before us by petition from the people. We have the sub-Treasury schemes suggested to us by the President; we have a new modelling of the deposite

bank system presented by a member from Virginia, (Mr. Garland.) The proposition for a national bank finds its way to us only through numerous and respectful petitions. I am unwilling to thrust aside unceremoniously a proposition to which the people have invited our attention. I should be unwilling to dispose of any scheme, even that of the sub-Treasury, in so summary a manner. I would receive and entertain all of them; I would reject no one, until it was laid before us in proper form and features, that we might examine it in its practical details, and judge of it with precision. I know not that I should vote for a bill to charter a national bank. I have no constitutional difficulties in regard to it; but I should seek to have it well guarded and secured at all points, especially, as far as possible, against the machinations of partizan politicians—the root, the fruitful source, as I verily believe, of all the troubles that afflict the country.

But, Mr. Chairman, the Administration having determined to shape their policy, under the new and extraordinary circumstances of the country, with special reference to themselves and to their own distinct interests, let us look at the measures suggested for our consideration.

We have a bill to postpone the fourth instalment of the surplus revenue. I opposed that bill in the committee. I shall record my vote against it, in whatever shape it may come up. In the present condition of the country, the payment of that instalment, amounting to nearly ten millions of dollars, would operate to that extent advantageously to the people. I am unable to see the necessity for the postponement. I have carefully examined the report of the Secretary of the Treasury on the finances; I have examined all the subsidiary and "verified" statements that have been laid before us from various quarters. If the deficiency supposed by the Secretary were susceptible of clear proof, that proof ought to be on our tables. I have not seen it. If it exist, it can be shown by that which does not lie; it is a matter of figures. I shall not follow the steps of the gentlemen who have addressed the committee in this particular, by going into the details upon this subject. The task is irksome. I agree fully with most who have preceded me, that a clear case has not been made out by the Secretary. No one can doubt that the Treasury is in an embarrassed condition; the mismanagement of the finances and the disruption of our whole system could not but throw our exchequer into utter confusion. That is the evil under which we are laboring. Confusion reigns through every department of finance and business. Hence arises the unintelligible exhibit which has been made by the Secretary. In the deposite banks there remains a balance greater than the amount of the fourth instalment. Very many of the States could and would make an arrangement with those banks for their proportion of that instalment, which would be beneficial to the banks, satisfactory to the States, and tend to the relief of the Government. To these States, which, from their relative position, could not enter into such arrangements, drafts, in the language of the Secretary, "drawn, but not yet paid, though payable," and therefore, in the view of the Government, equivalent to specie, would fully answer the purpose. In whatever light I regard this subject, it seems to me to be demanded, by every consideration that can enter into a sound and just policy, to pay over the fourth instalment to the States, even at the hazard of some inconvenience and even sacrifice.

The bill to authorize the issue of Treasury notes to the amount of ten millions I oppose; because I deem the proposition, if not unconstitutional according to the recently-avowed opinion of General Jackson, certainly fraught with the greatest hazard, and of dangerous tendency as a money measure or experiment of the Government. It is a bad precedent to establish: it has once only been resorted to in the history of the past, and then in the extraordinary emergency of war. It is a scheme which furnishes too great facility for money-making to any Administration. It is a power too easy to be perverted; and the exercise of it is inconsistent with the simplicity of republican institutions. Surrender this power as a matter of ordinary legislation; con-



nect with it the proposed system of sub-Treasuries, designating the kind of currency which the Government is to demand, and you fix upon the country at once a Treasury bank in its worst form. I cannot shut my eyes upon the suggestion which has been made in another branch by a distinguished and now willing advocate of all these measures, that the Government ought to provide for an emission of paper money, declaring his opinion, at the same time, that convertible paper does not constitute a suitable currency. I believe the same opinion has been avowed during the debate in this house. Such a proposition would carry us back at once to the old continental money: so monstrous a proposition shows most convincingly the dangerous career we have before us, in consequence of departing from a financial system that had been reared upon the foundation of a long and successful experience.

I have voted, sir, in favor of an amendment to the Treasury note bill, to authorize the Government to raise, by loan, such sum of money as the actual wants of the Treasury demanded. That is the mode of raising money which the constitution has designated. "Congress shall have power to borrow money on the credit of the United States." I see no reason for departing from this plain requisition of the constitution. I see every reason, in the avowed and obvious disposition of the Government to resort to experiments, why we should adhere strictly and guardedly to such a requisition. I repeat, sir, that I am willing to vote for any sum of money that shall be needed to relieve the Government from its embarrassments; but I am not willing to do so in any way but that which shall be clear, safe, and in accordance with the letter and spirit of the constitution.

The sub-Treasury scheme, or bill imposing additional duties as depositories on public officers, is confessedly the leading and distinguishing measure of the session. It has been characterized, and, I think, justly, as a proposition to detach the interests of the Government from those of the people; to give to the Government a "better currency," and to the people such a one as they shall feel willing, or be compelled, to content themselves with. This representation, I know, has been denounced, as if it were intentionally used as the watchword of party. Were it really such, I would freely join in the denunciation. But I look upon it as accurately descriptive of the bill. Such are the whole tenor and scope of it; and the only way in which, under the operation of this measure, there can be a community of interest and of feeling between Government and people, will be by the universal adoption of the same scheme. When that event occurs, we shall have arrived at the much-talked-of age of an exclusive metallic currency. If this measure shall receive the sanction of Congress, and pass into the solemn form of a law, the conflict will be but commenced between the system to which the country has been accustomed from the earliest days of the republic, and that system which bears upon its front the baptismal name of "untried expedient." It is plain to suppose that this whole people will quietly and unrepiningly witness the exhibition of their own servants in the indisputed enjoyments of a high privilege, and themselves excluded from all participation in it. A stormy and wrathful contest will arise, upon which, even as a fancy sketch, no patriot can look with composure. Sir, I cannot join in the crusade, which the adoption of this measure, as the settled policy of the Government, cannot but beat up against the long standing order of things. I will not consent ruthlessly to pull down an ancient institution, until I can be convinced that the substitute for it shall better answer the purpose. I am contented, nay, anxious to reform, where reform is necessary; but I cannot yield to what I feel confident must be the effect of this bill, if carried through to its outside purposes. I cannot agree to destroy.

This, then, is the stable and firm ground upon which I plant myself in opposition to this sub-Treasury scheme. Carried out into all its consequences, the effect of it must be, to change the framework of society; to revolutionize property and business; to reduce the former indefinitely, and most essentially, and to withdraw the latter into the hands of the few; to circumscribe, and almost to obliterate the field for enterprise; to paralyze credit; to deaden

the vigorous arm of industry; and finally, and in one word, to give to wealth that ascendancy which nothing but free competition can break down, and to make poverty hug its chains more closely. Whilst the tendency of this scheme must be to give superior and unjustifiable privileges to wealth in large accumulations, and necessarily to make the poor poorer, the blight and mildew of it must fall in a special manner upon that immense mass of our community, which, I would to God, were the one and only mass—the men of moderate property, and of enterprise chastened and well regulated.

Mr. Chairman, I will not dwell upon the numerous objections which are urged against this bill, with great force, as a matter of business. Its insecurity forms of itself an abundant reason why it should be distrusted and repudiated. The placing of public funds in the hands of individuals for safe-keeping or disbursement, leads the depository into that temptation from which every prudent man should pray to be delivered. The importunities of friendship alone have, through this means, dragged down many an honest name to the dust. The field of such temptation should be hedged in as much as possible, not enlarged. Gentlemen have referred already to sad cases of defalcation from this source in several of the States. The Commonwealth from which I come is not without this stain upon its history. And what is the experience which the records of one department of this Government have recently furnished? Within the last eight or ten years, over eighteen hundred instances of defalcation are officially reported to have occurred in the Post Office Department. Who does not know that most or all of the motives in the way of temptation either do not operate at all, or to a very limited extent, in regard to funds entrusted to corporations? Sir, these are considerations which ought to address themselves with great seriousness to wise and discreet statesmen.

The necessary increase of Executive patronage is also a solid objection to this bill. Such patronage, operating upon the individual, is always dangerous. The state of public sentiment in this country points with singular significance to the sober truth, that such patronage "has increased, is increasing, and ought to be diminished."

Mr. Chairman, I pass to the leading objection to this bill, which I am compelled to dispose of briefly, in consequence of our being very nearly at the last stage of the deliberations of the session. This bill denies in the face of the country the obligation on the part of the Government to furnish a sound system of currency and of domestic exchanges. The doctrines of the message upon this point are entirely new. But they are new, only because the Government, or rather the Administration, instead of wisely retracing their steps, are determined to go on with their experiments; and surely it cannot be strange that these experiments should interfere with the provisions of the constitution as well as with the prosperity of the people. The Administration having resolved by this measure to detach their interests from those of the people, it necessarily follows that the interests of the people are not to be cared for or provided for. The constitution has declared that Congress shall have power to regulate commerce between the States. Congress has always heretofore made such provisions, or attempted it, by establishing what has been deemed a sound currency, and with it, and dependent upon it, a healthful system of domestic exchanges. The opinions of all our statesmen, of all parties, from the foundation of the Government down to the present dynasty, have coincided upon this subject. And yet, we are now told that the Government might as well be called upon to convey the merchandise of its citizens from one point to another, as to regulate their internal commerce. Such are the absurdities to which we are reduced by a spirit of theorizing and a fondness for experiments. In support of these novel and unheard of notions, the example of the States of Europe is referred to; and their usages are marshalled before us against an express provision of our constitution, and the unbroken practice of the Government and country. Sir, who and what are we, that we are thus called upon to abandon all our experience, every lesson of our history, and to lay ourselves down at the feet of the monopolists and autocrats of Europe? We differ from the whole of

them, individually and collectively; and I desire to thank God that we do so. We stand upon the solid platform of free institutions; we live only in the free hope that is given to labor, and industry, and competition. We are a confederacy of sovereign and independent States—many in number—and differing in our local institutions, arrangements, and usages. And are we to be referred to the single and consolidated arm of power in the States of Europe for business example and currency precedents? It is this peculiarity in our political fabric which led the statesmen of the revolution to make the provision in the constitution to which I have adverted; it is the same peculiarity, distinguishing us from all other States, which has led all our statesmen until now to conform to the wise forethought of those sages and patriots.

Sir, I will not trouble you by recurring to the opinions of the older statesmen. I will only refresh your recollection by adverting to some of more recent date—to opinions that have been uttered within the last four years. What does Mr. Taney say in one of his reports concerning the State or deposit banks? This is his language: "They are providing a general currency at least as sound as that of the United States Bank, and will afford facilities to commerce and in the business of domestic exchange quite equal to any which the community heretofore enjoyed." Again, he uses strong language—language free from all doubt—when he declares of the same banks that "they are competent to perform all the services which the Government ought to require, and to afford all the facilities to the internal commerce and exchanges of the country, which have been claimed from the Bank of the United States."

I offer but one opinion more—that of the late President Jackson in that celebrated paper which was "read to the cabinet." Who will doubt the meaning of this passage—"It should also be enjoined upon any banks which may be employed, that it will be expected of them to facilitate domestic exchanges for the benefit of internal commerce?"

These are excellent opinions; but they were most unfortunately applied, as our sad experience every day is showing us. They indicate the firm convictions of those who uttered them; and they correspond with all the opinions of past time upon the subject until now. Sir, the business of this great country cannot be carried on—it is monstrous to suppose it can be—without a sound general currency and a well-regulated system of domestic exchanges. These are indispensable. They are equally necessary to the man of large business and to the man of limited operations. Remittances are made by every class and almost by every individual in the community. How can they be made without a general and universally accredited currency? I declare to you, then, my unshaken conviction that the people will not countenance the system you propose in this bill. They will not consent to be cut off from these indispensable requisites of good business and healthful prosperity. They will not suffer their best interests to be sacrificed in order to gratify your unmanly attachment to impracticable experiments. They will demand of you, they are already demanding of you, that you retrace your steps.

Mr. Chairman, before concluding, I feel bound to notice some remarks which fell from the member from South Carolina, (Mr. Pickens,) who opened this debate. That gentleman thought proper to make an attack upon northern labor; and, by way of retaliation upon "Northern Abolitionism," proclaims his intention to "retort the preaching of insurrection;" and the text which he takes is "the universal emancipation of northern labor from northern fraud and duplicity." He represents the banks and corporations of the north as engaged in "enslaving and subjecting the laboring class." And he, a slaveholder, proposes to erect the standard of insurrection, and to draw thereto the laborers of the north.

Does that gentleman understand what is meant by the labor of the north? Does he deem it an instrument which he can wield to carry out his purposes of sedition and insurrection? Let me tell the gentleman that the laboring classes of the north comprise the whole population of the north. The great rule of existence there is labor, and only

labor. I would like very well to see that gentleman advancing upon the north with his insurrectionary intentions. It would gratify me much to see him at the head of his new-raised cohorts, with his banners floating upon the breeze, and, under the inspiration of martial music, marching forward "to preach the universal emancipation of northern labor from northern fraud and duplicity!" The holder of slaves at the South, preaching insurrection to the honest, intelligent, and independent laborers of the north! It would be an exhibition worthy to attract more than the gaze of curiosity.

Sir, the gentleman misunderstands the character of our institutions, the character of our people, the character of our labor. If he will come to the north, I will gladly introduce him to our farmers in their fields, to our mechanics at their benches, to our manufacturers at their looms. He will find them a body of men able and ready to explain to him what is meant by northern labor, and what is the character of northern institutions. He will find them full of general intelligence, possessed of a perfect knowledge of their own rights, and prepared to maintain them. Let me tell the gentleman he will not find them very patient listeners to his "preaching of insurrection." He will not find them flocking to the standard of a slaveholder, as he proclaims to them the way to "universal emancipation from northern fraud and duplicity."

Sir, the gentleman misunderstands the nature of our banking institutions and other corporations, as much as he does the character of our labor. They are not engaged "in enslaving and subjecting the laboring class." They are themselves the laboring class. The men of business of the north, the men who manage and control all these institutions, are the great middle class of society—the men who, by their own industry and intellect, have made themselves what they are. The banking institutions are owned not by the great capitalists, but by the active, thriving, and energetic men of business. The proprietorship of these institutions is, for the most part in the hands of the men of moderate property, of females, of orphans, of charitable societies. I do not stand here as the apologist or the advocate of banks. Much, very much, they may have done wrong. They are in the hands of the people at all times, for regulation and reform. Sir, I will not detain the committee, but I cannot avoid asking permission to read a passage from a letter of a distinguished personage upon this subject, which expresses, better than I can do it, what I deem to be the truth upon this subject. The letter was addressed to the Chairman of the Committee of Ways and Means, of the Congress before the last.

"If there were no State banks, the profitable business of banking and exchange would be monopolized by the great capitalists. Operations of this sort require capital and credit to large extent; and a private individual in moderate circumstances would be unable to conduct them with any advantage. It is proper that the business of banking and exchange should be open, as far as practicable, to the most free competition, and its advantages shared by all classes of society. Individuals of moderate means cannot participate in them, unless they combine together, and, by the union of many small sums, create a large capital, and establish an extensive credit. It is impossible to accomplish this object without the aid of acts of incorporation. The incorporated banks, moreover, under proper management, will offer a safe and convenient investment of small sums, to persons whose situations and pursuits disable them from employing their money profitably in any other mode.

"No commercial or manufacturing community could conduct its business to any advantage, without a liberal system of credit, and a facility of obtaining money on loan, when the exigencies of business may require it. This cannot be obtained without the aid of a paper circulation, founded on credit."

This is the language of the present Chief Justice of the United States, when Secretary of the Treasury; and here I leave the banks.

Let the gentleman from South Carolina proceed in his insurrectionary project against the labor and the institutions of the north. He looks for aid from the operation of this sub-Treasury scheme.

It might aid him, it is true; but with whom, that is sound hearted, will that consideration recommend the scheme? Let the gentleman proceed. He will return from the campaign mortified as well as instructed. His purpose is vain; his threats are impotent. As well might he attempt a crusade against the grave-yards of the north, and seek to spread ruin and destruction over the memorials of our dead, as expect to carry on a warfare, with any hope of success, against the industry, the enterprise, the sagacity, the honor of New England and the north.

## SPEECH OF MR. DAWSON, OF GEORGIA.

[As reported in the National Intelligencer.]

*In the House of Representatives, Wednesday, September 27, 1837.*—On the bill to postpone the payment to the States of the fourth instalment of the surplus revenue.

Mr. DAWSON said he would apologize to the House for participating in this discussion at this time. He would not have attempted it, but from the peculiar position in which he was placed in relation to the question under consideration. I purpose (said Mr. D.) making my observations brief. I do not intend, sir, in the investigation of this subject, to follow after the arguments of many honorable gentlemen who have discussed it. I understand the only question now presented to the consideration of this body is, whether we shall postpone the deposit of the fourth instalment of the surplus with the States. To that question, then, and to that question alone, sir, will I confine my observations, and endeavor not to go beyond the limits that should be prescribed to that subject. And, sir, in order to ascertain some important and leading facts in relation to it, it will be incumbent upon me, as a preliminary step, to propound some questions to honorable gentlemen, and more especially to the chairman of the Committee of Ways and Means; for, if I know myself, I can confidently aver that my vote will be the result of an honest conviction upon my mind, and a deep sense of the duty I owe my constituents and the country. Sir, if I could, on a question like this, be influenced by any party feeling whatever, I should hold myself utterly unworthy to represent those who sent me here.

For the purpose, then, Mr. Speaker, of discussing this subject most understandingly, and of presenting the facts as they exist, I will ask the honorable chairman of the Committee of Ways and Means this question: If this bill should pass, do you then propose to pass the bill on the Clerk's table, granting indulgence to those banks known as the deposit banks?

Mr. CAMBRELENG. I will answer the gentleman's question as well as I can. I can only answer for my own vote; but, in reference to that bill which proposes principally to grant indulgence to the banks in the southwestern country, I will give it as my opinion, that I have no doubt it will pass this House by a large majority. I shall certainly give it my zealous support.

Mr. DAWSON. Very well; I have a response to that. I also, Mr. Speaker, before I go into the argument, wish to ask gentlemen from the State of New York, and the chairman of the Committee of Ways and Means especially, whether the banks in the State of New York are considered as solvent or insolvent?

Mr. CAMBRELENG. The gentleman puts a more difficult question to answer, Mr. Speaker. Some of them are solvent, and some of them are possibly insolvent; there is one broken bank among them.

Mr. DAWSON. I mean the deposit banks?

Mr. CAMBRELENG. There is one of them broken.

Mr. DAWSON. I now, sir, put the same question to gentlemen from Ohio, to know whether the banks of that State are solvent or insolvent? The deposit banks, I mean.

Mr. DUNCAN said he would answer the gentleman as far as he knew, (although he knew nothing practically about it, but from report;) but he believed the banks of his State were generally solvent, and the public had confidence in them. Their paper, however, was from ten to fourteen per cent. below par.

Mr. DAWSON. Mr. Speaker, I discover that a large amount of the public money is on deposit in the banks of Louisiana, and I beg leave to propound the same interrogatory to my honorable friend from Louisiana before me, in relation to the deposit banks of that State.

Mr. JOHNSON replied, that they were as safe and as solvent as any in the Union.

Mr. DAWSON. I will propound the same question to my friend from Alabama, who sits near me. However, sir, I will not reiterate the question; but if any of the deposit banks, in any of the States, are insolvent or unsound, I should be glad to hear. I pause for a reply.

Mr. J. C. CLARK, of New York, referring to the reply of Mr. Cambreleng, said that that gentleman might just as well have said that all the deposit banks of New York were broken as that one was. As to the Dry Dock Bank, (to which he supposed the gentleman referred) he was informed the bills of that bank were at five per cent. discount. He did not believe the Government would lose a dollar by that bank. The banks of New York would compare with those of any part of the Union. The people were indebted to them more, by thirty millions, than the whole sum they owed.

Mr. WHITLESEY of Ohio said, that as he supposed these queries were put with a view to sustain an argument, it might be important that the gentleman from Georgia should receive correct information in reply. Mr. W.'s colleague had stated that the paper of the deposit banks of Ohio was at ten to fourteen per cent. discount.

Mr. DUNCAN explained that he had spoken of the banks of Ohio generally.

The inquiry, Mr. WHITLESEY said, had referred especially to the deposit banks. Now, (said Mr. W.) I aver that the paper of the banks in Ohio is not depreciated, unless it may be that of one solitary bank in the district where my colleague (Mr. Hamer) resides. There are not more solvent banks in any part of the United States. They are as sound at this moment as they

ever were. Let the New York banks resume specie payments when they will, the banks of Ohio will follow suit. One of the largest banks in the State is now paying specie. The bank at Dayton has never, in fact, ceased to do so more than a few days. Ohio is willing to take her share of the deposits in bills of her own banks; and if she shall receive more, she will give ample security that the deposits in her banks will be, at all times, forthcoming in notes as good as silver.

Mr. DUNCAN still insisted that it was a fact, if an individual wanted to convert Ohio bank paper into specie he must pay ten per cent. discount upon it.

Mr. HAMER remarked that the notes of the little bank referred to as being in his district were as good as any other, as far as they circulated.

Mr. WHITLESEY explained that he himself knew nothing about that bank, further than that, by the advertisement of the State Treasurer, he saw its notes were not receivable in payment of taxes. In relation to all the other banks of the State, their paper was received at par.

Mr. BOND confirmed this statement.

Mr. DAWSON. I have no doubt of the accuracy of the statement at all, for I have the authority of the Secretary of the Treasury that all the bills of those banks would be available at some period. The only doubt upon my mind was, whether these banks were solvent at this time; for upon that point the vote I shall give will be chiefly governed.

These facts now being ascertained, I propose, Mr. Speaker, to give the reasons that will induce me to vote against this bill. Sir, I am influenced by the idea of a contract between the General Government and the States. I consider the law of June, 1836, directing the deposits to be made with the States, in the nature of a pledge on the faith of the Government; and I hold the General Government bound to fulfill that pledge to the States, unless consequences injurious to the public interest and prosperity of the Union demand the postponement or repeal, or unless there exists an inability on the part of the Government to execute the law. With that view let the question be examined.

The Secretary of the Treasury, in his report to this Congress, whilst speaking of the temporary embarrassments which the recent convulsions in commerce and banking may have created, says "there is no just cause for despondency." The country "is neither overwhelmed with a national debt, nor destitute of large pecuniary resources on hand; but, entirely free from the former, it is so amply supplied with the latter, as to have in the Treasury over forty millions of dollars, and eight or ten millions more in bonds, which will soon become payable. But a large portion being in deposits with the States, and the residue chiefly in banks, and in the hands of merchants, under the difficulties before named, in procuring promptly, and in a legal currency, the amounts of money which are needed, some collateral aid for a short period, till a sufficiency can be collected, appears to be judicious, if not indispensable." The amount, then, in the Treasury, and due it, is over fifty millions of dollars; of this sum, there is yet in the deposit banks over thirteen millions; in the hands of merchants, over ten millions of dollars. But the Secretary of the Treasury says these funds are unavailable. What does he mean by the word unavailable? Nothing more than that the notes due by the banks, and the bonds of the merchants, cannot be converted, at this instant, into specie. Hence the call of this extra session of Congress, and the difficulties and confusion in the operations of the General Government and among the people. In this condition of affairs, Congress is in session; and our agent of finance recommends forbearance, indulgence, and kind treatment to the deposit banks, which owe the Government upwards of thirteen millions of dollars. Yes, sir, the recommendation of the Secretary is, that an arrangement be made with the banks, and the money be permitted to remain where it now is; and the same course be pursued towards the bonds given by the merchants for the public dues. He then says, "hence it seems expedient" that "some temporary resource should be provided until enough of the fourth instalment, or other means in the Treasury, can be rendered available to discharge all the public engagements." "It is not," says he, "to be a loan, or an increase of taxes of any kind; as the General Government, in respect to its finances, is far from having any just cause for despondency." Yet he asks Congress to supply him with ten millions of Treasury notes. And for what purpose? To supply the profligate and extravagant appropriations made by Congress for clearing out creeks, building useless fortifications, etc. and exploring expeditions in search of unknown regions of the world. Will this be a benefit or immediate advantage to the great body of the people? No, sir, no, sir. It is for the purpose of relieving this Government, and for that purpose alone. It is a mere arrangement to keep in motion the wheels of this central power. And this is one of the modes of relief which the gentleman from Ohio, who has just taken his seat, (Mr. Hamer) insists is to relieve the people! Sir, it becomes a farce! It is a mockery! when it is designated a bill for the relief of the people.

Mr. Speaker, what next do we hear? The chairman of the Committee of Ways and Means, this Chancellor of the exchequer, calling upon the Government, or rather upon the Congress of the United States—for what? He is to relieve some what more modest than the Secretary of the Treasury, and asks us for \$9,000,000—for the relief of this suffering and overwhelmed community? For what then? Why, it is in accordance with the views of the Secretary of the Treasury, and to add force to his requisition. And he, too, speaks of this bill as one, in all its tendencies, calculated to relieve the people, and improve the commercial operations of the country.

The gentleman from Ohio urges the passage of the bill postponing the fourth instalment, and warns the members of this House not to vote against this provision, and reads us a lecture of what our constituents will do if we oppose it. Sir, I do not consider the gentleman from Ohio a prophet, nor the son of a prophet, and consequently feel no apprehensions or uneasiness from his predictions; and shall await, with perfect confidence, the judgment of an enlightened and just constituency to confirm my views, and to sustain my course, on this question.

At this stage, at the earnest solicitation of many members, Mr. D. gave way to Mr. CRAIG, on whose motion the House adjourned.

On the next day, on proceeding to the orders, the subject was again resumed; and, at the request of that gentleman, Mr. D. yielded the floor to Mr. CAMBRELENG, who made the following explanation in reference to one of Mr. D.'s interrogatories:

Mr. CAMBRELENG said, with the permission of the gentleman from Georgia, he would explain more fully his answer to one of that gentleman's questions last evening, concerning the condition of the banks in the State of New York. He did not

mean to be understood that any of them, strictly speaking, were insolvent, or that they could not ultimately pay all their debts. He had referred to the Dry Dock Bank, which was placed by the Chancellor in the hands of receivers, and to the heavy losses sustained by many of the banks in the late revolution. By reference to the Treasury report, it would be seen that one of the city banks alone had twelve hundred thousand dollars of suspended debt; yet even that bank would in a few years restore its capital to its original amount by its collections and profits. He had merely intended to express the opinion that the actual capitals of many of the banks had been diminished during the revolution. He begged to be understood as entertaining no hostile feelings towards the gentlemen interested in these institutions, nor to banks, as the mere agents of trade; but to that legislation which is perpetually and improperly interfering with this as well as other branches of trade. His hostility was exclusively directed to this mischievous and corrupting interference with the business of men, which was not among the legitimate duties of Government."

Mr. DUNCAN and Mr. WHITLESS, of Ohio, also said a few words in mutual explanation, but in no way varying the statement of last evening as to the perfect solvency of the Ohio banks.

Mr. DAWSON resumed, by saying that it was not at his own solicitation the House adjourned last evening, for he would willingly have concluded his remarks then, much as he regretted the unpleasant necessity of sitting at such unreasonable hours.

Mr. D. continued: Mr. Speaker, I shall again resume the subject, and shall endeavor to confine my remarks closely to the matter we are investigating. With your permission, sir, I will just repeat the substance of what I stated last night. It was, that the Secretary of the Treasury had announced to the American people that the Treasury of the country was now full of funds, but that they were not available; that he asked Congress to be supplied with \$10,000,000 to carry on the Government; and that this application to the discretion of Congress the chairman of the Committee of Ways and Means had confirmed, and also asked a similar amount for the Government. Now, sir, I assume this position—for I desire this matter well understood, since I stand alone here from the State I have the honor in part to represent. I then ask, sir, what is to be done with the unavailable funds, if we make this appropriation of \$10,000,000 required of us? The response will be, the only response can be, that they must remain—where? In the deposit banks. If then, sir, they are to be unavailable to the Government—and I wish the question to be fairly understood—if the Government can go on without these unavailable funds, what earthly necessity, what earthly advantage, will it derive from the postponement of the fourth instalment? They tell you they do not desire any portion of it; they do not wish to use one single dollar of it, in the event of your granting the sum of \$10,000,000. Then, sir, this postponement of the fourth instalment will not even be required by the Government. Then, if it will be of no advantage to the General Government to grant this postponement, would it not be of immense advantage to the various States to have the use of this deposit money?

But gentlemen say that the States will not receive the bank paper of the other States in which the money is deposited. Have you tried them, sir? It is urged that you cannot divide the money among the States, because it is unavailable. Sir, there is, in my view, no difficulty upon this branch of the question at all; and why? Because the deposit law of 1836 requires the funds in the Treasury on the 1st of January, 1837, to be deposited with the States; and, whether the money be available or not, whether in bills or notes, or in specie itself, or in any kind of funds, available or unavailable, still the States have the right to become the depositories of the public money therein provided for, if they desire it, without regard to its kind or character. Sir, this is an argument merely for effect, and is not founded at all on the deposit act of June, 1836. The idea that the States will not receive it, is a mere gratuitous anticipation, a mere assertion without the shadow of a reason for its support.

Again, sir, the ten millions will grant instant relief to the Government; for the Secretary will not require the use of a single dollar, which shall be in the deposit banks, or due from the merchants, even if the whole of it becomes available within three weeks after the passage of this bill. Is not this proposition true, sir? It can not be denied. I ask gentlemen to respond to this interrogatory—will be have any use for that money? None, sir, none. This bill provides ten millions of dollars for the Government to pay its appropriations, its officers, and its agents; and this is all the Government requires. We are affording the means to do this, without reference to the money in the State banks.

Mr. Speaker, what is the next link in this chain of relief, having a connection with this postponement bill? It is the bill to grant indulgence upon the bonds due by the importers to the custom-houses. And what amount do the merchants owe this Government? About nine millions of dollars. Now, sir, I propose, in investigating this subject, to present all these facts fairly to the people whom, in part, I have the honor to represent. I ask this question, therefore: pass this bill proposing indulgence on merchants' bonds, and whom does it relieve? It relieves the importers, an isolated class in the cities of New York, Philadelphia, and Boston; and whether they be located there, or abroad, or whether they consist of the foreign manufacturers, it relieves them alone, and that indiscriminately. What aid, let me again ask, will that bill afford the retailing interest of the country? None, sir. What aid will it extend to the agricultural? None. What to the consuming interest? None, sir, none. The importer derives all the benefits of the indulgence. Sir, is this equal? Is it just legislation? Is it doing to others as you would be done by? These are questions the people will examine and investigate. By whom are the duties finally paid? By the consumer, and by him only. He pays the retail merchant, and the retail merchant pays the importer; yet you grant indulgence neither to the consumer nor to the retail merchant, but to the importer alone. This, sir, is what I call not only partial, but exclusive legislation, and in favor of a class which bears but an insignificant—hardly a discernible—proportion to the consuming, agricultural, or farming interest of the country; and if these large classes of the people were forced to rely on this bill for relief, they would be in a truly lamentable condition; and yet we are told this is a bill granting relief to the people. But mark me—I take no ground at this time for or against the merchants; I am only showing the fallacy of calling the measures before us a system for the relief of the people.

What, sir, is the next link in this chain of relief submitted by

the Chairman of the Committee of Ways and Means? He says, grant indulgence to the deposit banks. Upon what principle? For receiving specie, paid under the Specie circular or Specie order, in payment of the public lands, and then dishonoring the Government drafts? Sir, I might here take occasion to examine the Specie circular, and inquire into the means by which it was evaded, and why it failed, and how it failed, in depositing specie in the banks; but I will not at this time, because it would be foreign to the subject I propose to investigate. But, sir, I will ask, have gentlemen fully examined the profits and advantages that will be derived to the deposit banks from this indulgence if it should be granted? If so, then I will ask them, will they do injustice to the other banks of the country, and especially to the deposit banks, which have honestly and faithfully fulfilled all their engagements? Have gentlemen made this examination? Have you examined into the fact that you are holding out a premium, paying a reward, and doing an act of injustice to others, in order to provide for the relief of those who have violated their faith and broken their engagements? Have gentlemen taken into their calculations the enormous contrast between the conduct of the banks in some of the States and that of others? Do they know that the deposit banks of the State of Mississippi have in their vaults, or on deposit rather, upwards of seventeen hundred thousand dollars belonging to the Government? that the banks of Louisiana have nearly a million and half? the States of Alabama and Ohio each over a million? Have gentlemen asked themselves the question, is not this money pledged?—is not this money ordered to be deposited with the States? I will read to the House a very short statement, showing the contrast between the amount of public money deposited in some of the States with that in others?

The deposit banks owe the Government as follows:

1 Mississippi	\$1,714,373	14 Maine	\$257,554
2 Louisiana	1,440,023	15 Georgia	172,269
3 New York	1,400,670	16 North Carolina	146,030
4 Ohio	1,127,979	17 South Carolina	111,590
5 Alabama	1,020,556	18 New Hampshire	114,326
6 Michigan	986,050	19 Massachusetts	81,278
7 Kentucky	813,241	20 Illinois	39,693
8 Indiana	782,925	21 Connecticut	20,461
9 Missouri	589,327	22 Rhode Island	21,024
10 Tennessee	545,515	23 Pennsylvania	8,428
11 Virginia	403,136	24 Delaware	2,906
12 New Jersey	320,674	25 Vermont	588
13 Maryland	280,198		

Does this statement not show extreme inequality, great injustice, partiality, and grounds for dissatisfaction and complaint, if this body shall permit the public money, notwithstanding the deposit law, to be so unequally distributed?

Let us compare. The surplus, by the deposit law, is required to be distributed among the States, according to the number of Senators and Representatives. Mississippi, with two Representatives, has of the public moneys \$1,744,373; whilst Georgia, with nine Representatives, has only \$172,269—the State of Mississippi more than ten times as much as Georgia; and yet Georgia, under the deposit act, is entitled to four times as much. And, sir, you will remember that the deposit banks in Georgia (at least two) are, and have continued to be, specie-paying banks; and, by this time, it is thought, have fully paid over to the Government every dollar, or nearly so. Is this not too unequal?

Again: Massachusetts and Pennsylvania have in deposit only \$89,706 56, while Mississippi and Louisiana have \$3,184,396; and the proportions of the former being to the latter as 44 is to 9.

Again: Georgia, South Carolina, and North Carolina, adjoining States, have, in all, \$429,589 86; whilst Alabama, Mississippi, and Louisiana, also adjoining States, have \$4,205,233; the proportions of the former being to the latter as 37 is to 16.

Again: Ohio has \$1,127,979 50, and Georgia \$172,269 69; and, perhaps, by this time, not a dollar—of the five deposit banks which the Secretary of the Treasury reports as specie paying banks, two are in Georgia.

Sir, is it not evident, from these representations, from this statement of facts, that we are about to legislate unequally, unjustly, and unfairly, if we pass this bill? In argument it is admitted that the money in the banks will not be wanted for the necessities of the Government, when we grant the ten millions of Treasury notes.

But one word to the gentleman from Ohio. He says there is no pressure in the neighborhood of Cincinnati. No, sir! Then I want the world to know that, notwithstanding the President of the United States has called us here, and told us that the country was bleeding and suffering under embarrassment, still there is one green spot in this wide confederacy enjoying all the prosperity that can be desired. Why is it, sir? I will tell you. The single town of Cincinnati, in that gentleman's district, has one million of the public money in her banks, and, of course, loaned to her people—or perhaps to three times that amount of loans to the people upon the million in her banks. Sir, this is a strong inducement to operate upon the minds of the gentlemen in voting upon the measures under consideration, though I have no idea that the gentleman from Cincinnati would suffer a thing of this kind to influence him; money however, Mr. Speaker, will have its effect.

Well, now, sir, let us compare Ohio with Georgia in relation to this matter. Georgia, with her deposit banks, has paid nearly, if not quite, every dollar; and to make them able to fulfil their engagements with the Government, and to perform honestly what they had agreed to do, these deposit banks had to draw from the people, and of course press them; and for this honest course of conduct, what is to be meted out to her? She is still to be oppressed. Do not gentlemen who take ground in favor of this bill, discern the injustice of its passage?

Can I be mistaken in representing the interest of my constituents, and other sections of this country, by an opposition to this measure? No, sir, I know I cannot be mistaken upon a question where honesty and justice are involved. Like all men, I have my feelings; I am capable of knowing what is right and what is wrong—what to do here and what to do there. Sir, Georgia is to receive a fine reward at your hands for fulfilling her contract honestly! Sir, let me tell you, this is a fine specimen of congressional legislation! Let me ask you, sir, let me ask gentlemen on this floor, would it be patriotism for me to yield up the rights of the people I represent, in this way? Sir, you may cry out patriotism with your lips as much as you please; it requires me to make no such sacrifice. You may represent gentlemen, the prosperous condition of your particular sections of the country; but I tell you, it is a prosperity

gained by the public deposits—it is a prosperity procured by an unequal distribution of the public money.

Mr. Speaker, has this House come to the conclusion to take the fourth instalment away from the States? and for what? To leave it in the hands of those who have it; and three or four States have one-half of the whole deposits of the country! Is this to be only a postponement, Mr. Speaker? I apprehend not, sir. I apprehend it will be indefinite. Yet this is called a measure of relief! It is partial relief—relief of one class at the expense of another. Sir, there is not one single principle in the whole proposition founded upon a patriotic view of the subject, or consistent with equality among the States. It is doing more than justice to one, and withholding it altogether from others. It is narrow and contracted legislation, to benefit and relieve corporations at the expense of the honest people of this country. I am not opposed to the banking or mercantile interest; on the contrary, I am willing that relief should be extended to every interest; but the deposit banks and merchants, having been vilely abused, it is to make some little atonement to them, that these bills, for their exclusive benefit, (I allude now to the bills extending indulgences,) are to be passed, at the expense of every other interest.

Well, sir, presuming all these bills pass, I return to my constituents, and they ask me what I have done for them: what shall I answer? Shall I answer in the language of the gentleman from Ohio? Shall I say to them, Oh, yes! we have been most nobly and patriotically engaged. We have felt your oppression; we have sympathized in your distresses; we have seen the difficulties brought upon you by the Government; we have mourned over your situation, and we have almost wept tears for your afflictions! Well, what have you done? Why, we have passed a bill to relieve the Government, by authorizing the Secretary of the Treasury to issue ten millions of Treasury notes. Very well; what else? We have passed a bill to relieve the importing merchants. Well, what else? Why, we have passed a bill to relieve the pot banks from the payment of the public money deposited with them. Well, but what have you done for us? Nothing, sir, nothing; nothing at all! That will be the answer. Then, sir, will they reply, You have relieved the officers of the Government? Oh, yes, we did that. And you have indulged the banks? Yes. What! indulged those very banks which General Jackson denounced, in such strong terms, as having violated their faith, and being no longer worthy of the slightest confidence? Yes. Why did you do it? Now, sir, how can I reply to that? I tell you, sir, there will be a burst of feeling among the people on this subject; and this Administration have mistaken their ground, if they imagine their acts will meet with approbation. It is all a mistake, sir. And why is it a mistake? Because it is not right. Because it is not just. Because it is not doing equal justice to all, but is benefiting one class and section of the country at the expense and to the wrong of others. My constituents will ask me, Where is the fourth instalment we were to have had? What have you done with it? Why, I must reply, gentlemen, did you not see the President's Message, where it was recommended that you must postpone it? Did you not read the report of the Secretary of the Treasury, wherein he said it was wrong to pay it, and it must be left with him; that is, in the bank. And do you not know that he and the President both were against your having it from the beginning? Well, they reply, What have you done with it? You passed a bill to issue ten or twelve millions of Treasury notes. That was for the relief of the Government. What have you done with our money—our fourth instalment? Oh! we left that with the banks. Left it with the banks! Why, who told you to do that? Why, Mr. Van Buren, and his Secretary, and the chairman of the Committee of Ways and Means! [A general smile.]

Mr. Speaker, I have not drawn this picture to excite laughter, Mr. Sir. It is a melancholy truth. I insist upon it, sir, that this whole machine, this entire system, is a violation of the rights and equal justice of this country. And, say the people, you have left the whole of our surplus money in the banks; well, in what States are the banks? Why, they are over in Louisiana, and over in Mississippi, and over in Alabama, and in Indiana, and in Ohio, and in Michigan, chiefly. None in Georgia! No. Sir, these are all very hard questions, which will be presented by my constituents to me when I return, and the only answer I can give is, that I stated to the Speaker, I stated to Congress, my objections to this bill; I pointed out this inequality, and there was not a man in the House dared to deny it; and yet it was all of no use.

But, Mr. Speaker, I am not going to contend for the power of this Congress to relieve the distresses of the people; for I do not believe in the constitutional power of this House to raise money to give to the people. Only believe in a parental regard this House should have for the wants of the people, and, if any means can be devised, within our constitutional limits, that they should be. And we have the means of constitutional aid; and all we want is the inclination and the spirit to come up and do it, in spite of any mandastic the contrary, come from what quarter they may. That is all, sir. That is the only thing necessary for us to do. Uninfluenced by party, as the representatives of the people, and of them alone, let us do what we can.

Well, sir, what can you do? Why, you can pay the fourth instalment, what you pledged your faith to pay. But, it is said that the deposit will not be received in the only mode by which the Government can pay it. Sir, is there a gentleman upon this floor, and if there be, let him rise in his place, and say that his State will not receive its portion of the surplus in good solvent bank notes of the States. There is not a gentleman who will do it. I have no doubt every State would receive them. Why, sir, look at the fact, from Maine to Louisiana; for the question has been propounded by me to every State in the Union, and the answer given, that the deposit banks are all solvent, from one end of the country to the other. But they say they have not specie enough to pay all the States. Well, where are the States of this Union, whose circulating medium consists of specie? Where the States, whose commercial operations are carried on solely and exclusively through that medium? None. It is all a paradox. These bank notes are good. Alabama notes, how are they? They are owned by the State of Alabama, which is interested in all her banks. All the property in the State is pledged for their redemption. And who receives the profits? The State. Think you that the State of Alabama would fail to act with becoming magnanimity and honesty towards the other States? An imputation to the contrary would be injustice to her high character for punctuality as a State. So with Louisiana, Mississippi, and the other States having in their banks large amounts of Government deposits. They would surely act fairly to their co-States. The



deposit banks would not dare attempt such an outrage, as to refuse to make satisfactory arrangements with the States. Let Congress refuse to postpone the distribution of the fourth instalment, and the banks will soon make the settlement with the States.

Gentlemen charge the opponents of this measure with a disposition to embarrass the Administration of Mr. Van Buren. Why should I desire to impede his policy? If the Administration pursue that course which accords with my principles and views, so far I will sustain it; when it fails to do so, I will oppose it. If I were capable of any other feeling, I should be unfit to be a representative on this floor. No, sir; I will endeavor so to act as to be just; and to have fair, honest, even-handed justice extended to my constituents.

But, sir, let Congress refuse to make the deposits with the States, as required by law, and justice will not be done. Such are the necessities of the country at this time, that unless something be done, many of the States cannot, with any convenience carry on their usual commercial intercourse. The West and Southwest usually supply the Atlantic States to the South with stock during the fall of the year; and such is the condition of the currency at this time, that great perplexity will be the consequence. The specie is all locked up; no United States Bank notes; no western money; all belonging to the Government in deposit in the Western and Southwestern banks. Supply the States, distribute the fourth instalment, and they will take the paper of those States in whose banks there is, as I before showed you, a superabundance of the public funds. But, sir, this kind of talk, of the notes of your deposit banks being unavailable for the payment of the fourth instalment, will not do. You may make your "Globe" speak what it will; but it will not set aside the honest judgment of the people, especially when they know you have done an act of injustice. You cannot deceive them much longer; it is out of the question to do it; and it is ignorance of their intelligence to believe it.

These bank notes, being put into circulation, would be great relief to the people of the States; they will add to the circulating medium. Bank notes are the only means now in the hands of the citizens to transact their ordinary business. It is idle, sir, to attempt to justify this postponement by the allegation of the inconvertibility of the bank notes of the State institutions. Yes, sir, the people are told that the country has been overcome by distress, weighed down by over-trading and speculation, and that they ought to be aided and assisted; they are told that the Government has bank notes in great abundance—solvent, but they ought not to be circulated; that specie cannot be obtained for the States; and, therefore, they must have nothing.

I repeat—let any representative on this floor answer me—are not bills of the deposit banks of every State of this Union good? Yes, they are; and the people of these States know it.

Sir, there is another question coupled with this, that belongs to the States. The very moment you proclaim, through the papers of this country, that the banks are indulged from the payment of a debt, (which debt is a specie debt,) and tell the people these banks that have the money have loaned it to speculators to buy up the people's lands, as charged by the gentleman from Ohio, and have only notes for it endorsed by persons, many of whom are important functionaries, they will fire with indignation at this interposition of the Administration, if the fourth instalment be postponed.

[Mr. HAMER begged Mr. D. to give way for a moment. Mr. H. said he made no distinction between the banks West and East. He said that the banks had a large amount of public money in their possession, and that they had loaned it out to merchants and speculators. He meant to draw no invidious distinction between the banks East and the banks West.]

Mr. Dawson: Yes, sir, I was not mistaken, nor have I misrepresented the gentleman.

I repeat it again, sir; this very movement will seriously affect the State institutions. It will stab their popularity among the people. And have I not a right to raise the suggestion here? I call upon the friends of the States, the friends of the rights of the States, to mark it well. The State banks must be prostrated, say some gentlemen; and the first step to secure their prostration is to make them the peculiar favorites of the Government, by indulging them and making them unpopular among the people. This is the first step in the march. Then they "will have the banks upon the hip, and will keep them there," as the gentleman from New York said during the past summer.

If this be the object, I then inquire, Mr. Speaker, will not the postponement of the fourth instalment be an immense and incalculable injury to the States? No doubt of it. And, sir, it will not expedite the resumption of specie payments. Why not? Let me explain. The postponement carried, the banks will still resist payment. What care they? The debt still exists; how are they to pay it? They have not specie to do it with; and how can they do it if the Government continues to require specie, which is a professed object of the postponement and the indulgence?

To get the specie, they must curtail their issues; call in their notes, by reducing their credits; thereby pressing their debtors, decreasing the circulating medium, and consequently increasing the commercial embarrassments, and, of course, depreciating the value of the agricultural productions of the country.

But, sir, let the fourth instalment go to the States, and these difficulties will, in some measure, be avoided; the bank notes will go into circulation, and the people be aided, and to some extent relieved. The banks can then indulge their debtors without apprehension, and have no fear of the approaching day when specie shall be required *en masse* by the Government; and I feel confident that this course will better suit the present condition of affairs, and the existing state of things, than any other. It will be an act of sheer justice to the whole, and be, in my view, a partial discharge of the duty we owe the States.

Sir, if the money were absolutely required by the wants of the Government, I would vote for this bill.

Mr. Speaker, I will not at this time go into the subject of a divorce of this General Government from banks. I will only say that I have my doubts both of its expediency and practicability. But, when the occasion arises, I shall then be willing to express my views upon it; and, in the mean time, shall give the subject my calmest deliberation.

Then, sir, in conclusion, I aver that this postponement will be no relief to the Government, no relief to the people; but, on the contrary, inflicting an injury upon them; that the measure to grant indulgence to the importers is a measure which is local in its character, personal in its nature, partial in its operations,

and of no general relief to the country; that the indulgence to the banks, as proposed in another bill, is equally partial in its relief to the country; and I claim, in conclusion, the right of having the deposit act of 1836 executed according to the intention and meaning of the Congress which passed it, pursuant to the requisitions of justice and equity.

## SPEECH OF MR. JENIFER, OF MARYLAND.

In the House of Representatives, September 27, 1837.—On the bill to postpone the payment to the States of the fourth instalment of the surplus revenue.

The bill to withhold the payment of the fourth instalment from the States having been reported from the Committee of the Whole on the State of the Union, without amendment—

Mr. JENIFER, of Maryland, addressed the House. He commenced by saying that his remarks should be confined principally to the subjects embraced in the following inquiries, to wit:—

1. For what purpose was Congress called?
2. For whose benefit was the deposit law of June, 1836, passed?
3. Can the demands upon the Treasury be supplied without withholding the fourth instalment from the States? And,
4. What has given rise to the present embarrassments of the country?

Mr. J. said he should not attempt to discuss the question of contract, expressed or implied by the deposit law of 1836. That question had been ably debated on both sides in committee; and whatever might be the decision to which the House will come upon that point, he considered it of much more importance to ascertain whether the execution of that law, or its virtual repeal by the bill now on the table, would operate beneficially to the country.

Was Congress called together at this extraordinary session, to take into consideration the state of the community at large, and to adopt measures for its relief?

Or was it called solely to replenish the Treasury, at no matter what sacrifice to the interests of the States?

Was it called to relieve the Government, and further to oppress the people?

If the latter, then the object will be accomplished by the passage of the bill now under consideration, and others reported by the chairman of the Committee of Ways and Means.

Is there a gentleman here present, from no matter what part of the Union, when he read the Proclamation of the President of the United States, convoking Congress, who did not believe that the object for which it was called was to relieve the people as well as the Government? to adopt measures to restore the currency? to unite our exertions with those of the Executive, to stay the widespread ruin pervading the whole country? But now we are told that neither Congress nor the Executive have any right to regulate the currency; that there must be a separation of divorces of the Government and the pecuniary interests of the people. If this doctrine had been practised, and if the Government had not assumed all power over the currency, and had not attempted to regulate and give us a sounder and better currency, then all might still have been well.

But, Mr. J. asked, how long had it been since the Executive yielded the right of the power to interfere with the pecuniary concerns of the community, and to take under its fostering care the interests of the banks, of the merchants, and of individuals? It will be recollected that, in the fall of 1833, just before the meeting of Congress, the then President of the United States assumed and exercised the power to withdraw the public moneys from where they had been placed by law, and where they had remained since 1816, and distributed them where he pleased. This unprecedented act was viewed at that time, even by many of his warmest friends, as stretching the powers of the Executive beyond the constitutional right, and was deprecated by a large majority of both Houses of Congress. Yet, after the act was done, it was supported by those who had before denounced it; and this act was done to regulate and give to the country a better currency—"to afford increased facilities to commerce, and to extend accommodations to individuals."

In a letter to the President of the Girard Bank in Philadelphia, one of the selected deposit banks, the Secretary of the Treasury, in September, 1833, uses the following language, which was, none will doubt, the expression of the opinion and wishes of the Executive:

"The deposits of the public money will enable you to afford increased facilities to commerce, and to extend your accommodations to individuals. And, as the duties which are payable to the Government arise from the business and enterprise of the merchants engaged in foreign trade, it is but reasonable that they should be preferred in the additional accommodation which the public deposits will enable your institution to give, whenever it can be done, without injustice to the claims of other classes of the community."

"I am, very respectfully,

Your obedient servant,

R. B. TANNEY.

Secretary of the Treasury.

"To the President of the Girard Bank, Philadelphia." Mr. J. continued: It will be seen, by this letter, that the Executive at that time felt a deep interest in the "merchants," and particularly "those engaged in foreign trade," and directs the deposit banks to afford increased facilities to commerce, and to extend their accommodation to individuals." These instructions on the part of the Executive (at a time when, in consequence of this forcible removal of the deposits from the Bank of the United States, it was believed it would compel that institution, in self-defence, to contract her accommodations) were considered the most redeeming measures growing out of that atrocious act.

How does the liberal feeling expressed in that letter contrast with the miserable calumny vented by the late President, in a series of letters addressed to his dear friend, the Editor of the Globe, and which, though marked private, were published to the whole world.

The public money having been withdrawn from its lawful place of deposit and transferred to the selected State banks, some of which objected to receive it because they believed it to have been improperly removed, and which ultimately accepted the terms with specific instructions—what were their obligations? They were compelled to obey the instructions of the

Executive; which were "to adopt the most liberal course towards other institutions," "to afford increased facilities to commerce," "to extend accommodations to individuals," and "to give a preference to merchants engaged in foreign trade," because "the duties which are payable to the Government arise from their business and enterprise." And now, for having executed the orders of the Executive, for having performed the duties enjoined upon them, the banks and the merchants are denounced as being corrupt and under foreign influence; and this by the man who has brought them to the verge of ruin.

In his private letter to Mr. Blair, published in the Globe of the 9th of August last, Gen. Jackson says:

"Now is the time to separate the Government from all banks, receive and disburse the revenue in nothing but gold and silver coin, and the circulation of our coin through all public disbursement will regulate the currency for ever hereafter."

"The history of the world never has recorded such base treachery and perfidy as has been committed by the deposit banks against the Government, and purely with the view of gratifying Biddle and the Darings."

In another letter he adds:

"From the conduct of the banks and the merchants, they deserve no favors from the Government which they have attempted to disgrace, and to destroy its credit, both at home and abroad."

Is there a friend of the late Administration here present who does not feel ashamed and recoil within himself when he reads or hears read those foul calumnies promulgated through the official organ by the late President of the United States? Are they believed? Does the honorable chairman of the Committee of Ways and Means, (Mr. CAMBRELENG), or the chairman of the Committee on Finance, (Mr. WRIGHT), in the other House, believe those charges? Have not both of those gentlemen pronounced them to be false in the very bills reported by them from each of those committees? I refer to the bills on your table for the extension of the time of payment upon merchants' bonds. If those gentlemen believed the statements contained in General Jackson's letters to be true, they would not have recommended indulgence to those merchants who, by fraud and connivance with the banks, have attempted to "disgrace the Government, and to destroy its credit, both at home and abroad." Thus, Mr. Speaker, the State banks were used to put down the Bank of the United States, and then to enable the Executive to prostrate them also. This work has been commenced, and is to be pursued, regardless of the sufferings of the People, and all to give them a sound and better currency, which, like the long-promised "reform," means nothing more than strengthening the hands of the Executive to execute what purports to be his pleasure.

Mr. Speaker, in looking over the number of bills reported in either House, I see none, no, not one, calculated to relieve the People of this country from their present embarrassments, or to give any hope whatever of future prosperity. They cannot prosper without a sound, uniform, and stable currency. It is true, sir, that there is a bill for the postponement of the payments on merchants' bonds. This bill, so far as they are concerned, may have a beneficial effect. It is proper that such relief should be given, because your own acts had brought upon them the necessity of it. I approve the measure, and shall go for it with pleasure, and even to give still further time if required. It is also true that we have before us other bills for the relief of the Government.

Such is the object of the one to authorize the issuing of Treasury notes. But, sir, where is the measure emanating from either of those Committees on Finance to relieve the great body of the People?

The bill immediately under consideration is to withhold from the States upwards of \$4,000,000, which was directed to be paid to them on the 1st October approaching, and this, too, without any notice to the States. The deposit bill of June, 1836, distributing \$37,000,000 amongst the several States, provides that in the event that any portion of said deposits should be required for the Treasury, the Secretary is authorized to withdraw it "in sums not exceeding \$10,000, from any one State, in any one month; without previous notice of thirty days for every additional sum of \$20,000, which may at any time be required." Thus protecting the States against a too sudden or heavy draft, by which they might be inconvenienced. This bill proposes, without such notice, to withhold from them from \$300,000 to one and a half millions, according to the amount to which each might be entitled. From Maryland, for instance, upwards of \$200,000; from Pennsylvania, \$1,000,000; South Carolina, near \$400,000; New York, near one million and a half, and the other States in proportion. Is there no other means by which the Treasury may be replenished than resorting to the sum pledged to be paid to the States on the 1st October, and which has, in many instances, been anticipated in advance? This deposit with the States has been variously appropriated. By some of them loaned out at interest; by others applied to works of internal improvement; and by some to the purposes of education; the withholding of which, as proposed, must necessarily affect, more or less, those several interests.

Should the amendment of the gentleman from South Carolina (Mr. PICKENS) be adopted, it will render much less objectionable the bill, because that fixes the period when the nine millions shall be paid to the States, and takes from the Executive the power of withdrawing it at his will. The amendment to the amendment offered by the gentleman from Massachusetts (Mr. ADAMS) would make the bill still more acceptable, because in it the means are provided by which the payment is guaranteed to the States. But, sir, pass the bill, and you still have to raise, by loan, Treasury notes or other means to an additional amount. The estimate by the friends of the Administration makes a deficiency in the Treasury of from twelve to sixteen millions to be supplied. The nine millions withheld from the States will not answer your demands; and if you have to resort to the expedient of raising money as you propose by your Treasury note bill, why not issue notes to the full amount?

By this means you supply the demand upon the Treasury, without sacrifice to the States; and the principle is the same, whether you raise ten or twenty millions.

Mr. J. said he had seen a statement prepared by his friend from Massachusetts (Mr. Phillips), and which, it was to be regretted, had not been presented to the consideration of the House, which points out the means by which the demands upon the Treasury may be met without the withdrawal of the nine millions from the States, and without an additional tax

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Making public officers depositories—Mr. Pope.

H. of Reps.

upon the people. He hoped, before the question was taken, the House might have the benefit of his suggestions.

But, Mr. Speaker, why is the Government thus situated? Why is there a deficiency in the Treasury? Why is it that Congress is called to remedy the embarrassments under which the country is suffering?

I know that the response to these inquiries by the friends of the Administration is, that it is attributable to the Bank of the United States—to the State banks—to over-trading by merchants—to extravagant speculations. If such be the facts, who is responsible for all these causes?

In 1828 the country was prosperous, the currency sound, bank issues within proper limits, and confidence between man and man. From that period to the present time, the country has been under the dominion of Andrew Jackson. Congress has been under his control, and his will the law of the land. Which of his friends here present, in either House, have ever dared to raise their voice against his will? He undertook to re-organize the Government—to put down the Bank of the United States—to give to the country a sound and uniform currency—to establish a metallic circulating medium, and to make the people prosperous and happy. And now, after eight years of uninterrupted experiments, with all the departments of the Government under his control, with the exercise of a power which was never wielded in any country except a despotic one, his successor, in almost the first act of his administration, is compelled to convolve Congress to remedy the evils which he has inflicted upon the country.

But, sir, Congress cannot, by their acts alone, place the country where it was ten years since. They may, by persevering in the late experiments, divide the responsibility of those ruinous measures with the Executive, but they cannot remedy them without retracing their steps. Go back to 1834; replace the public money where the law directed it should be kept, restore the Constitution to its original purity by obeying its injunctions; repeal your Treasury circular, which was issued contrary to the almost unanimous consent of the Representatives of the people; listen to the voice which has spoken, in no doubtful language, from Indiana to Maine; attempt no more experiments upon the currency; do this, and confidence may be restored; but do not aggravate the sufferings of the people by contrasting their miserable currency with the golden bribe tendered to their representatives.

Sir, it is not extraordinary that while, on the 1st January, 1837, by a report of the Secretary of the Treasury, there was in the Treasury of the United States \$37,468,869.57 surplus over all the demands of the Government, and which was by law directed to be distributed amongst the different States, now we are told there will be a deficiency of from twelve to sixteen millions of dollars? And whilst the people are parcelled advised to deny themselves many of their accustomed comforts, and to economize their own expenditures, not one effort is made to curtail the expenses of the Government, which have risen up in eight years from thirteen to thirty-two millions of dollars.

The proposition has been made to separate the interests of the Government from that of the people—to establish for the one a sound, uniform metallic currency, and for the other such paper as is denounced to be perfectly valueless. This new experiment has already commenced, and a discrimination is to be made between different classes of Government creditors. I cannot more clearly show the rank injustice, and I might add, cruelty, practised by the Government in relation to this discrimination, than by stating a fact which has come to my knowledge since the adjournment of the House on Saturday. An old soldier of the Revolution, worn down by years and arduous duties in the service of his country, and who is entitled to a pension in consequence of those services from his Government, presented, as usual, his claim at the proper Department. A check or certificate was given for the amount, and, although he entrusted to have a few dollars for the payment of his post office account, he could not obtain a single dollar. To what objection was he brought by such a state of things as this? The Representatives in Congress, Heads of Departments, and various other officers of the Government, receive and send their papers, packages, and letters to and from all parts of the United States free of postage. Their frank saves them from oppression here. And yet, with few exceptions, gold and silver can be dispensed with except at the post office; and they being thus protected still are loaded with gold and silver, before it is asked for. And yet, a poor old soldier, who is as much a creditor of the Government for his pension as a member of Congress is for his mileage or per diem, cannot obtain as much of the precious metal as will enable him to buy from the post office his long-expected letter, perhaps from his children or grandchildren, whom he may never see again. Sir, the old soldier, with a check for sixty dollars in his pocket, paid for his services, cannot obtain from his Government money enough to pay for his letter, or credit at the post office to enable him to obtain it. And yet members of Congress and office-holders daily receive their golden reward for adhering to these experiments.

Amongst the bills reported from the Committee of Ways and Means, is one to revoke the charters of the several banks in the District of Columbia, unless they resume specie payments in thirty days. A similar bill was simultaneously reported by the Committee on Finance in the Senate; the chairman of those committees are both from the State of New York, and I would ask why has not this experiment been made there, where specie payments were first suspended? Sir, the reason is obvious. Neither of those gentlemen is responsible to the citizens of the District of Columbia for whatever acts he may perpetrate. And I will venture to say that the honorable chairman of the Ways and Means (Mr. CAMBRIENGE) would not have dared, at the present time, to have made such a proposition in relation to the banks of the city of New York, were he a member of the Legislature or the Corporation, notwithstanding he may suppose he has them as well as the merchants on the "hip," and so far down as not to be able to get up again. The citizens of the District of Columbia, and the adjacent counties of Virginia and Maryland, are alone interested in these banks. Their notes circulate freely, and are taken in payment for all business transactions, and, within the range of their circulation, are as current as the notes of any other banks; and, as regards their present derangement of the currency, are less responsible than most others. I speak from a knowledge of the fact, that two of the banks in this city continued to redeem their notes in specie some days after the suspension had taken place in New York, Philadelphia, Baltimore, and Boston. Nor did they cease to continue paying specie until advised by the Executive of the United States so to do. And one of those banks, being a depo-

sitory bank, was bound to obey the advice of the Secretary of the Treasury. With a knowledge of these acts, I cannot believe that this measure to revoke their charters can have originated from the Treasury Department, or can receive countenance there. It would argue a degree of injustice, if not perfidy, which I should be unwilling to attribute to any quarter. But the honorable chairman may have other reasons in commencing this attack upon the interests of the District of Columbia, and the surrounding counties of Virginia and Maryland. They are not his immediate constituents; they have no control over his acts; he may make his experiments here without responsibility; and these are his victims, because they cannot reach him.

We are told, and with much apparent triumph, that the notes of the State banks are perfectly valueless. Gentlemen who make these declarations cannot have much regard to the facts. Why are they received if there is no value attached to them? Why is it that they enter into all the business transactions, since you have compelled the seclusion of specie? The assertion is negatived by the fact that you receive them yourselves. And were it not that the Secretary of the Treasury, in his extreme kindness, has tendered you gold and silver, there is not one of you who would refuse to receive them. So that, with all the attempts to discredit the only currency your miserable policy has left us, the State banks at this moment are in a better condition than when you entrusted them with millions of the public money. A similar effort was attempted to depreciate the paper of the Bank of the United States, when it was determined to put down that institution; and although eight millions of the public money were vested in its stock, yet untiring were the exertions of the Government to discredit its notes and render them entirely worthless. What was the result? It was that the notes of the Bank of the United States were current every where, and taken in preference to all others, save by the Government, who are by law bound to receive them.

The Government having succeeded against the will of the country in putting down the Bank of the United States, now directs all its energies against the State banks, notwithstanding millions of the public money are in their vaults, and which might any moment have been made available by payment to any of the public creditors. Which of the Government creditors, whether contractors, office holders, or members of Congress, would have refused to receive in payment the notes of, or checks upon, any State bank within the range of their business, had not the Government waged this unnatural, ungrateful war upon them? Until this war commenced, no creditor asked for specie; they preferred the notes as more convenient; and when checks or drafts were drawn on the deposit banks the banks met them to the satisfaction of the holder. Had the banks been compelled to pay out specie for the drafts of the Government, I am sure I am safe in the assertion that no one could have been found which would have received that specie. Some gentlemen have erroneously imagined that specie was placed in the various deposit banks by the Government to meet those demands. I am not misinformed, the deposit bank in Baltimore, which has paid drafts and checks of the Government to upwards of a million of dollars, during the same period has not received from the Government perhaps twenty thousand dollars in specie. Most of the other banks here, no doubt, been in a similar situation; and yet they are discredited because they do not pay specie for all demands, whereas it cannot be denied that the Government, with all the deposits paid in specie, could not meet their own engagements, but had to resort to a loan or other means to effect it.

Mr. Speaker, there is no necessity for withholding the fourth instalment from the States; the deficiency in the Treasury cannot be supplied from this fund, it will not be sufficient for your purposes. If you require sixteen millions, nine millions will not suffice, and you will have to raise the remainder from some other source. Were the nine millions all that the Treasury required, there might be strong reasons for withholding it from the States. It might render unnecessary the resort to your Treasury notes or a loan. But if you have to borrow or issue your paper money, let it be for the full amount of your deficiency, and do not embarrass the States by withholding this payment from them.

## SPEECH OF MR POPE, OF KENTUCKY.

In the House of Representatives, Oct. 12, 1837.—The House having again resolved itself into a Committee of the Whole on the bill "imposing additional duties, as depositories in certain cases, on public officers,"

Mr. POPE, of Kentucky, addressed the Chair. He observed that he rose with reluctance, and much hesitation, to give his views to the committee on the principles involved in the bill, and the several subjects connected with it, after they had been discussed with so much ability in both Houses of Congress, and our session had approached its termination. He was aware that the committee were impatient to have the debate closed, and to take the question. He felt, however, that duty to the expectations of his immediate constituents and to himself forbade him to give a silent vote on a measure of so much magnitude, both in principle and consequences.

Many topics had been introduced into our debates during the present session, which did not seem to belong to any of the measures before us, and with reference to the parties in this House and the past political struggles of the country, to which he begged leave to give a passing notice. We ought (said Mr. Pope) to lay out of view every thing which does not belong to the crisis in which we are placed, and it seemed to him that gentlemen of all parties should elevate themselves for a moment above the mere party contests of the day, and act exclusively with reference to the good of the country. The vessel of State, in relation to our monetary system, appeared to be stranded, and all certainly should unite to put it fairly afloat again upon the great current of the public interest.

Mr. Chairman, the part I acted in the election of the late Chief Magistrate (said Mr. Pope) is well known; and on that account he had ever been unwilling to assail him, or the measures of his Administration. His veto of the bank bill, the removal of the deposits, and other acts tending to an alarming increase of Executive powers, at the expense of the other branches of the Government, were so much at war with his opinion of the principles and genius of our free institutions, that I have for several years declined to participate in the mere party struggles of the country. While I could not endorse the measures alluded

to, (said Mr. Pope,) I have not indulged in bitter censure or crimination of those with whom I have been politically associated. In my canvass for a seat here, (said Mr. Pope,) I appealed to no party on party grounds. My opinions about the United States Bank, currency, &c. were given to the people with openness and candor. Without disguise or evasion, or any mental reservation whatever, (Mr. Pope said) he had publicly avowed to his constituents his firm conviction that a national bank was a necessary and proper fiscal agent for the Government, the best regulator of our paper system, and an important auxiliary to the foreign and domestic commerce of the United States; and for the correctness of that opinion, he had appealed to the force of reason and experience.

Mr. POPE declared that, notwithstanding all the denunciations of the Bank or a Bank of the United States, his firm and unshaken belief was, that it is the best possible remedy of a permanent character which can be applied to cure the disorders in the local currencies, check excessive issues of paper money, and ensure to the nation a stable and uniform medium, and restore a healthy action to our money system. Public opinion in the Western States was strong and decisive in favor of this measure, and would be more so, from causes which do not apply as strongly to the Atlantic States. In Virginia, Maryland, New York, and other States on the Atlantic, the people trade to the cities on the seaboard in their own States; and the local currency will answer their purposes to a considerable extent. The trade of the Western States is carried on to distant places, much of it through other States, and the local currencies will not answer, and our Western traders are subjected to much loss in changing the paper received in every State through which they pass, going and returning; and all this loss falls on the farmers of the West; whereas, while the branch banks of the United States bank existed in the South and West, the traders were not subjected to the losses and inconveniences to which they are now exposed.

As so much has been said about merchants and overtrading, &c. Mr. POPE would remark that he represented an agricultural district, and that the farmers of the West were, if possible, more urgent than any other class, for a national bank, in order to have a currency in which they could confide—one sound and uniform. They had experienced the beneficial effects of a United States Bank, and were desirous to see that sound condition of things restored. Mr. Chairman, (said Mr. Pope,) I had occasion to act on this question of a national bank twenty-five years ago, in the other branch of Congress; and I then examined it with an honest inquiry after truth, and became entirely satisfied of the constitutionality and great utility of such an institution. The opinion I then formed, (said Mr. Pope,) I have maintained ever since, through good and evil report. Whether popular or unpopular, (Mr. Pope said,) he had made it a rule through life, when duty required him to act on a principle of cardinal importance or vital interest to the people, to explore it well, to establish truth in his own mind, and to adhere to it, unless overruled by the deliberate will of his fellow-citizens. Fortunately for me at this moment, in the opinion I express I stand supported by the voice of those who sent me, and the State at large.

Mr. Chairman, (said Mr. Pope,) before I proceed to bestow a special consideration on this Sub Treasury scheme, contemplated by the bill under consideration, or a national bank, which seems to be associated with it in this debate, permit me to notice other topics so frequently adverted to at this session. We are daily entertained or disturbed about the annexation of Texas, the tariff, and abolition. On the subject of Texas, I have no opinion (said Mr. Pope) at present to give; indeed, I have not considered it sufficiently to decide on the power or expediency of the annexation of Texas, if desired by the people of that country. Mr. Pope said he was not prepared to say to what extent our plan of Government could expand without endangering its integrity. It was a question on which an American statesman should not indulge hasty speculations; it was one which demanded grave and profound consideration.

In the old world there seemed to be natural barriers between nations—the Alps and Pyrenees separated communities; but here we had disregarded those geographical divisions, and cut down and perforated the Alleghany which divided the Atlantic States from the great Western valley. By roads and canals, with the consequent facility and rapidity, we had contracted practically the extent of our territory. I would, however, (said Mr. Pope,) implore gentlemen from the North and East, and especially the distinguished gentleman from Massachusetts, (Mr. Adams,) never to urge as a ground of opposition to Texas that slavery is tolerated in that country. It does not appear to be a legitimate ground of opposition. Should the provinces of Canada be ever separated from the mother country, and their independence established on the plains of Abraham, and that people should desire to be made part of this Republic, I should not think of objecting that they have or have not slaves. The question ought to be viewed on more elevated ground. We should bear in mind that in the struggle for liberty and independence, Virginia and Massachusetts shook hands as brothers, and staked their lives, fortunes, and sacred honor, in the common cause. Each State was left free to act in relation to domestic slavery.

It affords me pleasure on this occasion, Mr. Chairman, (continued Mr. Pope,) to do justice to the consistency of the respectable gentleman from Massachusetts, (Mr. Adams,) in the opinion he has expressed that Congress has no power to annex Texas to the United States. I well recollect (continued Mr. Pope) that he expressed the same opinion in the Senate, during the session of 1820-8, in regard to the admission of new States formed out of the Territory of Louisiana; but at the same time avowed his willingness, and I believe, with entire sincerity, while he could not concede the power to admit them, to vote for an amendment of the Constitution to authorize their admission.

The subject of abolition, so often mentioned on this floor, has never disturbed the people of Kentucky, although a slave State. I know (said Mr. P.) that there have been in my own State a large number averse to slavery, desirous of getting rid of it by emancipation, or in some other way. Some, probably, were in favor of abolition; but experience and observation have convinced the warmest friends of emancipation that any mode of terminating slavery and retaining them among us would be mischievous and dangerous. The Ohio river divides Kentucky from the free States of Ohio, Indiana, and Illinois; and while we are aware that there is a religious feeling and some fanaticism in relation to slavery, we indulge (said Mr. P.) no suspicion that the great body of the people of these States are disposed to disturb our slave property; and as to the enthusiasts and fanatics, we tolerate error and folly, while reason and practical observation are left free to counteract



them. The question of domestic slavery is one over which each State must be left to exercise sovereign control, subject to the power of Congress in reference to the importation of slaves from abroad.

The tariff is often mentioned, too, here, certainly foreign to the subjects of our present deliberations. Permit me, Mr. Chairman, (said Mr. Pope,) to retrospect the history of this tariff policy for the last thirty years. Nearly thirty years ago he was a member of the other branch of Congress; and gentlemen from the South and West, with the exception of Mr. John Randolph, and perhaps a few others, favored the tariff policy; and, in accordance with the expressed or imputed opinions of Mr. Jefferson, advocated the policy of rendering this country, to a great extent, independent of the workshops of Europe. I well recollect (said Mr. Pope) that I united in this opinion, without having ever considered deeply the effects of this policy on the different sections of the Union. The people of the Eastern States were at the time more inclined to employ their capital in commerce than manufactures, and Mr. Hilthouse, a Senator from Connecticut, a man of practical wisdom, remarked to me with apparent candor and much earnestness, that it was wrong to force or stimulate manufactures prematurely; that they ought and would grow up gradually with the growth of the nation. Circumstances, however, turned a large portion of Eastern capital into manufacturing establishments, and the Eastern people, ever astute and sagacious in whatever concerns their interests, asked for protection—more and more protection, until the South, awakened to a sense of the effects of this protective policy on the planting States, changed their course, and resisted this protective policy, which at one time gave rise to a most angry and excited contest. Fortunately for our peace and harmony, the question was compromised by the agency of a Kentucky member of this House, and a distinguished Senator from the same State; they, at least, aided much in restoring quiet to the country, and I hope that compromise will not be disturbed, and that until the year 1842 this matter will be at rest. It is very probable that the tariff policy was carried too far. Kentucky is a consuming State, as much so as Virginia and many other Southern States; and while she admits the power and policy of giving reasonable protection to American industry, she will be among the last to support, knowingly, any policy tending to sacrifice the interest of the South to advance or aggrandize any other portion of the Union. He would, however, take leave to remark, that he believed at no distant day Virginia and Kentucky will rival the Eastern States in many branches of manufactures. These States abound in coal, water power, and minerals, with a temperate climate; and it has been said of Kentucky that she contains the richest mineral wealth in the United States. Regions there, hardly inhabited now and considered of little value, will ultimately be filled with towns, villages, and an industrious and thriving population.

In connection with these vexed and exciting questions of abolition, tariff, annexation of Texas, we too often hear of disunion, &c. and I must confess, Mr. Chairman, (said Mr. Pope) that I regret to hear language of this sort from the distinguished gentleman from Massachusetts, (Mr. Adams) when speaking of Texas. When contending for freedom and independence with Great Britain, our brethren of the North did not object to an association with the South on the ground of domestic slavery. Kentucky is a central State, and a farming or planting State; a great consumer of foreign and American manufactures. We, the people of Kentucky, although, from habit, education, personal and commercial intercourse, partial to our Southern brethren, are not blind to the value and importance of our political association with the Eastern States. We consider them the right arm of our national strength as a maritime power. For intelligence, hardy enterprise, and skill in commerce and navigation, they are not surpassed, if equaled, by any nation of ancient or modern times. By the union of free and slave States, by their joint counsels and arms, our liberties and independence were achieved; and let not the trashy effusions of fanatics, or the visionary speculations of misanthropists, disturb our tranquillity or weaken those ties by which these States have been so long united. If we continue (said Mr. P.) a united people, this nation will, at no distant period, by their justice and power, exercise more influence and control over the affairs of nations than ancient Rome when mistress of the world, or Great Britain when she asserted the empire of the seas. He begged pardon of the committee for digressing so far from the question under consideration, and had only to assure them that he was led off by a solicitude to divert their attention from subjects which had been, as he thought, rather strangely brought into discussion, and to bring the minds of all to a deep and solemn consideration of the existing crisis; for sufficient for the time is the evil thereof.

The bill under consideration provides not only for the collection of the revenue, but the establishment of a number of Sub-Treasuries, to be located in different places in the United States where the revenue and proceeds of the public lands are collected, and the Secretary of the Treasury is authorized to appoint agents to inspect the books and accounts of these Sub-Treasuries, and report to him. Those charged with the collection and preservation of the money drawn from the pockets of the people, with the agent to inspect, &c. are to be appointed by the Executive, removable at his pleasure, and in all respects subject to his control. It is in substance a bill to unite the purse and sword of this Government in the hands of the President, in derogation of a fundamental principle of our free Constitution, and the title of it should be, (said Mr. Pope,) a bill to consummate the overthrow of that equilibrium and division of power which the wise founders of this Republic intended to establish to secure American liberty.

The maxim that a division of power among different departments or bodies of magistracy, was necessary to secure liberty, seems to have been better understood and practically applied by the statesmen of modern times than in remote ages. This maxim has been incorporated into all the American Constitutions, and pervades every ramification of this confederated Republic. Such a division of power as will prevent undue accumulation of power in the hands of one department or body of magistracy, was deemed by our ancestors essential to the security of the public liberty. This great principle forms a vital feature in the political law of modern Europe, wherein it is held that every power ought to be restrained within such limits as will ensure the independence of neighboring States; and hence the numerous laws to maintain the balance of power.

Our Constitutions divide the powers of Government into several departments or bodies of magistracy, and these powers are again divided between State and federal bodies of magistracy. To the legislative department it belongs to impose taxes upon the people; and I put the question (said Mr. Pope) to the

grave and candid consideration of this committee, whether it properly belongs to the Legislature or the Executive authority to create or select the agent to keep and guard the money of the people, until drawn out in conformity to appropriations made by law? Is the Executive or Legislature the keeper and guardian of the public treasure? In practice, the first Bank of the United States was the chief agent in taking care of the public money, and the last bank was made the agent by legislative authority; and that both were safe and responsible agents, is ascertained by the fact that no loss was ever sustained while they had the care of it; whereas we know that numerous defalcations and frauds and speculations have been committed by collectors, receivers, and others charged with the care of the public revenue. Large sums confided to individuals furnish temptations too strong for poor weak human nature. Treasurers in Virginia and Kentucky, of the fairest character for purity and honor, afford strong proofs of the danger of confiding large sums of money to the care of individuals; and both States have directed the public money to be placed in sound and responsible banks. When it is deposited in a bank, to the credit of the Government, the whole corporation is responsible. The capital of thirty five millions of dollars of the late Bank of the United States was bound for the money placed in its vaults.

I will not, said Mr. Pope, detain the committee by any calculation of the additional expense, or Executive patronage of this new scheme of Sub-Treasuries, because it is liable to other objections of much more magnitude. To what responsibility, Mr. Chairman, (said Mr. Pope,) do you rely on the security of the public revenue? Do you rely on the bonds and securities provided for in this bill? Remember, (said he,) that there will be collected in the city of New York alone from twelve to fifteen millions; and that in the cities of Boston, Philadelphia, Baltimore, Charleston, and New Orleans, from three to five millions on an average will be received by the collectors at each port; and a large amount of this money must remain for a considerable time in their hands before it can be paid out. In the whole of these Sub-Treasuries, there will generally be on hand from five to ten millions of dollars. Now, sir, what individual and securities can be good and responsible for millions? Sir, you have no security for the safety of the public funds, but in the honor and integrity of the officers charged with the care of them.

I have, Mr. Chairman, other fears and objections in relation to this measure. The officers to have charge of your money will be the creatures of the Executive, holding their offices at his pleasure, and responsible directly to him. We all know (said Mr. Pope) that money has become a powerful agent in our political contests, and especially in the large cities. Let me suppose a violent party contest for the Presidential office, and the man under whom these treasurers hold their office a candidate; can you believe that they will resist the appeals of the friends of power, to use the public money to ensure the election of their favorite candidate? I cannot (said Mr. Pope) think of a scheme more likely to be fatal to the purity of our institutions, and the public liberty, than the one on your table. I deem it, said he, a most sacred duty of the representatives of the people to place the money drawn by their authority from their constituents in safe hands, and not where it will be in danger of being wasted and plundered. The guardianship and care of the public treasure belongs to Congress, and not to the Executive. Acting upon this principle, and in accordance with the genius of our free institutions, the people of Kentucky, in convention, provided that the Treasurer of the State, who was to be charged with the care of the public money, should be elected by the Legislature, while the appointment of all other officers was confided to the Governor and Senate.

This measure seems designed to substitute an exclusive metallic currency for the specie and paper currency, that is, paper convertible into specie, to which the people have been accustomed for half a century. During forty years out of forty-eight of our political existence under the present Constitution, we have had a currency consisting chiefly of silver money and bank money, that is, bank notes convertible into specie; for such paper has been considered and called money from the commencement of the banking system in Europe. That notes at all times convertible into specie, such as issued by the banks of the United States, have been deemed by the people money, and paid and received as such by all classes in this nation, is a fact of universal notoriety. And why we should, after this long practice and experience, revolutionize our whole monetary system, and run counter to the fixed habits and prejudices of the people, I am (said Mr. P.) utterly at a loss to imagine. Are gentlemen prepared to injure the best interests of the people and endanger our domestic tranquillity merely to preserve their consistency in error? Would it not be more wise, manly, and patriotic, regardless of all party considerations and past opinions, to sacrifice party opinions and a selfish policy on this altar of their country's good? Let us, said he, now look at our condition. According to the late estimates which we have been furnished, there is now in the United States from sixty to eighty millions of gold and silver, twice as much as we ever had before, with double the number of banks we had five years ago and our whole land abounding with the finest crops ever before witnessed; and yet, strange to tell, owing to the instability in the public councils, and a disordered currency, confidence and credit are destroyed, and distrust and painful anxiety pervade this great community. The commercial action of the nation is, to a great extent, suspended; a large number of our vessels and steamboats are laid up and idle; and a large portion of the laboring classes thrown out of employment.

The wisest statesmen and purest patriots of this nation have abandoned long-established opinions and prejudices in obedience to the voice of experience and the exigencies of their country, and why cannot we do likewise to redeem this people from the embarrassments, dangers, and difficulties which surround them? In this age and Government of experiment, we ought not, said he, to be surprised at change of opinion in the wisest men. The most enlightened statesmen ever selected to preside over the affairs of nations have been often mistaken: they have only seen through a glass darkly the consequences of their measures. God has given to the mental vision of mortals but an imperfect and limited view of the future. I must here be permitted (said Mr. Pope) to repeat the remarks of Mr. Giles, of Virginia, a most distinguished parliamentary debater on the floor of the Senate, when charged with inconsistency. In his defence, he observed that he should have lived to little purpose, if he had not learnt by experience to correct his errors; but, said he, I have another very sufficient answer to give to the charge—I am consistent in this, said Mr. Giles, that I consider it my duty, at all times, to my country, to do what is best for that country under the circumstances in which I am placed. In a

review (said Mr. Pope) of our political history for the last forty years, it will be found that there have been frequent and great changes of opinion on the most important subject. At one time the great body of the people of the South and West were opposed to a navy; but experience has corrected their error. Many of the most distinguished men have changed their opinions on the question of a national bank—Mr. Madison and Mr. Monroe among others. Thirty years ago the people of the Eastern States were rather opposed to the manufacturing policy, the South and West for it; and now the East for it, and the South and West, or a great portion of them, against it.

Let experience, said Mr. Pope, the best of all teachers, learn us to act wisely, in relation to the existing crisis in our public affairs. Let us reason together with frankness, and in a spirit of patriotism, and with bosoms animated with no other feeling than the public good, apply such remedies to the disorders in the currency which experience has proved to be efficacious, and restore once more a healthy action to the body politic. Let us, said Mr. Pope, have no more new, untried nostrums. The brokers and shavers are now reaping a rich harvest from this ruinous condition of the currency, and the loss must ultimately fall on the laboring and industrious classes of the community. The vacillating and unstable policy of the Government has shaken the confidence of moneyed men, who are now hoarding their treasures, because they are unable to calculate the results and consequences of the present state of things, afraid to lend or invest their money.

Mr. Chairman, (continued Mr. Pope,) the farmers of the West, when they sell their stock or other products of their industry, want that sound, good currency to which they have been accustomed; and when they sent agents here to correct existing evils, they did not expect them to provide good money for themselves only, but for their masters—the great body of the people. This bill provides that no money shall be received for land, or at the custom-houses, but gold and silver. Twenty or thirty millions of gold and silver are to be drawn from the interior every year into the land offices, and to the large cities on the seaboard, where it is to remain until paid out to the public officers—to the navy, army, and for the public works; and I fear it will beslow in its march back to the interior States, where there will be little or no public expenditures. How the State banks can resume specie payments, or maintain specie payments under this operation, I must leave, said Mr. Pope, to better judges to decide. From five to ten millions must be generally locked up in the Government vaults, and withdrawn from circulation. To reconcile us to this experiment, we are told that we are to have a hard money constitutional currency. I will not, said Mr. Pope, by exploding paper money convertible into specie, and establishing an exclusive metallic medium, carry this nation back to a rude and half-civilized age, before commerce, enterprise, and navigation had enlightened and civilized the nations; but will content myself with the facts and examples furnished by the most enlightened and powerful people of modern times, as the basis of my opinion and reasoning on this question. On a territory of no greater extent than Delaware or Rhode Island, or the city of New York or Philadelphia, a hard money medium would be practicable, and a paper medium could be dispensed with. It can only suit a small territory, where the population is dense, where it can be removed from place to place without much expense or hazard; but in this extensive country it must be evident, on a moment's reflection, that convenience and necessity require a paper representative of specie. Every traveller through this vast territory, with a moderate amount of the precious metals, would be exposed to hazard; the weight of his trunk or saddlebags would give notice, at every inn at which he stopped, of the amount of his treasure; and when large sums are to be transported to distant places, the peril and expense would be increased.

I will not, said Mr. Pope, by my vote, authorize the President of this free people to imitate the example of kings and emperors a few centuries past, who hoarded up at the capital all the gold and silver they could extort or filch from their subjects, to carry on wars of ambition and conquest. Neither my pursuits nor reflections have led me to explore, with the eye of a profound financier, the monetary systems of the commercial world in all their ramifications and effects; but I believe I may venture to say that neither this nor any other people can long have more than their fair proportion of the gold and silver of the commercial nations. If we should be able to obtain an excess, so as to produce a pressure in other countries, that excess would soon leave us and return to places where it would be wanted; nor can bolts, or bars, or vaults, embargoes, prohibitions, pains, or penalties, arrest the current established by the laws of trade, which no power, the most despotic, had ever been able to control. The currency of Great Britain and France consisted of gold chiefly, and paper with this difference, that in Great Britain the proportion of paper, in the form of bank notes to gold, was greater than in France. With these countries we have more commerce than with any others. Our currency has generally consisted of silver chiefly, and paper in the form of bank notes, with a greater proportion of paper than in either Great Britain or France; and the specie must flow from those countries to this, and from this back, according to the laws of trade, regardless of any laws or regulations of either.

Mr. Chairman, said Mr. Pope, in exploring the causes of our present difficulties, I shall not go back to the removal of the depositories, but content myself with the recital of a few extracts in relation to this subject. There is no doubt that the extensive and extravagant speculations in the public lands, diverting twenty or thirty or forty millions of dollars from the ordinary channels of trade and business, may have had some influence. The unusual importations of gold from England and France may have produced a pressure for specie there, which, reacting on this country, produced a rapid return of it, and forced the banks, for self-preservation, to suspend specie payments. In this conflict and pressure in both countries, cotton fell, merchants failed, and a shock was given to confidence, credit, and business; and owing to the fall of cotton, with other causes, a large balance was created against us in favor of Europe. In this state of things, said Mr. Pope, the Government, instead of denouncing the State banks, and threatening to crush them, by destroying their credit and issuing commissions of inquiry, should, on account of the people, if not the banks, have exerted all their power and influence to sustain their credit and confidence in them and their paper, the only currency among the people.

The effort money policy, and cast off the State banks, is calculated to have the most disastrous consequences on the community, by encouraging creditors to refuse to take the local currencies for their debts; to reduce the value of property, and unjustly



change the relation of creditors and debtors. The Legislatures of the States may be driven to stop execution, unless the creditors will take paper, as has been done by Virginia at her last session. Mr. Chairman, we do not realize the dangerous consequences to result from the disordered condition of the money system. Derangement of the currency, loss of confidence and credit, is the hinge upon which many revolutions have turned in civilized countries. It is well known that the derangement of the finances, and destruction of public and private credit, was the immediate cause of that revolution in France which deluged that country with blood. At an early day an insurrection occurred in the State of Massachusetts; and in my own State, not more than ten or twelve years ago after we had created numerous banks, the creditors and debtors had a most angry conflict; and after relief laws, judge-breaking, and a temporary war upon our judiciary, the people of that State were brought to the verge of civil war. On no condition of the State ought we to look with more deep concern than a disordered state of the monetary system. There are no duties of more paramount obligation on the Congress of the United States, than to exercise all the powers granted them by the Constitution, to restore a sound and healthy action to that currency which regulates the transactions of the people. To preserve union, establish justice, and ensure domestic tranquility, are among the leading objects of the Federal compact.

Mr. Chairman, said Mr. Pope, another unmeaning and complex notion is to be presented to the nation to reconcile them to this new and dangerous project. They are to be amused with the cant phrase, that Government ought to be divorced from the banks, and the people, who have based all their transactions on the local banks and the currency furnished by them, are to be abandoned to shift for themselves, under the denunciation and slanders of the Government—that same Government that brought many of these banks into existence, and assured the people they were to be confided in, and that they would furnish a better currency, and do the business of exchange on better terms, or as good, and more extensively, than the Bank of the United States ever had. And this language was held by the Administration up to the 4th of March last, when the late President, in his farewell address, only about eight weeks before the banks all suspended specie payments, from causes to which I have briefly adverted, announced to the nation that all was well in regard to our banks and currency. If those placed by the people of this country at the head of public affairs, for their supposed wisdom and patriotism, could not foresee the fatal catastrophe which was to occur in so short a time, how can they criminate with such wanton and unfeeling cruelty the conduct of the banks which had followed their counsels? For, sir, I have now before me the letter of Secretary Taney to the deposite banks, after the removal of the depositories, in which he exhorts the State banks to expand their issues, and to be liberal in their accommodations to the community. No sooner, however, (said Mr. Pope,) had the check been felt by the banks, and their doors closed, than the friends of the Administration became alarmed lest censure and reproach should fall on the Administration, and "let slip the dogs of war" on the banks, in order to make them the scape-goats to bear off the sins and blunders of the Administration.

Sir, (said Mr. Pope,) how many of the deposite banks are insolvent, and how much is the Government likely to lose by them? I should like to have a candid answer to this question. I am sure (said he) that I have not been informed. If any are likely to prove insolvent, they ought to be designated. On the contrary, we are informed by the Secretary that the public money placed in them will be ultimately safe. Their whole crime, then, consists in having expanded their issues in conformity to the advice of the Secretary of the Treasury, and the approbation of the Government, and, under an unexpected revulsion in trade, and a pressure for specie which the wisest men among us did not foresee, suspended specie payments. In this hour of difficulty and alarm, Mr. P. said he would ask of every candid man whether the Government, after having nationalized these banks and their paper, were not bound in gratitude to their bank friends and the people to put forth all their strength and constitutional power to aid and sustain their credit and the confidence of the community in the paper.

Mr. Pope said he had not much sympathy for those banks which accepted the depositories at the time of their removal from the United States Bank, because they had been hired and seduced to embark their influence in a crusade against the national bank, which they will find, and ought to have known long since, as the best regulator of our paper system, and the great conservator of the sound State banks of the nation. From the commencement of the Government, the national bank and State banks had lived in harmony, and worked together for the great and proper prosperity of this rising nation. By their joint efforts spurious and fictitious banks had been kept under, and during the existence of a national and good State banks, the people had been secure against a vicious national or local currency.

Mr. Chairman, if I was as jealous of men in power as a political man ought to be in this free Government, I should incline to believe that the plan has been long and deeply laid to destroy the present banking system of the nation, national and local, for the purpose of rearing up on its ruins a great Government bank, to be wielded by those in power; yes, sir, to concentrate in the hands of the Executive not only the sword, but the great money power of this nation. The first bank to be destroyed was that of the United States; and that accomplished, the next to be sacrificed were State banks; and it might have been supposed, from what occurred in 1814 and 1815, that they would fall an easy prey from similar causes; and then a Government bank would seem to be a necessary result of the destruction of all others; for, sir, it has never been imagined by the enlightened men of this country that the fiscal and commercial business of the United States could be carried on over our extended territory by an exclusive metallic medium. Until lately, I was utterly at a loss to conjecture the motive which induced the friends of the Administration to oppose, with such zeal and violence of denunciation, the char of the late Bank of the United States by the State of Pennsylvania; and what is most extraordinary is, that a distinguished citizen of Pennsylvania, now on a foreign mission, should have so lately advocated, in the public prints, the revolutionary course of annulling, in a convention, the solemn charters granted by that State. The bank had ceased to exist as a national institution; and why there should have been such hostility to its incorporation by the State of Pennsylvania I could not divine, until this Sub-Treasury scheme was announced in the late Message of the

President. It is possible that it was apprehended that a State bank of such magnitude, under State authority, might present some obstacle to the great destroyer of banks and embarrass the scheme under consideration, designed, if I am not greatly deceived, to lay the foundation of a great Treasury bank.

In looking at the past and present course of things, I am led back (said Mr. Pope) to the discussions in the Virginia convention of this Constitution, between Patrick Henry, the first orator of ancient or modern times, and one that looked through the deeds of men, and the late Mr. Madison, among the most virtuous and enlightened statesmen in America. Mr. Madison could not believe that any President would remove a good officer without reasonable cause, and supposed that the powers of Government were so arranged and divided that there could be no undue or dangerous accumulation in any department. Mr. Henry, with prophetic vision, at the same time that he bestowed a merited eulogium on the virtues and intelligence of Mr. Madison, said in emphatic terms that, unfortunately for himself, and unfortunately for his country, he had been bred up in the dark closets of study, and knew nothing of mankind. Sir, said Mr. Henry, whatever others may think, however they may admire this Constitution, to me it has an awful squinting towards monarchy. Mr. Henry had studied human nature thoroughly, and explored, with an eye of a wary statesman, all the secret springs of human actions, and foresaw, or thought he foresaw, a strong tendency in this Government to concentrate too much strength in the Executive head, and predicted that at no distant day he would be more absolute in fact, if not in form, than any monarch on the British throne since the revolution of 1688. Mr. Chairman, (said Mr. Pope,) from what I have observed within a few years past, I fear Mr. Henry's predictions will be fulfilled, unless every man who thinks this free system is worth preserving will stand forth and contribute his mite to check this tendency to prostrate all other departments at the feet of the Executive.

I know, said Mr. Pope, that many gentlemen calculate that this cant-phrase of divorce Government from banks is to carry them triumphantly through the pending struggle; but if they mount this petty, poor hobby, they will soon find themselves cast into insignificance. They rely too much on the credulity of the people, and underrate their intelligence. In prosperous times, when they feel, said Mr. Pope, no distress or suffering from the measures of the Administration, they cannot be easily roused to resist error; but in times like the present, gentlemen may be assured that the whole intellect and energy of the people will be brought into action to vindicate their rights and interests.

The respect I have, said Mr. Pope, for many gentlemen who talk about a divorce of the Government from all banks induces me to examine more gravely than might seem to be necessary or proper, the nature and character of this divorce. The parties to be divorced are the Government on the one part and the banks, and I would add, said Mr. Pope, the people, on the other part. Now sir, what is the Government, the party on the first part? It is, Mr. Chairman, if I understand the matter, the States and people acting here in all the departments by agents; this is a Government of the people and States, who are at present acting by selected agents, in one branch, the States acting by agents selected by them in their corporate capacity. Now, sir, what are the banks of the States but money corporations, created by the States, furnishing bank money or currency for the people of the States, and solemnly made by this Government, money agents of the United States, and furnishing with the sanction of this Government, bank money for the Government and people of the United States? The stock of some banks is owned exclusively by the States; in some the stock is owned in part by the States, and in part by the people; in others the whole is owned entirely by citizens. This divorce, then, if I can, said Mr. Pope, comprehend the true character of it, is a separation of the States, banks, and people, from the States, banks, and people. There is something so obscure and preposterous in the proposition advanced, that the Government of the nation ought to sever itself from the States and people, and leave the people to struggle with a ruinous currency without an effort to correct the evil, that I am at a loss for an argument to combat such an incomprehensible, idle phantom. Am I to understand gentlemen, said Mr. Pope, that the existing currencies in the nation, practically the money of the people, long the standard and measure of value among them, the basis of all their contracts and transactions, is to be left in chaotic disorder and confusion, without an effort on our part to apply a corrective, and that we, the agents of the people, are merely to provide good money for ourselves and public officers—that we, a select few only, are to be taken care of?

Mr. Chairman, let us reflect, said Mr. P. like faithful representatives and guardians of the public prosperity and happiness, and act effectively in obedience to the dictates of duty and patriotism. Let us exert all the powers granted by the Constitution to redeem our country from the evils and dangers which surround it. It is proper to examine, said Mr. P. the powers of this Government in relation to commerce, and money or currency. By the Constitution, power is expressly granted to Congress to coin money and regulate the value thereof, and to fix a uniform standard of weights and measures. To Congress power is expressly granted to regulate commerce with foreign nations, and between the several States, and with the Indian tribes. That money and currency is intimately associated with commerce, and has been so in all times and in all well regulated commercial nations, I need not, said Mr. P. adduce facts or arguments to prove. Money and currency have ever been considered the life and soul of commerce; in the language of Mr. Hume, it is the oil which renders the wheels of trade smooth and easy, and he considers the thorough concoction and circulation of money through a State of much importance.

The people of the United States, in Convention assembled, were deeply impressed with the necessity of granting to Congress full power over the subjects of commerce, external, and internal, and currency; and to make their intention more manifest, they denied to the States the power of coining money or emitting bills of credit. The evil which had been experienced from the power of the States to coin money or emit bills of credit, and the danger and inconvenience of permitting the States to regulate commerce with foreign nations, or with each other, induced the Convention to vest Congress with plenary and exclusive sovereignty over these subjects; and I put it to gentlemen, said Mr. P. to answer whether the powers and duties of this Government in relation to currency and commerce are not as ample and imperative under the limitations of the Constitution, as can be imposed on any other Government. The States and people of the States have not reserved any control or

sovereignty over these subjects, but have surrendered them to Congress.

The people of these States, by their relation to this Government, are bound, by their money and their arms, to stand by and support it in all good and evil times, and have a right to demand the exercise of all the power and means within the sphere of their authority, to give them a good currency, a fair measure of value to insure a just relation between creditor and debtor, and preserve a healthy action in the external and internal commerce of the country. Nor can the Government refuse or neglect to perform these duties to the extent of their power and means, without a criminal violation of their highest duties and obligations. If those placed in authority are too elevated to feel for the remedies of the people, or not wise enough to perceive the remedies necessary and proper to cure existing disorders; are so tight laced with commitment and consistencies as to be unable to act the part demanded by the exigencies of the times and the voice of a disturbed nation; let them retire from the post assigned them, and give place to wiser and better men, who have not sought the post of honor at the expense of principle and the public good; will not be committed against measures essential to maintain credit and confidence, and protect the great springs of the public prosperity. How different is the language held by the Administration of public affairs in this country, said Mr. P. from that held by the Administration of Great Britain and the Whigs of that country. In the year 1793, when the people of that country were overwhelmed with difficulties and embarrassments, and the commercial credit was in danger, the Government stepped forward with a kind and aiding hand, and arrested the ruin and desolation which seemed to be impending.

In 1797, when the Bank of England suspended specie payment, and a panic seized the nation, the prime minister of England, instead of denouncing the bank, and ordering a commission of bankruptcy against her, had a committee raised to examine her affairs, who reported, after a full examination of the affairs of the bank, that the means were ample to meet her engagements, and that she was sound and solvent; that the suspension was forced on the bank by the circumstances which surrounded the country, and the dangers which menaced it.

If, Mr. Chairman, said Mr. P. this Government had taken the same course, had an investigation made into the condition of our banks, and a report of the same character, so far as merited, made to the nation, with assurance that the Government would aid them with its credit and countenance to resume specie payments, they would have maintained with the people confidence in our institutions, so important in this hour of alarm and distrust; and if the President, in his Message, instead of denouncing a national bank, had declared, like President Madison, that the State bank experiment would not answer without a national bank, and recommended the measure to the consideration of Congress; if he had hurled from him the hobby by which he rode into power, and dismounted his followers, and admitted his error with that magnanimity which becomes the Chief Magistrate of a nation, he would have gained a crown of public approbation worth all the Treasury note bills and Sub-Treasury schemes which his ingenuity can invent in the four years for which he was elected. In confirmation of the opinion I have advanced, said Mr. Pope, of the duty of this Government to give the people a good currency, and guard against a ruinous and unstable one, let me call your attention to the sentiments expressed by the Whigs of England, such as Charles Fox, Sheridan and others, whose lives were devoted to sustain the rights of the people against the usurpations of the crown.

In a protest entered on the journals of the House of Lords in the year 1797, during the war between England and France, they held and maintain the following language and opinions. The whigs insist, in that protest, that "the advisers of the Crown are responsible for the condition of the State; responsible for its internal peace and general good Government; for the protection of its commerce, its credit, and the various sources of its prosperity and wealth." And Mr. Chairman, (said Mr. P.) I concur with Fox, Sheridan, and other whigs of England, whose lives were devoted to the maintenance of the powers and privileges of Parliament against the encroachments and usurpations of the Crown, that those charged with the administration of this or any other Government, are responsible for the condition of the State, and for the protection of its commerce and credit, and that no Administration can evade that responsibility with honor or regard to public duty. According to the express provisions of our Constitution, and the fundamental law inherent in every political association, these placed in authority are under the most imperious and sacred obligations to perform the duties to which he had adverted. It is true, (said Mr. P.) that, technically and strictly speaking, nothing but gold and silver can be forced on a creditor; but we know also that, in practice, whatever medium may by law or general consent be generally received in exchange for property or commodities, and in payment of debts, is, and must be, the circulating medium and currency of such country, and will regulate the performance of contracts, if another medium be not specially provided for; and hence the necessity imposed on the sovereign power to guard against the depreciation and fluctuations of currency, whatever it may be, to secure society against violent struggles between debtor and creditor, the necessary consequence of a spurious, uncertain standard of value. For forty years out of forty-eight of our national existence, our Government, by the use of national banks, has secured the country against these evils. It seems to be fashionable now, said Mr. P. to denounce the banking and credit system, and extol the hard money plan. The policy and expediency of banks he did not consider, at this day, a debatable question. They are liable, like all other good institutions, to abuses; but the system here, while we had a national bank, said Mr. P. attained as much perfection as in any other country where they had been used. Banks have been introduced in the most enlightened countries of Europe, the offspring of commerce and wealth in commercial nations. The experience of ages has established their utility, and it would be strange for us, at this day, to run counter to the long usage and testimony of the whole commercial world. We have had them in this country, said Mr. P. for more than half a century. Few men are willing to keep in their private coffers a large amount of money; the fact is difficult to conceal from those about them. A man cannot be always at home to guard his treasure, and is exposed to robbery and murder; hence men are generally disposed to deposit their funds on hand in some place of safety, and banks of good and solid character, and having general confidence, are selected by prudent men to take care of them; and these depositories, said Mr. P. are of great advantage to the public, because the money of the country, instead of being hoarded, is

secured by the owners from fire and robbery, and placed in good banks, and put in circulation by the banks, to aid the enterprise, industry, and business of the people. But to secure these advantages, and augment in this way the active capital of the community, it is necessary that the banks should be sound, and have the firm confidence of the people.

Banks, in their origin in Europe, were places of deposit and of inspection for money, to prevent clipping or debasing the coin. The checks of the depositors passed from hand to hand as money, and being convertible at all times into specie, this species of transfer was called bank money; so the notes of the Bank of England and of the Bank of the United States, while convertible into specie, may be properly denominated bank money. To give to paper, in the form of bank notes, the character of money, it is necessary so to organize and regulate our banking system as to secure to the holder of a note the power of converting it into gold and silver at all times; and this we have never been able to do uniformly, but by the agency of a national institution. The banking and paper credit of Great Britain has been carried to a greater extent than that of any nation in Europe; and under its operation and influence she has become the first commercial and naval power in the world. When Bonaparte, (said Mr. Pope,) was preparing to invade England with a million of soldiers, the timid part of the nation became alarmed, and made a run upon the bank, in order to prepare for flight from the kingdom in the event of Bonaparte's success; and this, with other causes, forced a suspension of specie payments; and yet England, with this suspension, maintained a war against nearly all Europe for more than twenty years—triumphed over the combined fleets of France and Spain in two decisive victories, at Trafalgar and the Nile, and carried her power and domination to regions where the Roman eagles never flew when mistress of the world; and there would seem to be no limit to her domination, but for the rising greatness of this Republic.

It was, said Mr. Pope, the Anglo-Saxon spirit of this people that gave us independence; and this nation, if united, will, at no distant period, rival Great Britain in commerce, and check her supreme dominion on the ocean.

What, Mr. Chairman, said Mr. Pope, has been the effect of the banking system and paper credit in this country? It commenced more than fifty years ago, has expanded with the growth of the nation, and, in less than half a century, under our present Constitution, we have risen from a small beginning to be the second commercial nation in the civilized world. Our navigation has increased; our country has improved, with astonishing rapidity, in wealth and internal improvements of every kind; our population has expanded to the far West, where the wilderness has been made to blossom like the rose, under the operation and influence of this banking system so much denounced of late.

Banks are useful, not only in aiding the general operations of commerce, but they place the poor and wealthy on more equal ground. Young men of enterprise, industry, and good habits, can generally, with the aid of friends, obtain loans, on moderate interest, to embark in trade and business; and thousands, said Mr. Pope, of enterprising young men without capital, with a little credit, have risen from poverty to opulence. I know, too, said he, that the branches of the United States Bank established in Kentucky, after all other banks were wound up there, diffused their loans and accommodations to the people of my State as fairly and usefully, and, indeed, more so than other banks ever did, and without interfering in our party contests. I believe, said Mr. Pope, no institutions were ever less liable to such an imputation.

Mr. Chairman, I have now to say to my friends from Virginia, who oppose this bill, and insist that the State banks shall be continued as depositories of the public money, that while I do not believe that this Government ought to depend on the agency of banks under State authority, I will vote with them to make general and special deposits in those banks in preference to the bill under debate; and I hope, said Mr. Pope, if the amendment proposed in favor of State banks should be rejected, that my friends from Virginia will unite with me for a Bank of the United States. They will answer me, probably, said Mr. Pope, that they cannot do this, because it is forbidden by the constitutional doctrines of Virginia, which, he must confess, he had never been able to understand, although born in Virginia, often an actor on the political theatre, and a supporter of three Virginia Presidents—Jefferson, Madison, and Monroe. If, said Mr. Pope, these distinguished men are to be considered the elders of the Virginia political church, with the addition of the late Mr. Crawford, born in Virginia, and supported for the Presidency by that State, we shall be still more at a loss to understand what is meant by the Virginia doctrines; and we shall probably find them like the doctrines of most other States—one rule of faith in theory, and another in practice.

It has been generally supposed that the Virginia statesmen of the Jefferson or Republican school were opposed to the exercise of implied or constructive powers; or at least that they are more strict constructionists than others; that they are opposed to the exercise of powers not expressly granted; and so am I, Mr. Chairman. If there is any plain line of demarcation between the opinions of Virginia politicians and others, in regard to the powers of this Government, I have never been able to discover it.

It is true that parties have differed about the power to pass particular measures; but there is no general rule of construction on which the statesmen of this country have differed, at least in practice. Those in opposition have, under every Administration, assailed the constitutionality of measures adopted by those in power; and those in power have uniformly exercised all the powers in their opinion necessary and proper to sustain their policy and accomplish their objects. If politicians of the Virginia school have, in practice, observed a more strict construction of the Constitution than others, I have in vain, said Mr. Pope, looked for evidence of the fact. Mr. Jefferson, Mr. Madison, and Mr. Monroe, united in the purchase of Louisiana, and its incorporation into the United States, the constitutionality of which was controverted by the statesmen of the Eastern States; and the correctness of their constitutional objections was admitted by Mr. Jefferson himself; but he justified the act on the ground of necessity. He considered the acquisition necessary, to secure to the West a free outlet to the ocean, and to preserve the Union. After this, a law passed Congress to establish a branch of the United States Bank at New Orleans, which the bank had no right to do under her charter; and, therefore, that act must be considered in the nature of an original proposition, and it received the sanction of Mr. Jefferson, then President of the United States; and other

laws were, I believe, passed during his Administration to protect this unconstitutional monster.

Mr. Pope said that among the first acts for which he ever voted in Congress, was the embargo recommended by President Jefferson, in the winter of 1807, for which there is no express grant of power in the Constitution, unless embraced by the clause authorizing Congress to pass all laws necessary and proper to carry into effect the powers granted, etc. or the power may be implied as incidental to the powers to declare war and regulate commerce. The public men from the Eastern States, or many of them, contended that, under a power to regulate commerce, Congress had no power to destroy commerce. The law, without limitation as to time, declared that no ship or vessel should depart from any port or place in the United States, for any foreign country; certainly one of the strongest measures ever hazarded by any Government.

Mr. Chairman, said Mr. Pope, I do not intend to be understood as questioning the constitutionality of the embargo law. At an early period of this Government, I think, said Mr. Pope, the Virginia statesmen supported the constitutionality and expediency of protecting and encouraging American navigation, by imposing discriminating duties on foreign vessels; and, until lately they admitted the power of Congress to pass a protecting tariff. In the year 1781, the continental Congress, composed of the most godlike men for wisdom and elevated patriotism ever assembled under the sun, passed the first national bank, called the Bank of North America, ten States voting for it, of which Virginia was one, and three against it. After the next bank, first under this Constitution, had passed both Houses of Congress, and been presented to President Washington for his signature, in consequence of some opposition to it in Congress on constitutional grounds, General Washington, with that caution and prudent circumspection which characterized his course through life, called on his cabinet for their written opinions on the constitutional question; and after receiving and considering them without reference to men or parties, (for he was above all party,) with that practical wisdom and forecast for which he was distinguished, approved the law. Yes, sir, this father of his country, this Virginia President, decided that a national bank was constitutional.

In 1816, Mr. Madison and Mr. Monroe, regardless of previous commitments, bowed to the voice of necessity and experience, and sacrificed their consistency on the altar of their country's good. Virginia, said Mr. Pope, supported Mr. Crawford, a decided supporter of a national bank, for the Presidency; and in that vote, according to the notions of the day, has declared in favor of a national bank. While on this subject, I will add to the authority of Virginia statesmen the opinions of Mr. Gallatin, Mr. Dallas, Mr. McLean, and others might be mentioned, the most enlightened financiers in the country, who have, from a thorough and practical knowledge of the necessity and utility of such an institution, concurred in opinion with the distinguished men to whose authority I have appealed. May I be permitted, continued Mr. Pope, to refer to the decisions of the Congress of 1791, 1816, and 1832, as high authorities in favor of a national bank?

In the face of this high authority, the experience of forty years of our national existence, and admonished by the present disturbed condition of the country, it is given out in speeches, and strongly intimated by the President in his Message, that he will put his veto on any bill for the creation of a national bank; and he speaks further, said Mr. Pope, in his Message, of the persevering opposition of the people of the United States to a national bank, and seems to suppose his election a high evidence of public opinion on this question. The conclusion he draws from the event of his election, furnishes very slender evidence on this point; for it never has happened that any Presidential election has turned on any one political question. The choice of the people, continued Mr. Pope, of a President is influenced by various considerations, and rarely with reference to any particular question or principle; and, besides, it ought to be recollected that the bank question had been disposed of long before his election, and could not have been the only ground of selection. But, continued Mr. Pope, if they decided against a national bank, they must have declared in favor of State banks. In pulling down the Bank of the United States, it was distinctly announced to the nation, not that bank agency would be dispensed with, but that State banks would answer the purpose better. The people, therefore, if they decided any thing, have approved the substitute presented to them by those high in authority, who now acknowledge that the substitute of State banks has failed; and hence it is but fair to contend that the people have only declared against a bank on the condition that the State banks would fulfil their expectations; and, therefore, it would seem to be still an open question, or the decision is in favor of a national bank. If any thing has been decided, continued Mr. Pope, it was the question between the Administration and the late bank, on the ground of imputed misconduct on their part, and not the general question of a national bank. He was not sufficiently acquainted with the facts to decide on the merits or demerits of the late bank; he had thought it indiscreet in them to issue publications concerning the controversy with the Government, because it did them no service, and subjected them to the imputation of interfering in the elections and politics of the country. For this course there may have been some excuse on the score of self-defence. I certainly never heard of any charge of the kind against the bank before their contest with the Administration; and the branches in Kentucky, he believed, had acted fairly and usefully, and to the satisfaction of all parties. I neither, Mr. Chairman, understand the facts involved in the controversy, nor am I disposed to concern in the discussion of them. I am for a good bank under proper regulations, with a competent capital; reserving to the States one-fourth or one-third of the stock, to be divided among them according to an equitable ratio to be paid out of the proceeds of the public lands; foreigners to be excluded from any direction of the bank; the interest to be moderate, and a majority of the stock to be subscribed by citizens of the United States, with a reservation of full power to Congress to guard against abuses, and to insure to the people a sound, stable and uniform currency, and a fair and undisturbed administration of its affairs. Mr. Chairman, I have no expectation of a national bank until Congress should act in advance of public opinion. I am ready to act, at any time, when a majority shall feel satisfied that their constituents are for it. I shall not be deterred from pressing this subject on the consideration of this House or the Executive by any intimation or menace he may give of a veto; and I deny his right in this way to dictate to or influence the deliberations of the legislative body. In doing so he departs from the sphere of action as-

signed to him by the Constitution of his country. From what part or clause of that instrument does he derive the right to tell the Legislature that he will not co-operate in measures deemed by them necessary for the good of the people?

The Constitution makes it the duty of the President, from time to time, to give to the Congress information of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient; but on what part or clause he claims the right to tell the Congress of those things they ought not, or shall not do, I am yet, said Mr. Pope, to learn. The veto power was vested in the President, said he, to protect him against encroachments of the Legislature. It is, to the President, a conservative power, and may, in extraordinary occasions, be interposed to stay, for a time, rash and intemperate measures proceeding from high party or popular excitement, and pregnant with very disastrous consequences to the nation; and in such a possible case, not likely often to occur, the President may interpose to throw back the subject on the consideration of the people; but when it goes through the crucible of investigation, and is presented as their settled and deliberate will in relation to matters of concern to the whole nation, I cannot imagine a case where the President could rightfully use his veto to defeat the popular will; and the case is not materially different in regard to constitutional questions. After the nation has long considered and deliberately decided a constitutional question, the President must co-operate with the legislative department, not as he understands it, but as understood by the intelligence of the great community, for whose benefit it was made. The popular will, clearly and deliberately expressed, must control the course of this free Government, and especially on subjects of doubtful policy, and doubtful constitutional power.

To illustrate and support my views of this veto power, Mr. Pope said he would call the attention of the committee to the last paragraph of Mr. Jefferson's letter to General Washington, on the bank question, in the year 1791. Mr. Jefferson, after expressing his opinions against the bank, well concludes by telling President Washington that, unless his mind, on a view of every thing, was tolerably clear that it was unconstitutional, if the *pro* and *con* hung so equal as to balance his judgment, a just respect for the wisdom of the Legislature would decide the balance in favor of their opinion; it is chiefly for cases where they are clearly misled by error, ambition, or interest, that the Constitution has placed a check in the negative of the President. This opinion was given to the President at the first session the bank question was agitated in Congress, and before it had been discussed or decided on by the People. How much stronger is the case now, after we have made two successful experiments of twenty years each; after the constitutional power has been three times asserted by large majorities of both Houses of Congress, confirmed by all the other departments of Government, and supported by the opinions of a host of the most enlightened statesmen and patriots of this country? Let it be remembered, said Mr. Pope, that the charter of a national bank does not invade the Executive or Judiciary, and can only interfere, if unconstitutional, upon the rights reserved to the States and the People, and is a measure which concerns the interest of the People at large.

If, continued Mr. Pope, the People and the States, from a conviction of the necessity and utility of such an institution, should call on Congress to establish a bank, on what ground could the President rightfully interfere? Should this measure pass both Houses of Congress in conformity to the public will, I cannot believe it possible, said Mr. Pope, that he would venture a veto; but should he, in defiance of the public will, do an act so subversive of the great principle of self-government, for which our ancestors bled, I trust that another Patrick Henry will rise on this floor, and remind those clothed in a little brief authority here, that Caesar had his Brutus, Charles his Cromwell, and that they had better profit by their fate. Sir, this menace of a veto has no precedent in our history, except an opinion expressed in a message of Mr. Monroe about the appropriation of money for roads, for which he was censured by a friend on this floor. The British monarch would not dare to threaten a Parliament with a veto on a measure demanded by the voice and interest of the nation. The veto power, placed, continued Mr. Pope, as a shield to protect the Executive and other departments against the invasions of the Legislature, and to stay, for a moment, rash and intemperate action, was never designed by our Constitution to defeat the deliberate will of the nation in relation to measures of general interest.

I will not, Mr. Chairman, said Mr. Pope, say any more, on this occasion, of the veto power or its exercise, but will proceed to notice, very briefly, the amendment offered by a gentleman from Virginia (Mr. Garland) to the bill under consideration, for which, I repeat, I will vote, as the least of evils, and continue this State bank agency, whether the deposits are general or special, until the wisdom and experience of the nation shall provide a better. And here he would take leave to remark, that he felt proud that the old Dominion was the land of his birth, when he saw her representatives stand forth, with manly firmness, regardless of party and the frowns of power, and resist measures of such dangerous tendency; and he begged leave to assure them that he was not hostile to State banks—on the contrary, he believed it was wise for every State to have banks of solid capital, and under prudent management. He was not disposed, continued Mr. Pope, to impair the strength of the State Governments, because he held them to be essential pillars of the temple of American liberty. While he was not prepared to go the whole length of nullification, his observation of the course and tendency of this Government for a long period had convinced him that the strength of the State Governments must be maintained, and that they were the great bulwarks around which the people must occasionally rally to arrest the anti-republican tendencies to which the central power is liable in the hands of wickedness or folly. At the same time that I express this view, with unfeigned sincerity, I must, continued Mr. Pope, be permitted to say, that the National Government must be allowed the full and fair exercise of all the powers assigned to it, according to a fair interpretation of the Constitution, to enable it to accomplish the objects for which it was intended. The powers were granted to Congress to regulate commerce, external and internal, and to coin money and regulate the value thereof, in exclusion of State power; and it would be a violation of the spirit and intent of the Constitution to withhold from Congress any of the means fairly necessary and proper, and clearly adapted to carry into effect the objects of those grants of power to which I have referred. An unreasonable distrust or jealousy ought not to be indulged in this Government more than of other Governments created by the people, from whom both State and National Governments had emanated. Our na-



tional compact, continued Mr. Pope, whether of the people in the aggregate, or by the States, in their sovereign corporate capacities, ought to receive, especially in regard to powers and subjects to which the States are not competent, a fair and rational interpretation, to accomplish the object of the parties to it, instead of an over-strict, technical, or metaphysical one.

The Conservative friends, he said, must pardon him, while he admitted their manly independence, to say, with great deference to their intelligence, that, according to his reflections on the subject of commerce and money, they are only half right. We agree, (said Mr. Pope,) if I understand them, that an exclusive metallic medium will not answer over this extensive country; and that our social and commercial intercourse and business requires a paper representative of gold and silver, otherwise called bank money; for bank notes of undoubted credit, and convertible every where into specie, are money, for all the purposes of human society. If a paper medium is necessary—if one is to be coined or manufactured for this people, I put the question, said he, to the candor and intelligence of those gentlemen and all other gentlemen on this floor, whether, according to the divisions of power established between the State and National Government, that medium ought not to emanate from the Federal, instead of State authority? And if gentlemen could only free themselves from their commitments, and disregard of what is termed consistency here, they must respond in the affirmative.

Commerce and currency are certainly placed by the Constitution within the sphere of national legislation, and the paper medium or bank money representative ought to be issued by a national bank of universal credit and confidence, and on a foundation as firm as the Government itself.

It is essential, said Mr. Pope, that any paper substitute for specie to make a currency over the whole nation, and convertible into specie every where, must have a national character; and I now put it to gentlemen, continued Mr. Pope, to answer whether it is possible to make the notes of the banks of twenty-six States current every where, and constitute a uniform and stable currency for this people? Is it in the power of this Government to nationalize the notes of all these banks, however solvent they may be, so as to give them a par value every where? And if they cannot, the harvest of the brokers must continue, and the losses to the holders of notes must fall chiefly on the laboring, farming, and planting classes of the community.

It is impossible, said Mr. Pope, for the great body of the people to know the condition or credit of all the local banks scattered over this vast country; hence the necessity of a medium with the national stamp on it. The people may be acquainted with the condition, and have confidence in the banks of the State or neighborhood in which they live, but few can know much of distant institutions.

In the most prosperous season of trade and business, when there existed little distrust of banks, it was difficult to travel in different States with local notes, and it was generally under par at a distance from the banks of issue, and had to be sold to the brokers. Mr. Pope said he could not believe that this Government ought to be dependent on the agency of banks not responsible to them, but under the control of the States; and he had other strong objections to this connection, but he preferred them to the plan under consideration. In addition to the objections he had urged against this bill, he would observe that these Sub-Treasuries were to be dispersed over the country, and to be inspected by the agents of the Secretary of the Treasury, and their reports, through him, would be all the information which it would be practicable for Congress to obtain. A large portion of the public money might be perished from these Sub-Treasuries, which it would be impossible for Congress to detect, without sending committees to all these distant places to examine things and count the money, and then, without an inspection of the whole, the most vigilant scrutiny could be eluded. It cannot be expected, said he, that the members of this House can absent themselves from their duties here so long, and encounter the labors such an examination would require.

Mr. Chairman, continued Mr. Pope, we have now twenty-six States, with unlimited power to create banks, beyond the direct control of Congress, and it is the extreme of folly to think of exterminating it; and if one State banks another will, and this system must remain a permanent part of our domestic policy. These banks furnish, and will continue to furnish, local currencies for the people; and the inquiry is, whether this Government ought to guard them against the evils of the system, and what are the best and most practicable means of doing so. Every Administration, commencing with that of Washington, down to the present, has considered it the sacred duty of this Government to use the best means in their power to cure disorders in the currency, and insure to the people a stable and uniform measure of value for commerce and contracts of every kind. Can it be expected, said Mr. Pope, however we may get along in good times, that, in a commercial or pecuniary convulsion, or war, these numerous local banks can have general confidence in each other, or can be united and act with that concert which is necessary to sustain credit and confidence and a good uniform currency during the shocks incident to periods of difficulty and danger? Alarm and distrust overspread the country; moneyed men and holders of notes run on the banks, and force them to close their doors; business of every kind is suspended; thousands are thrown out of employment, and the public tranquility endangered. A wise Government ought not to content themselves with the means of managing the vessel of state in pleasant seasons, and when temperate breezes only are to be met with, but should be prepared to keep her steady and moving in the great current of the public interest in the most tempestuous seasons. Throughout our past political history, the strong ground taken against a national bank has been, that State banks would answer; for at all times it has been admitted that bank agency was a necessary and important auxiliary to the fiscal and commercial operations of the country. Twice has that agency failed; twice, for a period of twenty years each, has the agency of a national bank succeeded to the full extent of public expectation; and yet will those charged with the control of public affairs obstinately adhere to the ground they have assumed. If gentlemen believe their constituents are opposed to a bank, continued Mr. Pope, I will not ask them to oppose their will; I will, however, I must exhort them as fellow-citizens, and patriots, when they return among the people, to tell them, with frankness, that there is no other effectual and permanent cure for the disorders of the State but a national bank.

Gentlemen must be sensible, continued Mr. Pope, that

in the exigencies of war and the revulsions of trade, a national bank, with a competent capital, with well established credit and confidence at home and abroad, would be able, with the aid of the Government, to do more to sustain public and private credit and confidence, keep the monetary system sound and regular, and avert the evils incident to the perils of war and shocks in trade, than a thousand local insulated institutions, with no common head, jealous and afraid of each other, which, in a moment of panic, would each revolve on its own axis, and take care of itself. What occurred twenty years ago, said Mr. Pope, will occur again; when another bank shall be established, the small fictitious banks will be wound up, others of sound capital will dissolve and subscribe their funds to a new bank, and those of good and large capitals, freed from the competition of swindling institutions, will be able to do a fair business in harmony with a national institution. A new bank, if established, will be required to locate branches, one at least in every State, which will be particularly advantageous to the Western and Southwestern States. The capital and wealth of the South and West consists chiefly of land, live stock, and slaves; and the people there are more disposed to vest the fruits of their industry in such property than in bank stock, yielding a moderate profit of five, six, or seven per cent.

The interest of money in the West is high; in some of the States the legal interest is ten per cent., and the people of those States have little motive to put their capital in banks, who must lend at five or six per cent. The property of the commercial States consists, to a great extent, of money derived from the profits of trade, and they are willing to vest their capital in good stock, yielding a moderate profit; and they would prefer stock in a national bank, because more valuable, and under the protection of the Constitution and Government of the United States. Their capital, through the bank, would be diffused over the nation, according to the demands of trade and business, and would aid and encourage the trade, enterprise, and industry of the West, and especially of the new States of the far West. It would facilitate their exchanges and commerce, and every branch of their industry. The traders from the interior States of the West to the South and West would be able to do their business in a currency which would pass every where, and remit their funds from place to place without hazard or loss.

Sir, continued Mr. Pope, this bank, with its branches diffused over our extended country, part of the stock belonging to the States, would be a bond of union; every man, using a note of a national bank, would, in feeling at least, be in some degree identified with the National Government. The power and influence of such an institution is an objection urged by some, to which, Mr. Pope said, he would answer that he believed that the State institutions exercised forty times as much influence and power over the political affairs of the country as had ever been used by both banks of the United States. Nor, continued he, any bank exercise one-fiftieth part of the power and influence which belongs to the Post Office Department alone. The same objection of power was urged against a navy at an early period of this Government; it was said that the navy would be an instrument of power in the hands of the Government, but time and experience had overruled all objections to this strong arm of our national defence. The navy is not only a weapon of defence and protection to our rights on the ocean, but a powerful bond of union. Our ships of war, continued Mr. Pope, do not belong to any State; they are the common property of the nation; and every victory or defeat vibrates through every fibre of the body politic.

The strong ground of objection, and the one chiefly relied on at all times, said Mr. Pope, has been, that the Constitution does not authorize the creation of a bank, while its utility and convenience have been generally admitted. I shall not, continued he, enter at large into a discussion of this objection, nor have I the vanity to suppose that I could shed any new light on a question on which the intellectual powers of a Hamilton, a Gallatin, a Marshall, a Pinckney, a Crawford, a McDuffie, and a host of others, the most distinguished statesmen of our Republic, have been exhausted, supported by the cool and deliberate opinion of the Father of his Country, sanctioned three several times by large majorities of both Houses of Congress, and at a late period, after a long trial of its utility and necessity, confirmed by the opinions of a Madison and Monroe, two of the elders of the Republican church. One fact, often mentioned in the public prints, and much relied on here, I must, continued Mr. Pope, be permitted to notice; and that is, that the convention rejected a proposition to grant charters of incorporation. I have not, said he, examined the proceedings of that body; but if the fact be as stated, it proves nothing, because that proposition was for a general power to grant charters of incorporation. That was, I think, very properly refused—not is such a power contended for by the friends of the bank. It will be a sufficient set-off to that fact, to state another, and that is, that in the same convention a proposition was made to grant Congress a power to emit bills of credit, and that it was rejected. Now, sir, continued Mr. Pope, it is well known that during the late war Congress did issue bills of credit; and the bill passed at the present session, to issue Treasury notes, approaches very nearly, if not entirely, to bills of credit.

It, said Mr. Pope, is fairly necessary and proper to grant a charter to carry into effect any of the great powers granted, if such a measure is a necessary auxiliary to effectuate other powers, and it has a fair relation to it, then the bank is constitutional; and if money is not to be had to meet the demands of Government by taxes or loans, if it is necessary to resort to an issue of notes, then it may be constitutional. I voted, continued Mr. Pope, with much hesitation for this Treasury note bill, because it authorized a larger sum than appeared necessary, and it seemed to me more congenial with the spirit of the Constitution to borrow money directly than to do it indirectly; but as the amendment to borrow directly failed, and the interest on the notes gave it the appearance of a loan, I voted for it, to relieve the Treasury, and give some relief to the country. I entered this House, continued Mr. Pope, with no disposition to find fault or embarrass the Administration. I voted for indulging the merchants, and will give time to the banks to enable them to induce the people; and would have voted for the postponement of the fourth instalment, provided the House had adopted the amendment offered, making it the duty of the Secretary of the Treasury to pay the money at the period to which payment is postponed; but, sir, I felt constrained, by a regard for principle and the public good, to exert my feeble powers against the passage of this Sub-Treasury Bill.

Mr. Chairman, said Mr. Pope, I had more to say to this committee, on the several subjects embraced in this debate, but I feel too much exhausted to proceed, and will therefore conclude

with urging on the consideration of the representatives of the people the propriety of postponing a final decision on a measure of so much importance, and involving principles of such great magnitude, until public opinion can be pronounced upon it. If the measure be doubtful in principle or policy, we ought to avoid the appearance of precipitancy; respect for our constituents, who have had no opportunity of making known their sentiments, and who are to be bound by this measure, requires that the final action on this bill should be suspended until the next session. Let us, continued he, think a little more of ourselves, and afford our constituents an opportunity of thinking and speaking also.

## SPEECH OF MR. CROCKETT, OF TENNESSEE,

In the House of Representatives, October 5, 1837.—On the bill authorizing an issue of Treasury notes.

MR. SPEAKER: I hope, sir, the House will not think me impertinent or obtrusive when I ask their indulgence, but for a few moments, to submit some few remarks in justification of the vote which I feel it to be my duty to give upon the bill now under consideration. After so much has been said upon this subject, either directly or indirectly, perhaps I may not hope, sir, to cast any new light upon it, or to place it in any point of view in which it has not already been considered. But when I consider the pledges I am under to my constituents, and the very extraordinary course of measures which has been recommended by the Administration, I cannot permit this occasion to pass without at least making a general exposure of my views, in order that my constituents and the country may see upon which side of the "fence" I stand in relation to these great and important questions.

Sir, I was one of those who used all honorable means to prevent the election of the present Chief Magistrate of this nation to the distinguished and exalted station which he now occupies. But, sir, I do not entertain any bitterness of feeling towards the President; nor did I come here as a representative of the people determined to oppose his Administration, right or wrong, or to throw obstacles in the way of its success. On the contrary, it was my firm purpose to divest myself of the shackles of prejudice, and sustain the Administration in every measure which I might believe calculated to advance my country's prosperity, and fearlessly to condemn and resist whatever would, in my judgment, tend to produce a contrary result; and this is still my determination.

Sir, the Congress of the United States has been convened under extraordinary circumstances. We are assembled in obedience to the proclamation of the President, to take into consideration "great and weighty matters" which claim our attention; and we find ourselves surrounded by a state of things, in my humble opinion, unprecedented in the annals of this country. I must beg leave to differ most materially from the honorable gentleman from Massachusetts, (Mr. Parmenter,) who has just resumed his seat. He tells us there is no general distress in the country; that it is confined to a few individuals, and the merchants in the large commercial cities. But, sir, it would seem to me that we have before our eyes the most incontestable evidence of the deepest pecuniary distress and embarrassment in every quarter of this Union. So far as I have heard, no section is exempt, save the district of the honorable gentleman from Ohio, (Mr. Duncan,) who declared on this floor, not many days since, that none had been felt or experienced there; and sir, I apprehend this exception stands "solitary and alone." We find our currency most awfully deranged—every branch of industry and enterprise prostrate—public confidence withdrawn—commerce and trade suspended, and universal bankruptcy and ruin staring us full in the face. These things, sir, are acknowledged to exist, and are brought to our view, and their causes assigned, in the Message of the President. Whether he has given the true causes, I will not here stop to inquire; but, be that as it may, the evil is upon us, and all eyes are turned upon Congress with the most intense interest and anxiety, to see what measures of relief will be adopted; and, sir, what relief are we about to extend? In the very first paragraph of the Message, the most denuded and embarrassed state of the finances of the Government is brought to our notice; and, in the second, we are told that, owing to the increased embarrassments in the pecuniary affairs of the country, the public revenue would be so far diminished, that the accruing receipts into the Treasury would not, with the reserved five millions, be sufficient to defray the expenses of the Government until the usual period for the meeting of Congress; and, sir, although this increased state of embarrassment in the pecuniary affairs of the country is acknowledged to exist, yet a system of measures has been recommended, and has been brought forward by the Committee of Ways and Means, all having in view but one single object—the relief of the Government.

With this view, sir, it is proposed by the bill now under consideration to clothe the President of the United States with authority to cause to be issued ten millions of dollars in Treasury notes, to meet the exigencies of the Treasury; and for the redemption of which the faith and credit of the United States are to be solemnly pledged. This, then, sir, is the "great and weighty matter" which we have been assembled to consider! It is a "great and weighty matter" that the Treasury should be replenished, so that the office holders may get their pay. But the distress and embarrassment of the community seems to be a matter of minor importance, and of but little concern!

Sir, it has been urged by honorable gentlemen that this is a measure of relief to the country; that it will supply the country with a circulation and a medium of exchange; and I grant that it might offer some temporary relief; but, sir, I believe it would tend, ultimately, to aggravate the disease. So far from being a measure of permanent relief to the people, I believe it is the entering wedge to an institution almost as odious as the Spanish Inquisition. I mean, sir, a Treasury bank. In fact, if the amendment of the honorable gentleman from South Carolina (Mr. Rhet) be adopted, a Treasury bank of issue and deposit is at once established.

Sir, instead of showing any disposition to grant relief to the people, we are called upon to increase their burdens. We are about to heap upon them another national debt, (for, disguise it as you will, it is nothing less, and has been so admitted on all sides,) to the amount of ten millions of dollars, to relieve the Government; while the people are told, substantially, that they need not expect any relief; that it is the business of the Government to take care of itself; and that it has no power to intermeddle with the concerns of individuals! The Government, after having tampered with the currency until it is ruined and anni-



hiliated—after having prostrated every branch of industry and enterprise, the commerce and credit of the nation, by practising wild and visionary experiments—cuts loose from the people, and tells them it has no power to grant them relief, or interfere with their concerns! They are to be dismissed with a lecture on economy. Yes, sir; they are contemptuously told that they are to look to their own industry and frugality for relief, without the aid of the Government! Sir, this reminds me of the language of Job's comforters. We read in Holy Writ, that on a certain occasion Satan was permitted by the Almighty to try an "experiment" upon the firmness and integrity of "Job, a perfect and an upright man, one that feared God and eschewed evil;" that when, by the power of this arch-enemy of the peace and happiness of man, Job's fortunes, and his children, and every thing that was calculated to render him happy, had been driven to the four winds, and he was reduced to beggary and ruin; when, in addition to this, "he was smitten with sore boils from the crown of his head to the sole of his foot," and was groaning under the bitterest agonies of human affliction; when, in short, by one calamity upon the heels of another, he had been reduced from the highest state of prosperity and happiness, to the lowest depths of degradation and misery, and was wont to roll himself in the ashes upon his hearth, there was but one resource left upon earth he could look for consolation and solace—and that was, his wife. And when he cried out to her, in the bitterness of his soul, what was her reply? She told him he had better "curse God and die!" And, sir, pretty much in keeping with this is the President's consolation to the people in their afflictions.

Sir, do you imagine the people expected to hear such language as this from those to whose interests they have shown so much devotion? Did they expect their rulers to mock at their calamities, which they themselves have been instrumental in bringing upon them? No, sir; they looked to those whom they had placed in power to devise some means to relieve them from their calamities. The proclamation of the President was hailed with joy by thousands as a favorable omen. They hugged to their bosoms the delusive hope that their rulers had seen the folly of their course, and were about to retrace their steps. Sir, although the President was pledged to "read generally in the footstools of his illustrious predecessor," yet, I imagine, no one believed he designed to tread specially in his footsteps. And it was hoped that if he did tread in his footsteps at all, he would take his "back track" (if I may be allowed to use a hunter's phrase), at least in relation to the currency and the revenue. But, in all this, how sadly are we disappointed! So far from this, we find him disposed to plunge still deeper into new and untried experiments! Sir, what do we behold? The whole country involved in one widespread ruin, and the Government itself bankrupt; and we are yet to have another "experiment!" Yes, sir, the State bank experiment has failed, and the golden bubble has exploded, and left a wreck of ruin in their train; and now, sir, in obedience to the mandate from the Hermitage, we are to have the Government divorced from all existing banks, and wedded to a new and untried system of Sub-Treasuries, or, in plain language, a Treasury bank. Sir, we find that the ex-President is not content with having dictated to the people whom they should choose to be his successor, but seems now determined to dictate to that successor. I had hoped, Mr. Speaker, that, as the President had attained the summit of his wishes, he would kick from under him the ladder which he had ascended, and take the dictates of his own judgment as the man of his counsel; but, sir, mortifying as it may be, we find the Message the exact *fac-simile* of certain letters not long since addressed to the editor of the Globe, and published in that print.

Mr. Speaker, I shall not now undertake to discuss the Sub-Treasury system; but, sir, I will say, that, unfortunately as has been the result of former experiments upon the currency, I am bound to believe that this new project must prove much more fatal, if adopted. It is not only calculated to heighten the pecuniary distress with which the country is now surrounded, by bringing discredit and ruin upon all local banks, and all who are interested in them, or indebted to them, but will add tremendously to the patronage of the Executive, which I think is already much too great. My friend from South Carolina (Mr. Pickens) told us a few days since, in his answer to this argument, that he treated all such charges with "the most sovereign contempt." Sir, let me tell that honorable gentleman that it is easier to dispose of some matters by treating them with contempt than in any other way. In what, sir, does Executive patronage consist? I answer, in the power of appointment and removal from office, and the disbursement of public moneys. The President would have the right to appoint and every officer who would have have any thing to do with either the collection or disbursement of the public moneys, and consequently it would place directly under his control every dollar of the public revenue, and thereby unite the sword and the purse of this great nation in the hands of a single individual. Sir, we have had a little experience upon this point, in the removal of the public deposits from the Bank of the United States; and with this accumulation of power the President might trample under foot the right of suffrage—the most sacred ever guaranteed to freemen—and designate his successor with impunity, if he chose to follow the precedent already established. Sir, the liberties of this country were too dearly bought to be committed to the keeping of any one man, no matter how pure and unsuspected he may be. "Gold is corrupting," and power is tempting. It can never be done, sir, with my consent. And, besides, as I humbly conceive, the public moneys would be much less secure. The public revenue is to be taken from the custody of all banks, and committed to the keeping of some ten or eleven thousand individuals, scattered throughout the U. S. And, sir, although we have recently heard much said about the unavailable funds of the Government, I venture to predict, that if this new experiment be adopted, we have not heard the last of it. We have had an item of this description, in the annual report of our Secretary of the Treasury, for many years; and I fear, sir, that under this new organization of that Department, it will not require a great while to add a much larger item to the account, from the failures and defalcations of Sub-Treasurers.

Mr. Speaker, in order to remedy the evils which now afflict this country, I am for commencing the work where they originate. Let us, sir, in all due charity, instead of charging the whole of these misfortunes to the account of the people, at least charge one-half of them to the mal-administration of the Government; and, although it is not recommended by the President, let us commence economizing a little on the part of the Government, and set a praiseworthy example before the people. We have heard it remarked that example was much more

forcible than precept. Let us, sir, instead of creating a national debt, in order to keep up an extravagant and prodigal system of expenditures which has crept into the Government, commence the business of retrenchment and reform which was promised us a few years since, and adopt some measures of general and permanent relief to the community as well as to the Government; and then, sir, and not until then, may we hope to see better times, and cease to hear the complaints that are now continually saluting our ears from the tens of thousands of honest, industrious citizens who have been thrown out of employment and reduced to beggary and ruin during this age of experiments.

Sir, I deem it unnecessary to detain the House with any calculations to show the State of the Treasury, in order to prove that the passage of this bill is not required to supply a deficit in the Treasury, as contended for by the friends of the measure. It has already been shown to this House conclusively, to my mind at least, that, by withholding the fourth instalment of the surplus revenue from the States, and suspending certain appropriations for useless—pay, worse than useless, public works, exploring expeditions, &c. and thereby reducing the expenditures for the present year some fifteen millions of dollars, there would be ample means in the Treasury to meet all demands against it, without resorting to the expedient of issuing Treasury notes on the credit of the nation. And, sir, if this be true, would it not be an unpardonable outrage to heap upon the people another national debt, right upon the heels of the one just discharged? Sir, we have had theoretical reform long enough; I think it is time we should begin to carry it into practice. But, on the other hand, it is urged that, after withholding the fourth instalment of deposits from the States, and suspending the fifteen millions of appropriations, there will still be, in any event, a deficit in the Treasury, which renders it indispensable that this bill should pass. And, sir, we are told that the Treasury is in actual want of those funds at this moment, and cannot perform its engagements for ten days without them. I cannot perceive, sir, how this can be; but if it be true, I, for one, say, so let it be. If the Government has actually brought itself to insolvency, and it is really necessary to borrow money to pay its expenses, let the truth come out, and let things be called by their right names. Sir, this bill is designed to practise a fraud upon the people, by borrowing money in such a form that they will not understand it, and thereby shield the Government from the odium of bringing itself from a surplus of forty-five millions to bankruptcy in less than one year. If I were satisfied that there would really be a deficit in the Treasury, which would make it necessary to borrow money to enable the Government to perform its functions, I should certainly grant it; but, sir, I would prefer that it should be asked for in plain English in that form. I am opposed to laying burdens upon the people in disguise. If they are to be taxed, let them understand it, and have an opportunity to provide for it.

But I am told, sir, that we do not borrow money or create a debt by the passage of this bill; that we only anticipate funds that are now unavailable. And, sir, is it not possible that a large amount of these unavailable funds may for ever remain so? Is not the Government attempting to divorce itself from the deposit banks, and thereby to discredit and destroy them? And, should it so turn out, most unquestionably it will prove a debt to the nation. But, sir, in my opinion, this is all a fiction. I concur most heartily with the honorable gentleman from Massachusetts (Mr. Fletcher) in the opinion that there is not a dollar in the deposit banks, belonging to the General Government, that cannot be made available to the Treasury by another process, just as conveniently as by the measure now under consideration.

Has not the Treasury, for months past, been making these funds available, by drawing drafts upon them, even when it was certain that they would be protested by the banks? And I would like to know the difference between a protested Treasury draft and a Treasury note bearing interest. The draft is good against the Treasury, with interest, and charges of protest, and answers the holder every purpose that a note would. It enters immediately into circulation, and commands a premium on account of the exchange it affords. And, sir, while the Government has these unavailable funds in the banks, the Treasury may make them an inexhaustible source from which to create funds by means of drafts. The Treasury may draw upon the very same fund five hundred times, and the drafts may go the rounds, and come back upon the Treasury, and be paid out of the accruing receipts into the Treasury, and the fund still remain. Then, sir, where is the necessity of Treasury bills or notes? I can see none, and am therefore induced to believe this measure is proposed with no other object than to establish the precedent, and thereby make it the prelude to the great unfinished measure of the late Administration—a Treasury bank; an institution, in my humble opinion, more dangerous to the liberties of the people than a combination of all the powers of Europe. But, sir, I will not at this time enter into a discussion of this great question. I will only pray God that I may never give my sanction to any measure calculated, in the remotest degree, to establish such an institution.

Mr. Speaker, I fully concur with the honorable gentleman from South Carolina (Mr. Rhet) in the opinion that the people expect, and have a right to demand at our hands, the adoption of some measure which will supply the country with a national currency, which will answer as a medium of exchange between the different sections of the Union; but I am unwilling that these exchequer bills shall constitute this national currency. I believe, sir, that it is as much the duty of the Government to foster and encourage commerce as agriculture, or any other branch of industry; the prosperity of the one depends upon that of the other; and, sir, when we view society in all its ramifications, we find the interests of all classes so intimately connected, that who ever affects one must inevitably affect all. The farmer, the planter, the manufacturer, and the mechanic, are as much dependent upon the merchant as the merchant is upon them. And, although the merchants have been denounced with the bitterest epithets, and charged with being the authors of all the evils that now afflict the country—a most base and disgraceful attempt to array one class of the community against another—there is not one sentence of truth in it. Sir, if you destroy the merchants, what will become of all the surplus produce of the country? Every cent's worth over and above what every man can consume in his own family would prove a dead loss to him, and consequently every spring to industry and enterprise would be cut off and destroyed. And, sir, under such a state of things, we must inevitably relapse back, in a short time, to the most perfect savage barbarity. Indeed, sir, I look upon commerce as the main source and fountain from which all our prosperity and greatness flow. Where, sir, is an instance of a nation attaining to

any distinction or greatness, where commerce has not been encouraged? If there is one, it has escaped my observation. Why, then, should we not afford the facilities necessary to sustain this enterprising class of our citizens? It is a fact, universally conceded by all who know any thing of commercial operations, that the merchants do not bear the loss sustained for want of these facilities, and that it ultimately falls upon the laboring classes. It cannot be expected by any reasonable man that the merchants can buy and sell goods for nothing. They are compelled to make a moderate profit, and, consequently, all expenses incurred by them for want of proper commercial facilities, they must of necessity charge upon the goods, and ultimately the consumer pays it. So we discover that it is the laboring classes, "the democracy of numbers," so much talked off in this House, whose interest demands a sound and uniform currency throughout the United States.

The power of Congress to supply the country with some sort of national currency that is uniform throughout the Union, in order to assist the domestic exchanges of the country, I believe has been admitted, and even insisted upon, by every Administration, from the foundation of the Government down to the last. The first charge which General Jackson ever preferred against the United States Bank was, that it had failed to fulfil the expectations of the people and the object of its creation, viz. to furnish the country with a sound and uniform currency; but in this I think he was mistaken. The present Chief Magistrate, however, "with the lights now before him," has determined that Congress has no such power. But, sir, I think he must have read through magic spectacles, and will have to read again. He surely will not be sustained by the representatives of the people in a position so unprecedented and absurd. Admitting then, as it surely must be, that Congress not only has the power, but that it is our indispensable duty, to supply the country with a national currency and medium of exchange, the question naturally arises, how is this to be accomplished? Did any man ever seriously believe that the commerce and trade of this great nation could be carried on by an exclusive metallic currency? I answer, no; this question is too clear to admit of controversy. In the next place, sir, are the State banks able to furnish such a currency? Of this I shall leave every man to be his own judge; but, should say it is most clear and manifest they cannot. Then, sir, the great and important question comes up: What will accomplish this end? By one set of politicians, sir, a national bank is said to be the only institution capable of supplying this currency, and past experience is quoted as incontrovertible evidence in support of this position; while, on the other hand, it is most vehemently denounced as both unconstitutional and dangerous to liberty. These, sir, are grave and weighty objections, if well founded; and if any other means can be devised to accomplish this end, which will be free from constitutional objections, and less dangerous to liberty, I will most gladly embrace it. And, sir, I concur with the honorable gentleman from South Carolina (Mr. Rhet), that, unless the country be supplied with such a currency by other means, it will not take the people long to remove all constitutional scruples out of the way of a national bank. As for myself, sir, I do not believe that either of the objections to a national bank is well founded. I have never doubted the power of Congress to charter such an institution. But if I had, I should consider myself a most egregious bigot were I to set up my judgment against all the precedents on this point. Indeed, sir, I believe this is a question that cannot now be raised with any propriety. It has been twice determined, after the most deliberate investigation by every department of this Government, Legislative, Executive, and Judicial. And I am one of those, sir, who believe that the Constitution is as susceptible of being reduced to fixed and settled principles as any other law of the land. If it is for ever to remain an unsettled text, and is to be one thing to-day, and another to-morrow, and another again the next day, to suit the whim and caprice of the powers that be, I think we had better surrender the instrument. We had better have no Constitution, than to have it the mere creature of those in power, to administer as they may choose to understand it.

And as to the other objection, I think it is equally futile. Suppose we admit that the late Bank of the United States had been guilty of the greatest crime with which it was charged—that of intermeddling in elections, and using its means to acquire political power. Sir, does that furnish any argument why another should not be chartered, with such guards and restrictions thrown around it as to prevent a recurrence of those evils? Most certainly not. We might with as much propriety say that, because the late President of the United States interfered in the election of his successor, and brought the power and patronage of his office into conflict with the freedom of elections, we ought therefore to abolish the Executive Department of this Government. Such an argument is absurd and preposterous.

And, sir, I avail myself of this occasion to express my firm belief that a national bank, based upon correct principles, is the only institution capable of giving the country such a currency as is essential to its prosperity. And I am sustained in this opinion by this remarkable fact, that, during the space of about forty years, while such an institution was in operation in this country, there was never, at any time, a material derangement in the currency, or pecuniary distress; and that, during the two short periods, comprising only about eight years, in which the Government attempted to do without one, we had an entire suspension of specie payments by all the local banks, and the deepest distress and embarrassment in the pecuniary affairs of the country. And, sir, although we have recently had it from high authority, and from different sources too, that a large majority of the people of the United States are opposed to such an institution, with due deference, sir, I must take the liberty to dissent from that opinion. Upon the score of expediency, I am bound to believe there is an overwhelming majority in its favor. And, sooner or later, humiliating as it may be, the Government must return to it; and I hope the day is not far distant.

The community, sir, and especially the commercial community, who have been struggling against winds and tides, and Government experiments, to sustain their credit and reputation, have borne their misfortunes with much long suffering and forbearance. But, sir, the time may come when forbearance will cease to be a virtue.

I am fully aware, however, that a national bank cannot now be established. We have had inconceivable evidence of this fact this morning. And, sir, even if there were a probability

\*Resolution adopted declaring it inexpedient to charter a national bank.

of its success, situated as I am, I would not presume to make the proposition. It is due to those who have more experience to take the lead in a measure of so much importance. But, sir, I am ready to act my part, whenever the subject may be presented. In conclusion, Mr. Speaker, I will only say that, for myself, I am perfectly satisfied with new and untried experiments, and I hope and believe the country is so.

## SPEECH OF MR. NAYLOR, OF PENNSYLVANIA,

*In the House of Representatives, Friday, October 13, 1837—In Committee of the Whole on the bill "imposing additional duties, as depositories in certain cases, on public officers."*

Mr. NAYLOR, of Pennsylvania, said it was with great reluctance that he rose, for the first time, in this hall. He felt himself obliged to rise. Yes, said Mr. N. I am impelled to speak. I cannot remain silent. I voted for the introduction of this bill to our deliberations some days since, on purpose to afford the honorable gentleman from South Carolina (Mr. Pickens) an opportunity to express his views in relation to it. I perceived his anxiety to speak, and felt a friendly disposition to gratify him. If I were surprised when I heard him draw into the vortex of discussion the exciting topics of abolition, Texas, slavery, and Loco Focoism, topics which have nothing to do with this subject, what must have been my feelings when I heard him denounce the institutions of the North as mercenary and slavish, and exalt those of the South as ancient, patriarchal, and almost perfect; boldly avow that the laborers of the North were the subjects of the Northern capitalists; put the Northern workmen on a footing with the Southern slaves, and threaten to preach insurrection to the laborers of the North? Yes, preach insurrection to the Northern laborers!

I am a Northern laborer. Ay, sir, it has been my lot to have inherited, as my only patronage, at the early age of nine years, nothing but naked orphanage and utter destitution; homeless and homeless, fatherless and penniless, I was obliged, from that day forward, to earn my daily bread by my daily labor. And now, sir—now, sir, when I take my seat in this hall as a free representative of a free people, am I to be sneered at as a Northern laborer, and degraded into a comparison with the poor, oppressed, and suffering negro slave? Is such the genius and spirit of our institutions? If it be, then did our fathers fight, and bleed, and struggle, and die in vain!

But, sir, the gentleman has misconceived the spirit and tendency of Northern institutions. He is ignorant of Northern character. He has forgotten the history of his country. Preach insurrection to the Northern laborers! Preach insurrection to me! Who are the Northern laborers? The history of your country is their history. The renown of your country is their renown. The brightness of their doings is emblazoned on its every page. Blot from your annals the deeds and the doings of Northern laborers, and the history of your country presents but a universal blank.

Sir, who was he that disarmed the thundrer, wrested from his grasp the bolts of Jove, calmed the troubled ocean, became the central sun of the philosophical system of his age, shedding his brightness and effulgence on the whole civilized world—whom the great and mighty of the earth delighted to honor; who participated in the achievement of your independence, prominently assisted in moulding your free institutions, and the beneficial effects of whose wisdom will be felt to the last moment of "recorded time"? Who, sir, I ask, was he? A Northern laborer; a Yankee tallow chandler's son; a printer's runaway boy!

And who, let me ask the honorable gentleman, who was he that, in the days of our Revolution, led forth a Northern army, yes, an army of Northern laborers, and aided the chivalry of South Carolina in their defence against British aggression, drove the spoilers from their firesides, and redeemed her fair fields from foreign invaders—who was he? A Northern laborer, a Rhode Island blacksmith—the gallant General Greene; who left his hammer and his forge, and went forth conquering and to conquer, in the battles for our independence! And will you preach insurrection to men like these?

Sir, our country is full of the glorious achievements of Northern laborers. Where are Concord, and Lexington, and Princeton, and Trenton, and Saratoga, and Bunker Hill, but in the North? And what, sir, has shed an imperishable renown on the never-dying names of those hallowed spots, but the blood and the struggles, the high daring and patriotism and sublime courage of Northern laborers? The whole North is an everlasting monument of the freedom, virtue, intelligence, and indomitable independence of Northern laborers! Go, sir, go preach insurrection to men like these!

The fortitude of the men of the North, under intense suffering for liberty's sake, has been almost godlike! History has so recorded it. Who comprised that gallant army, that, without food, without pay, shelterless, shoeless, penniless, and almost naked, in that dreadful winter, the midnight of our Revolution; whose wanderings could be traced by their blood-tracks on the snow!—whom no arts could seduce, no appeal lead astray, no suffering deflect; but who, true to their country and its holy cause, continued to fight the good fight of liberty until it finally triumphed: who, sir, were these men? Why, Northern laborers; yes, sir, Northern laborers!

Who, sir, were Roger Sherman, and—but it is idle to enumerate. To name the Northern laborers who have distinguished themselves and illustrated the history of their country, would require days of the time of this House. Nor is it necessary. Posterity will do them justice. Their deeds have been recorded in characters of fire!

And such are the working-men of the North at this time. They have not degenerated; they are in all respects worthy of their intelligent and sturdy sires. Whose blood was so profusely shed, during the last war, on the Canada lines, but that of the Northern laborers. Who achieved the glorious victories of Perry and McDonough on the lakes, but the Northern laborers! Yes, they "met the enemy, and made them theirs." Who, sir, have made our ships the models for all Europe, and sent forth in the late war those gallant vessels that gave our little navy the first place in the marine arm; of the world, and covered our arms on the ocean in a blaze of glory, but the skill and intellect and patriotism of the Northern laborers! And who, sir, manned these vessels and went forth, and, for the first time, humbled the British Lion on the ocean—but the Northern laborers? And who, sir, was he, that noble tar, who, wounded and bleeding and mangled, and to all appearance lifeless, on the

deck of one of our ships, on hearing that the flag of the enemy had struck, and that victory had perched on the proud banner of his country, raised up his feeble, mangled form, opened his languid eyes once more to the light of heaven, waved his palsied hand round his head in token of his joy, and fell back and died? Who, sir, was he? Why, a Northern laborer—a Northern laborer! And yet these men are the slaves of the North, to whom the honorable gentleman is about to preach insurrection!

(Mr. PICKENS explained, and said, in substance, that he had spoken only of the tendency of Northern institutions to make the working men of the North tributary to the capitalist, and to prevent them from rising from their laborious situation. That he had not degraded them into a comparison with the slaves, but had said that if the people of the North would continue to interfere with the slaves of the South, then he (Mr. PICKENS) would preach insurrection to the Northern laborers.)

Mr. NAYLOR resumed, and said, I have not misunderstood the honorable gentleman. That the honorable gentleman does treat the Northern workmen as Southern slaves is evident from what he had just said. If he had not intended to place them in the same degraded situation of slaves, how could he threaten to preach insurrection among them? Sir, the honorable gentleman has mistaken the tendency of Northern institutions, as much as he has misconceived the worth and spirit of Northern character. Our institutions have no such tendency; no, sir, but exactly the reverse. They raise up the laborer. They place every man upon an equality. They give to all equal rights and equal chances, and hold out to all equal inducements to action. Northern institutions tend to keep down the Northern laborers! The whole history of the North, from the landing of the first pilgrim on the rock of Plymouth to this hour, contradicts this position.

I appeal to the representatives from Pennsylvania. I ask you, sirs, who is Joseph Ritner, that distinguished man, who at this very moment fills the executive chair of your great State, a man who, in all that constitutes high moral and intellectual worth, has few superiors in this country—one who has all the qualities of head and heart necessary to accomplish the great statesman, and who possesses, in the most enlarged degree, all the elements of human greatness—who, sirs, is he? A Northern laborer—a Pennsylvania wagoner—who for years drove his team from Pittsburgh to Philadelphia, "over the mountains and over the moor," not "whistling as he went"—no, sir, but preparing himself then, by deep cogitation and earnest application, for the high destiny which the future had in store for him. And who, let me ask the same gentlemen, who is James Todd, the present Attorney General of Pennsylvania, distinguished for the extent of his legal acquirements, for the comprehensive energy of his mind, for his strength of argument and vigorous eloquence; who, sirs, is he? He, too, is a Northern laborer, a Pennsylvania wood-chopper—in early childhood a destitute, desolate orphan, bound out by the overcares of the poor as an apprentice to a laborer! These, sirs, are some of the fruits of Northern institutions; some of the slaves to whom the honorable gentleman will have to preach insurrection!

But if the Northern institutions be hostile to equality, and have the effect that the honorable gentleman contends for, to keep down the workmen, and make them tributary to the capitalists, how comes it, how comes it, that I am now, at an early age, a Representative in this Hall? Sir, the gentleman is utterly, utterly deceived as to the effect of our institutions, and the character of public sentiment in the North.

Fellow-freemen of my own, my native district; bankers, capitalists, and merchants, (so much denounced,) manufacturers, mechanics, and laborers, I appeal to you all: Did it ever occur to any one of you when I was a candidate for the high office to which your free suffrages have elevated me—did it, I say, ever occur to any one of you to object to me because poverty, orphanage, and destitution had once made me a laborer for my daily bread? No, sirs, no; I will do you the justice to answer for you, no. Your inquiry was not "is he rich or poor, a laborer, a capitalist, a banker, or a merchant?"—but "is he a man?"—has he ability enough moderately to sustain our interest in the great councils of the nation, and nerve and moral courage enough fearlessly to defy the assaults of power, and to vindicate the outraged principles of our Constitution? And here, sir, I now am; and what is there to prevent me from taking my stand by the side of the proudest man in this Hall?

Mr. Chairman, it is not the first time that I have heard a parallel run between the slaves of the South and the working-men of the North. For a while, sir, that parallel was made as to the relative condition of the free negroes of the North and the slaves of the South. Recently, however, some of those who advocate the surpassing excellence of the slave institutions of the South have taken a bolder and more daring stand. Racking their brains for arguments and illustrations to justify slavery as it prevails among them, they have hazarded the bold proposition that slavery exists in every country; and that in the North, the operatives, though nominally free, are, in fact, the slaves of the capitalists. Such a proposition is monstrous. I tell you, sir, gentlemen deceive themselves. They slander the free institutions of their country. They wrong the most intelligent and enterprising class of men on earth. I know them well; I have been long associated with them. I have seen them form themselves into libraries and other associations for intellectual improvement. I have seen them avail themselves of every leisure moment for mental culture. I have seen them learned in the languages, skilled in the sciences, and informed in all that is necessary to give elevation to the character of man, and to fit him for the high destinies to which he was designed. Let the honorable gentleman go among them, and he will find them in all respects equal to those who make it their boast that they own all the laborers in the South. Yes, sir, as well qualified to become honorable rulers of a free people, having heads fitted for the highest councils, and fearless hearts and sinewy arms for the enemies of this great nation.

Mr. Chairman, I call upon gentlemen of the North to bear witness to the truth of what I have said: I call upon them to look back upon the days of their childhood, and say whom they have seen attain honor, distinction, wealth and affluence? Are they not the working, the industrious parts of society? And do not the institutions of the North necessarily lead to such results? Sir, when I pause for a moment, and behold what are now the little destitute playmates of my childhood, I am overwhelmed with astonishment. Some of them have gone forth from their homes, become draughts and signers of declarations of independence, founders of new empires, breakers of the chains of despotism; and the earth, even in their youth, has drunk up their blood, shed willingly in the cause of the rights of man.

Some have ministered to the altar of their Divine Master. Some have led the bar, adorned the Senate, illustrated the judiciary; and others have wandered in the flowery fields of literature, trod in the cool tranquillizing paths of philosophy, delved in the depths of science, and compassed the world with their enterprise. In a word, civilization has no pursuit that they have not already honored and adorned. And yet these men are some of the fruits of those odious institutions against which the eloquent gentleman has attempted his crusade.

Sir, it is the glory of the Northern institutions that they give to every man, poor and rich, high and low, the same fair play. They place the honors, emoluments, and distinctions of the country before him, and say, "go run your race for the prize; the reward shall encircle the brow of the most worthy." Thus it is that every one feels and knows that he has a clear field before him, and that with industry, prudence, and perseverance, he can command success in any honorable undertaking. He knows that his industry is his *own*; his efforts are his *own*; and that every blow he strikes, whilst it redounds to his *own* immediate advantage, contributes also to the good of the community, and the glory and renown of his country. All honorable employments are open to him. The halls of legislation are open to him; the bar is open to him; the fields of science are before him; there is no barrier between him and the object of his ambition, but such as industry and perseverance may overcome.

Look at the workings of their institutions upon the appearance of the North. Look at her mighty cities, her forests of masts, her smiling villages, her fertile fields, her productive mines, her numerous charities, her ten thousand improvements. Behold my own, my native State. Pennsylvania is intellectually under their auspices. Her soils and hills, and valleys, and rocks, and everlasting mountains, live and breathe under the animating influence of her intelligent and hard-working population; every stream feeds its canal, every section of country has its railroad, distance is annihilated, the flinty ribs of her rocky mountains are riven asunder, the bowels of the earth yield forth their treasures, and the face of the earth blooms and blossoms, and fructifies like a paradise. And all this, all this is the result of the intelligence, industry, and enterprise of Northern laborers, fostered by the genial influence of their institutions.

Nor are their efforts confined to this own country alone. Their industry and enterprise compass the whole earth. There is not a wave under Heaven that their keels have not parted; not a breeze ever stirred to which they have not unfurled the starry banner of the country. Go to the frozen ocean of the North, and you will find them there; to the ocean in the extreme South, and you will find them there. Nature has no difficulty that they have not overcome—the world no limit that they have not attained.

In every department of mind do the institutions of the North exert a wholesome, a developing influence. Sir, it was but a few days since you saw the members of this House gathered around the electro-magnetic machine of Mr. Davenport. There they stood mute and motionless; beholding, for the first time, the secret, sublime, and mysterious principles of Nature applied to mechanics; and there was the machine, visible to all eyes, moving with the rapidity of lightning, without any apparent cause. But the genius that made the application of this sublime and mysterious influence, who is he but a laboring, hard-working blacksmith of the North?

Sir, where do learning, literature and science flourish, but in the North? Where does the press teem with the products of mind, but in the North? Where are the scientific institutions, the immense libraries, rivaling almost at this early day Europe's vast accumulations, but in the North? And who, sir, gives form and grace, and life and proportion, to the shapeless marble, but the sculptor of the North? Yes, sir, and there, too, does the genius of the pencil contribute her glowing creations to the stock of Northern renown. To Northern handwork are you indebted for the magnificence of this mighty Capitol. And these noble historical pieces now filling the panels of the Rotondo, which display the beginning, progress, and consummation of your Revolution, and give to all posterity the living forms and breathing countenances of the fathers of your Republic—they, too, are the work of a Northern artist!

But before I conclude this branch of my subject, let me make one observation that I had almost forgotten. The gentleman seems to think that our workmen must of necessity be the passive instruments of our capitalists. His idea of the power and influence of wealth, controlling the very destinies of the man who labors, must be derived from the institutions of his own generous South; where he frankly avows that the capitalist does absolutely own the laborers. His views are, however, utterly inapplicable to the North. Who are the Northern capitalists of to-day, but the penniless apprentices of yesterday? Sir, in the North there is scarcely a class of men existing exclusively as capitalists. The character of capitalist and laborer is there united in the same person. In ninety-nine cases out of a hundred, he who is a capitalist has become so by his own industry and perseverance. He begins as an humble "laborer"—his industry, virtue, and integrity his only capital. He gradually accumulates. Every day of toil increases his means. His means are then united to his labor, and he receives the just and honest profits of them both. Thus he goes on joining his accumulations with his labor, receiving the profits of his capital and his toil, scattering the fruits of his efforts abroad for the benefit of society, living in manly independence, and laying up a stock of comfort and enjoyment for his declining years. Such was the rich Girard, the "merchant and mariner," as he styles himself in his last will. He began his career a destitute cabin boy. And such are the capitalists all over the North. They were all laborers some few years since; and the humble operative of to-day must and will be the wealthy capitalist in some few years to come; and so far are the institutions of the North from retarding his advance, that they encourage him, aid him, cheer, cherish and sustain him in his onward career.

But, sir, there is no limit to this subject. I will pursue it no farther. I might easily exhaust myself, but the subject is inexhaustible. What I have said has been said to vindicate the character of my constituents from unjust attacks, and to relieve the institutions of the North from the burden of denunciation which has been so profusely heaped upon them. I have uttered nothing in a spirit of disparagement to the South. No, Heaven forbid! I am incapable of it. The whole country is my country. To me there is neither North nor South, nor East nor West. I am an humble representative of it all. Our fathers fought and bled and died for it all. And how can we, their sons, if we respect their principles and cherish and venerate their memories, how can we quarrel about local difficulties, and foster sectional jealousies? I stand here the representative of the



How many receivers and holders of the public money, or in other words, how many "Sub-Treasurers" there will be scattered throughout the whole extent of this wide-spread country, no man can at present determine. In France, where a similar system prevails, there are one hundred thousand! Here, I have no doubt, in short time, the number would even exceed that. These men are to hold and absolutely possess the whole treasures of the nation. Some of them, particularly in our large cities, will have millions of dollars in their hands at a time. One uninterrupted gold current will be continually pouring in upon them. What a temptation (even aside from party political influences) is thus offered to use a portion of this money occasionally or continually, as need or circumstances may require. Sir, the temptation will be irresistible. Surrounded by needy or pressing friends in distress, whose family and fortunes they may think will be comforted or repaired by a timely loan; in the very midst of the exciting whirl of speculation, with fortune's dazzling visions urging them on to use the treasures confided to their keeping, and embark in schemes promising result in the enjoyment of immense possessions, and with the full certainty that a temporary use of even large amounts cannot be discovered; taking into consideration, with



these circumstances, the fact that there will be one hundred thousand of these men—I say they will in some cases, inevitably misappropriate the money. Large amounts of it must be lost. The treasures of the country will be plundered. Under such a system, there is no safety for the public funds.

But, sir, this is not the only evil that I see in this measure. The loss of the public moneys will be nothing, compared to the moral and political evils that must flow from it. "Lead us not into temptation," was the sublime prayer of our God. Our rulers, disregarding this divine lesson, seem determined to surround their public officers with a consuming fire of temptation, from which there is to be no hope of escape. Their consciences are to be seared, and they are to go abroad corrupted and corrupting, until the whole body politic becomes one of offensive mass of putridity, smelling to Heaven, and tainting the very atmosphere of freedom. This may be strong language. But I see the evil strongly—I feel it strongly.

I have heard of the danger of uniting the purse and the sword. All the unions of this kind heretofore depreciated as existing in this country are as ropes of sand or bonds of gossamer, compared to what will be the case if you pass this bill! You will not only unite one purse and one sword, no, sir, you will unite one hundred thousand purses and one hundred thousand swords, all ready to yield up their treasures and leap from their scabbards at the nod or stamping of the foot of one man!

"A Sub-Treasury bill," it is gently termed in this House. Before the country, for the purpose of deluding the people, and exciting popular feelings in its favor, you name it a "bill to divorce the Government from the banks." But what is it? Trampling the mere name under our feet, and looking at it as it is, stripped and naked in all its odious deformity, I ask what is it? Why, sir, it is a bill for arresting the flow of our prosperity; for subverting the fundamental principles of our Republic—a bill for laying the corner-stone of despotism. How do those in power recommend it to us? What arguments do they urge in favor of its adoption? "Oh," they say, "it is no new scheme. It exists in France; it flourishes in Prussia and Austria; it has grown into full and vigorous perfection in Russia. It prevails in Turkey, and in every despotism of the new and old world."

My heart shudders, my blood curdles, at their recommendations. In every country under Heaven where such a system prevails, the people are trampled on and plundered of their rights—ground down to the very dust by the awful despotism of their rulers; bought and sold like cattle with the earth; persecuted by power, plundered by these very Sub-Treasurers; "chained to the brutes, and fettered to the soil." And yet, sir, this Administration and its advocates urge the example of these odious tyrannies as almost the only argument in favor of the adoption of their hateful scheme. They tell us that their plan works very well in those countries. But they do not tell us that it is there the grand engine of despotism, without which the people could not be kept in slavery! Yes, the plan does work well in despotisms. It does the work effectually. It works admirably well. It answers the very purpose for which it was designed—that of plundering and enslaving the people, whilst it deprives them of the power of resistance.

Where am I? Is it possible that here, in this mighty capital of the only free Republic on earth, with the deeds of our gallant fathers still green in our memories, with here and there one of their lingering associates now gazing upon our deliberations, and the thunders of Yorktown yet ringing in our ears—is it possible, I say, under these circumstances, that we can calmly listen to a proposition to abandon the settled policy of our Government from its beginning to this day, despise and denounce the wisdom of its immortal founders, reject a course which has secured an unexampled prosperity to our country, and the utmost stretch of liberty to ourselves, and turn back and affectionately embrace—hug to our bosoms, as jewels above all price, the barbarous institutions of the dark and benighted despotisms of the old world? Are we to turn a deaf ear to the counsels of our revolutionary sages, and receive for our guide the arbitrary decrees of autocrats and tyrants? Sir, is the republican seed, scattered far and wide by our immortal sires, to be eradicated with our own hands; and are we to transplant into our fertile soil the sickly shoots of despotism, and nurse, and water, and cherish them into health, and vigor, and fructification? Heaven forbid. Let every man who wishes well to our republican institutions put the seal of his reprobation on this scheme.

I have said that this very "Sub-Treasury system" is one of the great means used by the autocrats of Europe for perpetuating their tyrannies. In the hands of a monarch, it is an engine of tremendous power. He appoints every officer. They are absolutely dependent upon him, and are appointed to do his bidding. They are responsible to him alone. They are scattered all over the empire. Every petty district has its officer to receive and hold the revenues of the Government. They have immediate communication with the People. Of course, as the interest of the officer binds him to serve his sovereign, and as there is no one to interfere between them, the money he receives can be used in influencing the People (or subjects, as they are there called) in any way desirable. Thus thousands and tens of thousands of these little treasurers are using the money in their respective districts so as to produce the desired influence on the People. And yet, in a moment, the whole revenue can be collected in one concentrated mass, at the nod of the monarch. This is all done silently and secretly. The evil is felt, and no one can tell whence it comes. Despotism is upon them, and they have no means to break it.

This system of monarchy, this engine of despotism, is the very one which the bill under consideration proposes to introduce into this country. It will make the power of the President as supreme as that of any autocrat of Europe. You will have a hundred thousand office-holders appointed by the President, holding their office at his pleasure, dependent upon his will for the very bread they eat, and commissioned to do his bidding. Every neighborhood will have within its narrow confines one of these "Sub-Treasurers" to harass the people and eat out their substance. The land will be filled with spies and informers. All the public money, millions on millions, will be in their hands! It will be scattered about among their partisans, become the source of countless demoralizing speculations upon the industry and property of the people, and must inevitably end in concentrating all power in the breast of the Executive. Adopt this scheme, carry out its provisions in all their ramifications, and there will be no salvation for this Republic; republican forms may exist, but despotism will be its very life-blood—is pervading spirit.

This scheme will not only increase the number of your officers

four-fold, and thus quadruple the taxes of the people, but it will furnish Government with an irresistible means of controlling the popular will. These officers must use the money to promote the views of their masters. They are appointed for that purpose. He who would dare refuse to do their bidding would not only be instantly dismissed, but hunted beyond the pale of national consideration; yes, denationalized and proscribed by the hiring hacks of party power.

Will any gentleman dare say that these evils are all imaginary? What takes place in one country will, under the same circumstances, take place in another. This system is the one by which despotism perpetuates itself all over the world. Why can it not, why will it not, be used for the same purpose here? Is it for a want of a disposition in our rulers? What takes place among us now? Do not those in power attempt to force the minds of the people to think with them? Do they follow the popular will, or do they make the popular will bend to their decrees? Sir, my honorable colleague (Mr. Sergeant) told a grave truth the other day, when he said that Government carried every thing by a war. It singles out its object, selects its plan, adopts its measures, and then opens its campaign; and with its countless office-holders, vast treasures, and immense power and patronage, enters the field, marshals all the "faithful" to its standard, shoots as deserters all who fly, and marches onward, crushing those who dare oppose.

There was a time, in the days of Jefferson, in the good old days of real Democracy, when an officer of the Government, interfering with the freedom of elections, or attempting to influence the popular will, was instantly dismissed from office. It was the cardinal maxim of the Administration of this illustrious man, "that an officer who would attempt to use his power and influence to control public opinion should at once lose his office." This was the fundamental law of Jeffersonian Democracy. Now, sir, those who claim to be the exclusive Democrats of the land have reversed this law. The maxim at present is, "that the officer of the General Government who does not use all his power and influence to control the people shall be forthwith dismissed." Hence, sir, we find that it is the office-holders all over the Union who fight the political battles for the Administration. They must do it; they are bound to do it; and they do it.

In the election, which resulted in sending me as a representative of the people into this hall, the office-holders of the General Government in my own and the neighboring districts were the persons who bore all the heat and labor of the campaign, and did all the speech-making against me. Not only that, sir, but at least one person residing here, in the city of Washington, in this grand seat of Executive power, holding a lucrative situation under the Government, having his sons employed here in Government Departments, left his family, travelled one hundred and fifty miles to get into my district, and there mounted the stump, became an open-mouthed bawling advocate of party power, called upon the people to reject me, and come to the support of his master in Washington. Sir, if such scenes are familiar to us now, what will take place when you make four times the number of officers, and place millions and tens of millions of public money in their hands? My heart shudders at the contemplation!

Mr. Chairman, I have shown that this system is the engine of tyranny wherever it exists; and that the examples of other nations, urged upon us by its advocates, are all derived from despotism.

They urge another argument in favor of this measure, which consorts in all things with the one just mentioned. They say that the effects of this scheme will be to destroy the whole system of credit. It is true that, wherever this "Sub-Treasury scheme" exists, there is no credit, except upon the most narrow and limited scale. Now is this singular. Recollect that this system prevails only in tyrannies. The absence of credit is one of the grand characteristics of despotism all over the world. Every body must know, or can know if they will, that a well-regulated credit system and despotism never have, do not, and cannot exist together. It matters not what the forms of a Government may be, if a system of general credit prevails throughout its whole extent, the heart and spirit of despotism must be crushed and broken.

There is no credit system in Russia, Prussia, Austria, Denmark, Sweden, Spain, Turkey, nor in any other country under heaven where the people are in chains, and wretchedness, misery, and degradation. Nor is this all. The converse of the proposition is true. There is no country in which a well-regulated credit system prevails where the people are in bondage. It is a fact, which no man having any respect for truth can deny, that just in proportion as a sound credit prevails in any country, in the same proportion are the people in the enjoyment of happiness and civil and political liberty.

The reason for all this is very obvious. What is credit? It is trust, confidence, belief, and faith in the honor and integrity of man. It was the first kind of money, upon which all other money is founded. It existed before paper or letters were dreamed of, and long before the metals, either precious or base were extracted from the gloomy bowels of the earth.

In the early stages of society, men obtained from each other the product of their labors by barter or exchange. The artisan would exchange his wares for the grain of the husbandman. If he wanted bread, and had nothing at the time to give in exchange, the farmer, giving credit to his integrity, would furnish him with bread stuff, on his promise to give him his wares in return, when convenient. This credit was, therefore, the only money then. It was nothing but confidence of one man in another. It was not until this confidence or credit, it was necessary that a man should be honest. Thus it improved the morals of mankind. The more it was used, the closer did it unite men in society; because it made men, in a degree, dependent upon one another, and made each individual interested in the welfare of the whole. Thus it encouraged the kindly sympathies, and humanized the human family. When it passed from hand to hand, or in other words, when the farmer passed the promise of the artisan to his neighbor for something that he wanted of him, it became circulating credit, or confidence; and as that became widely extended from man to man, it associated together into one family and in one interest the most distant inhabitants of a whole empire.

Thus, sir, it becomes the bond of society. It introduces man to his fellow, and gives mutual confidence. It promotes travel, improves the country, facilitates civilization, develops industry, quickens the mental faculties, expands moral and charitable feelings, unites men together by the gentlest, but strongest of all ties, and teaches them their power. This is the reason why credit and despotism are never found together. It makes men too strong for tyrants! Were it possible to diffuse, at once

throughout all Russia, the credit that prevails in this country the iron bonds of Russian despotism would be burst asunder as by magic, and the Russian serf, springing at once into the full dignity of freedom, would stand erect and unshackled!

It is the policy of tyrants to keep their subjects apart. They are for weakening the ties that bind them together. They are for disconnecting every man from his neighbor, forcing him to stand isolated and alone; sowing the seeds of jealousy, distrust, and individual disunion; destroying all combinations, and making every one depend alone upon the sovereign power.

This state of things cannot exist with a credit system. Credit gives men one interest, makes them depend upon one another, and combines them into one irresistible whole. Therefore it is that despotism is at war with credit. They must keep men apart in savage, barbarous, desolate isolation. The moment a common interest, given by a common understanding and mutual confidence, combines them together, they become irresistible in power, and despotism flies before them. This, sir, is the reason why liberty and credit are found side by side together wherever either of them has an existence. They are never found apart.

Look at all the non-credit countries of Europe. They are all despotisms, every one of them! And what are they doing for man, for civilization, for the spread of free principles? Why, nothing—absolutely nothing! There they are in chains and wretchedness, without liberty, without domestic comfort, enveloped in ignorance and barbarism, without even the hope of rational freedom to cheer and brighten up the future!

Now, turn your eyes to Old England—the credit country of the world, our "father land"—the land from which most of us derived our blood and our name! Look at her manufactures, her arts, her literature, learning, science, and her civilization, that carries a portion of comfort and liberty into every cottage throughout her island domain; with her fleets on every ocean, her commerce embracing the whole world, diffusing her language, institutions, and free principles to the remotest corners of the earth; overrunning India, filling up New Holland, peopling all the South Sea islands, and every where planting the standard of civilization, Christianity, and civil and political liberty! Whilst other European nations are stationary, England, by her moral power, derived in a great degree from her credit system, is producing a moral and political revolution throughout the globe.

Sir, let us recross the Atlantic, and turn our attention to America, and see what the people are doing there. Look to Mexico and the South American Governments. That part of the country was first discovered and first peopled. The inhabitants are in possession of inexhaustible mines of the precious metals; hard money is no scarcity there. But they have no credit system, and, therefore, no confidence in one another. They have no liberty, not even proper notions of liberty. They have no commerce, no agriculture deserving of the name, no navy, no manufactures, no arts, no internal improvements, no literature, no science—but, with an abundance of gold, they are benighted, ignorant, miserable, wretched, enslaved, and oppressed, but one degree removed from the brutes around them! Their whole history is but one unmitigated narrative of savage discord, murder, rapine, and bloodshed; mad, infuriate, revolution and sanguinary insurrection! These are the people, and these are the institutions, that are held up to us for our example!

After this view of the degradation, wretchedness, and slavery of the southern part of America, with what feelings of pride and patriotic exultation can we return to our own proud and happy United States. I will not pretend to speak of her glory, prosperity, and advancement; nor portray the virtue, intelligence, genius, skill, and hardy and adventurous enterprise of her people. Under the influence of her present institutions, she has done, and is now doing more for her own people, more for the cause of human rights, more for civilization, more for the elevation of morals and of mind, and more for the whole human family, than any other nation that has, or ever had existence.

Now, sir, I appeal to every patriot in this House—I care not by what party name he may be called—I solemnly appeal to every man in the country; I ask you all, are you prepared to abandon the means which have placed yourselves and your country on such high grounds, and adopt in their stead the miserable, unnatural, and wretched policy of the soul, rank, brutal despotisms of the earth? Will you follow in the paths which your fathers have made holy, and which have led to glory, peace, liberty, prosperity, and unbounded comfort; or will you obliterate every trace that they left behind them, shut your eyes against the brightness of the past, destroy every germ of hope as to the future, and follow that rugged and that crooked way which has always terminated in tyranny, degradation, wretchedness, and woe? As for myself, my mind is made up; I am for abiding by what has been tried. I must vote against this bill.

One word more as to credit, and I am done. I know, sir, the evils of credit. I know how it may be, how it is abused. I have ever been a bold and open opponent of its abuses. I have, for years, taken an active stand against the inordinate increase of banks. I have spoken against it. I have written against it. I have petitioned and remonstrated against it. I have done all that a reasonable man could do to limit their number and check their abuses. Yes, and I have seen the very men who now so bitterly oppose all credit, within six years, double the number of those banks, and more than double the banking capital of the country!

Credit has been abused. But it is no reason why it should be destroyed. The abuse of any thing is no argument against it. The best of institutions are always those that are abused most. In the name of our holy religion, the earth has been deluged with blood, and countless millions have been consumed in the flames of martyrdom. But this is no argument against either the truth, necessity, or value of our religion. Let us, therefore, labor to purge our credit system of its abuses. To destroy it, would be to break down all confidence between man and man, and restore once more the savage, desolating reign of barbarism.

Mr. Chairman, let me beg gentlemen to pause—pause before they pass this bill. It is now nearly six weeks since the commencement of this session, during which I time we have been in this hall night and day. We come at early morning, the day passes away, and the darkness of midnight still finds us here. We have had no time for reading, for thought, reflection, research, or calm and dispassionate examination. Worn and jaded, and worn out with fatigue, the President and his partisans have been hurrying and lashing us into their measures.

[Mr. LOOMIS, of Ohio, asked leave to explain. He said the gentleman from Maine misunderstood him in supposing that he (Mr. LOOMIS) made the loss of the fourth installment to Ohio, proposed by the bill, his only reason or ground of opposition to the bill: that was only one ground of opposition to it.)

Mr. SMITH proceeded. I understand the position of the honorable gentleman from Ohio, and mean not to misrepresent him. I have not indicated that this argument of the honorable



gentleman has his only ground of opposition. But, sir, it is one of his positions, urged by him upon the consideration of the committee, and consequently one which he must have regarded as worthy of the approbation of his constituents. I maintain, in reply, that it is a consideration wholly unworthy the approbation of the People of his great State, and one that is unworthy of influencing the legislation of this House upon this subject.

But, sir, if I could believe the honorable gentleman's constituents were capable of being moved by sordid considerations in this matter—if I believed that their support or opposition to this bill is, through their representatives upon this floor, to turn upon the amount of dollars and cents that their State is to win or lose the keeping and use of, I then, sir, might claim their support of this measure upon information that is communicated in the report of the Secretary of the Treasury now before us. And I call the attention of the honorable gentleman to the fact. In the table appended to the Secretary's report, showing the condition of the public money, I find that there is still on deposit in the banks of Ohio the sum of eight hundred and eighty thousand eight hundred and eighty-six dollars. The fourth instalment of deposits to the State of Ohio amounts to only \$663,036—thus leaving an excess of deposits at this time in that State of \$211,800—besides \$277,000 more not yet paid on drafts already drawn upon the different banks of Ohio, and unpaid. Now, sir, if Ohio is to be influenced by the consideration of pecuniary benefit in this matter, is it not obvious that her People have already more money from the public Treasury on deposit under the existing state of things than her share, and, by postponing the payment of the fourth instalment, she will be likely to keep it, for some time to come at least?

[Mr. Loomis here remarked that the People of Ohio were not reaping the benefits of these deposits, but they were only in the keeping of the banks of that State, which were the property of only a small portion of the People of Ohio.]

True it is, said Mr. Smith, the deposits to which I have alluded are nominally with the banks of Ohio. But, sir, the honorable gentleman well knows, as does every other person, that those banks are not prepared to repay that money to the Government, because they have loaned the money to the people. And although in terms it is correct to say that the whole people have not the money as now on deposit, nevertheless it is true that the whole people are deriving a benefit from its being within the State. Funds held by your banks are funds used by the people. And hence, I say, the facts of this case show that if Ohio is sordid, (an imputation which finds no place in my argument), and is seeking only a pecuniary benefit, she has much at stake in availing herself of the credit which the Treasury must inevitably accord to the deposit banks within the State of Ohio, and under a postponement of the fourth instalment. They are holding more than twenty-five per cent. beyond the remaining quota of that State.

The gentleman from Massachusetts (Mr. Briggs) has contended, that if the instalments are not paid to many of the States, the omission will create great embarrassment among the people of many States, as they have entered engagements upon the faith of these instalments. Well, sir, if this argument of local embarrassment is to prevail over the votes of some States it ought to influence in an opposite direction the votes of other States, where the embarrassment of the people will be aggravated by a payment of the instalments. I find by the table in the report of the Treasury Department already alluded to by me, that not only the State of Ohio, but several other South-western and Western States, have much larger sums of the public deposits than their quota of instalments. Alabama has an excess of nearly \$600,000, and three times her quota. Louisiana has an excess of more than one million of dollars beyond her quota. Mississippi and Indiana have also each very large excesses. And is not the embarrassment that must inevitably be created in those States by an immediate exaction of this surplus from the banks of those States by the Secretary of the Treasury, to be taken into the account in offset to the alleged embarrassments that will ensue in other States from the omission of the Government to pay the instalments? Sir, the matter is quite as long as it is broad. Embarrassment grows out of it at all events. And since this embarrassment to the people cannot now be remedied on all sides, our first purpose is to disembarass the public Treasury in the best possible manner. As for the State I have the honor in part to represent here, if mere pecuniary or sordid considerations were to influence its vote here, it would be adverse to the postponement of this fourth instalment. Because, sir, while her quota would be upwards of three hundred and eighteen thousand dollars, she has less than forty-three thousand dollars of it on deposit in the State. The difference, therefore, must be brought from other quarters of the Union to the State, to add to the available capital of the State. But, sir, we are uninfluenced by this consideration, as much as we need money there. We look to the necessities condition of the National Treasury, and in good faith are willing to join in its relief?

The honorable gentleman from Pennsylvania, (Mr. Biddle,) in his ingenious, and to all sides, very interesting argument, exhibited in contrast the promises of the late Administration and of its friends relative to the efficiency of the local banks to act as depositories and fiscal agents of the Government, with their present crippled and embarrassed condition; and he connected the embarrassments of these institutions with the present proposed measure, by way of attaching odium to it as an Administration measure. He also improved the opportunity of eulogizing in contrast with the local banks, the Bank of the United States. Now, sir, it is admitted, on all hands, I believe, it is, so far as I know, that the deposit banks have somewhat disappointed the expectations of the Administration. No Administration could calculate on the present state of things, or the present condition of those banks. But I say this not to censure those banks, for I am not of opinion that they have, in general, dealt in any bad faith with the Government. But, sir, I advert to the remarks of the honorable gentleman to say that, if he could have demonstrated that, while the expectations of the Administration and the assurances of its friends relative to the efficiency and soundness of the local depositories have failed, or been disappointed, the Bank of the United States has not, in like manner, failed the promises and expectations of its friends and advocates also; there would have been something in the contrast which the honorable gentleman has exhibited entitled to weight. But, sir, has the much-sung Bank of the United States stood in its strength, and fulfilled its obligations, unlike and distinguished from the mass of local and deposit banks throughout the country? No, sir; it has failed, as the latter have, and sunk beneath the accumulated embarrassments of the mercantile and trading world; and while its

friends ask that it be not regarded with censure for it, they assuredly ought to accord the same charitable judgment towards the friends of the local institutions; and while its friends assert that the promises of the National Administration relative to local banks have failed, they should be willing to admit, also, that the promises of themselves relative to their favorite institution have failed in like manner. Thus the account stands square again between the parties.

The gentleman from Pennsylvania (Mr. Biddle) further says, there is no occasion for legislation on this matter; if the Secretary of the Treasury should not have the money to pay to the States on the first of October, he can say so to the States; if he shall have it, let the deposit act be fulfilled. Sir, this recommendation of the honorable gentleman does not accord with that frankness for which he has contended, and to which I have given my assent, in relation to the provisions of this act. He has said we ought to express clearly in our act what we mean. I say so also. If I meant to repeal this fourth instalment, I would say so. If I meant only to postpone its payment, I would say so. And if I meant to have the Secretary either pay over or not pay over this instalment to the States, I would say so. I would not leave the Secretary without any positive directions on the subject. He has told us that the present condition of the Treasury will not admit his paying it. Now, if we mean he shall pay it, nevertheless, let us say so, and give him the means instead of ordering ten millions of Treasury drafts, let us order for his use twenty millions, and enable him to pay the instalment of deposits to the States. If we don't mean this, let us tell him so, and either repeal or postpone the payment. It would be unjust to the Secretary, on the information he has given us, to refuse legislation on this subject one way or the other. We would be unjust to the States to do so. If the payment be not postponed or repealed, the States will expect the subject to uncertainty, and it would be the height of injustice to all concerned for this House to do so.

Mr. Chairman, I have but a few remarks to add, and these relate to a topic which has not seemed to me to have any special connection with the subject now under debate. But the gentleman from Pennsylvania, (Mr. Biddle,) and also the gentleman from Ohio, (Mr. Loomis,) have introduced it, and brought it to bear upon this measure, as an Administration measure, and, as such, to prejudice the measure in the public mind. These honorable gentlemen have alluded to the recent elections in Maine as an expression of the public voice of that State upon the measures and policy of the present National Administration. The voice of the people, from both the West and the East, say they, is coming up to us in condemnation of the people of the West is relative to this Administration. The gentleman from Ohio, I dare say, may in sincerity think he knows it; and to his superior means of information on this point, I bow with all respect. But the honorable gentleman must allow me to understand quite as well as himself, to say the least, what the voice of the people of the East is relative to the Administration, and particularly the voice of Maine. I can assure that honorable gentleman, and every other person desirous of knowing the truth of this matter, that the result of the recent elections in Maine is not an expression of the sense of the people of that State relative to either the present or late Administration: it is a result that has been shaped by local and personal considerations alone. It is the result of divisions existing in the ranks of the Administration party there. And whether the intelligence we now have relative to the result of the elections in that State be authentic or otherwise, if it does not embody the sentiment of that people in relation to the National Administration. I think I have not a colleague upon this floor who will gainsay this statement. On the contrary, sir, I can assure every gentleman—and I do not this for effect, and only because the subject has been introduced here under a most erroneous, though probably most sincere, impression—that at no period have the people of Maine been more decidedly with the National Administration for the past six or eight years than they were at the period of the recent election. And I do most adventurously admonish gentlemen who are opposed to the principles that the people of Maine have for several years sustained, not to include, in counting up their jewels, the people of that State, if they would not be deceived themselves, nor deceive others.

## REMARKS OF MR. BRIGGS, OF MASSACHUSETTS,

In the House of Representatives, September 21, 1837.—The bill to postpone the fourth instalment of the payment to the States being under consideration.

MR. BRIGGS, of Mass. would detain the committee but a few minutes. He should not attempt to enter the dark and gloomy labyrinth of the Secretary of the Treasury's report. He was willing to acknowledge his own obtuseness, so far as candidly to admit that the exercise of all the powers of his mind, in an attempt to understand that report, had been entirely fruitless, and that he had given up the attempt in despair. He could not get out of it any definite idea of the actual state of the Department which was under the management of that officer. And he believed that he but shared a very common and general inability, on the part of the members of that House, while suffering under this want of perspicacity in relation to that document. Yet some gentlemen had called it a clear and perspicuous report. If it be so plain that "they who run may read," he would ask why it was that the gentleman from New York, the chairman of the Committee of Ways and Means, had deserted its pages, and substituted for them his own statements, by way of enlightening the House on the present state of our Treasury? That gentleman would not hazard the bill before this committee upon calculations which he had made from the Secretary's report, but had gone to the Department in person, and from the manuscript papers found there made up his estimates, as exhibited in the printed tables now before us. If that clear-headed gentleman, with all his talents and reputation as an accountant, could not satisfy himself of the financial state of the Treasury by investigating the report of the Secretary, but was compelled to seek information among the mass of unprinted papers on the files of the Department, it is not strange that those who make no pretensions to learning in this "Treasury science" should be in doubt and difficulty.

Nor had that gentleman (Mr. CAMERLENO) been alone in his laborious researches. The gentlemen from Virginia, Mary-

land, Ohio, and New York, together with the gentleman from Tennessee, on the other side, have all given their statements, and yet he would venture a Yankee's "guess," that there were neither two of the whole number which would be found, on comparison, to agree. All this may go to prove that the Secretary of the Treasury's report is a remarkably clear document, I admit; but if that be so, it also goes to prove that the members who have favored us with their statements do not possess equal clearness with the Secretary. It may be all very clear; yet was he, (Mr. Briggs,) in relation to the matter, very much in the predicament of a certain old lady, who was asked how she liked a very metaphysical sort of sermon she had been listening to. "Why," said the good woman, "it was the best sermon I ever heard in the whole course of my life; and I would have given any thing on earth if I could only have understood it!"

Thus perplexed, he (Mr. B.) had been compelled to use his own lights, dim as they were, in order to ascertain the object he had in vain been seeking for, and he had come to the conclusion that there was no pecuniary necessity in the case which should impel Congress to postpone the provisions of the act of June, 1836, in relation to the deposits of the surplus revenue; nor did he believe that the Secretary of the Treasury, if he should appear before us, would say that he believed there would be a deficiency of means in the Treasury to meet the demands of the current year, though he might say that a part of those means would not be immediately available. In relation to the law of June, 1836, it struck him (Mr. B.) as passing strange that, in a House consisting to so great an extent of well-read and experienced lawyers, there could be such wide differences of opinion as to the legal import and character of that act. For himself, though a lawyer by profession, he did not pretend to the possession of any very high legal abilities, yet, to his mind, the meaning and intention of that law appeared clear and plain. It provides that "the money which shall be in the Treasury on the first day of January, 1837, reserving the sum of five millions, shall be deposited with the several States in proportion to their respective representations in the Senate and House of Representatives, as shall by law authorize their Treasurers or other competent authorities to receive the same on the terms hereinafter specified."

The terms and conditions upon which the money was to be deposited with the States are set forth in the act. In pursuance of the directions of the act, the Secretary of the Treasury communicated to the several States the law authorizing him to deliver to them the public money, and called on them to say whether they would comply with its provisions. Every State in this Union, in the solemn form of legislative enactment, consented and agreed to receive the money, and to comply with the conditions and requirements of the law of Congress. In compliance and fulfillment of this proposition, made by the Government of the United States, and accepted by the Legislatures of the States, three-fourths of the whole sum which was in the Treasury on the first day of January, 1837, (the whole amount of which was named by the Secretary in his proposition to them,) has been paid over to the States.

Can this Government now withhold the fourth instalment without the consent of the States, and not violate the plain provisions of their own law?

The money was to be passed over to the States in four equal instalments, at fixed periods. It was to be repaid by them when wanted by the Secretary of the Treasury, to meet appropriations made by law, in ratable proportions, and in sums not exceeding a certain amount by any one State.

No provision in law authorizes the Secretary to withhold, in any state of the case, any portion of the money. Nor does Congress reserve to itself the right or power to do any such thing.

The gentleman from Virginia (Mr. Jones) asks if Congress meant that this money should be deposited with the States, if the Government should want it for its own purposes? I answer, that Congress intended that all the money which should be in the Treasury on the first day of January, 1837, after deducting five millions of dollars, should be deposited with the States. To prove this intention, I refer to the explicit, unambiguous, and unqualified language of their own law, made to accomplish this identical purpose.

The gentleman from Virginia says, the fact that this thirty-seven millions were to be paid to the States by instalments does not change the character of the transaction between the General Government and the States. I concur with him fully. The instalments were arranged for the accommodation of the banks who held that money on deposit. As between the Government and the States, the case is the same as though the whole amount had been paid out at once. If it had been so paid, neither the Secretary, under the law, nor Congress, by new legislation, would have the right to recall the money in any different manner than is provided by the terms of the law as proposed to, and accepted by, the States. This fourth instalment constitutes a much larger amount than could be demanded from the States, and cannot, therefore, in good faith to them, be withheld without their consent. What Congress would have done if they had anticipated a different state of the Treasury is one thing; what they actually did, and what are the rights of the States resulting from their action, is entirely another thing.

But (said Mr. B.) we are told that this is not a contract, and not binding as such, because no amount is put down in the wording of the act. What do you want, sir, (asked he,) of an amount? All that shall remain in the Treasury, after deducting \$5,000,000, on the appointed day, that is "the amount;" and if there were any doubt about it, the Secretary of the Treasury himself has kindly helped us out of the dilemma, by telling us, in dollars and cents, what that "amount" was. Well, this being ascertained, the States have a claim for their several proportions of it, as soon as they comply with the conditions of the act. They did so comply, and received three-quarters of the "amount," according to the tenor of the contract, and meanwhile, the other quarter was their own as much as that already received, and was so understood by them, as well as by the Secretary of the Treasury. Several of the States have made appropriations of the whole sum as their own, enacted laws for its employment, and predicated all their action upon it as their own. And yet the distinguished gentleman from Virginia (Mr. Jones), as well as other professional men here, argue that this is no contract. What do gentlemen understand would constitute a contract? If a proposition, consisting of various conditions and limitations, made by one party to another, accepted by that other, and three-fourths of its stipulations actually carried into effect, does not come within the legal and common understanding of a contract, I am unable to imagine what would.

I will not say (said Mr. B.) that a case might not be put in



which this Government, acting under the imperious law of necessity, might be justified in refusing to comply with the clear stipulations of their own law, in refusing to pay over this fourth instalment to the States. But, in my opinion, no such case is presented in the question before us. I do not understand from the Secretary's report that he means to say there is any deficiency in the funds of the Treasury to meet the demands upon it, if those funds were immediately available. But as a portion of its means, consisting of money on deposit in the banks, and a considerable amount in merchants' bonds, "cannot be immediately realized in funds suitable to meet existing appropriations," it seems expedient, either in aid or exclusion of a requisition on the States, (as may be deemed most suitable by Congress,) to provide some temporary resource, until enough of the fourth instalment, or other means in the Treasury, can be rendered available to discharge all the public engagements."

The passage of this law to withhold the nine millions of dollars now due to the States under the law of June, 1836, will not, in the slightest degree, relieve the Treasury from its present wants. The money is now in the deposit banks, and the Secretary expressly says that it "cannot be immediately realized in funds suitable to meet existing appropriations." Not one dollar of available funds would be brought into the Treasury by the violation of the faith of the Federal Government to the people of the States, as solemnly pledged in the law now upon your statute book. The Secretary proposes that Treasury notes should be issued, to meet the present demands on the Government. Whether this bill withholding the money from the States passes or not, the necessity for the issue of Treasury notes is the same.

If the deposit law is left to go into operation, the banks can better make arrangements to settle the claims upon them with the States than with the Treasury of the United States. The Secretary of the Treasury says, "many of the banks which hold the money might be able more satisfactorily to pay it to the States than to the Treasury." The amount paid over by them would be distributed among the people of the States, go into the circulation of the country, and contribute, so far at least, to relieve the embarrassment of the community. I do not stand up as the apologist or advocate of the pet banks. They were brought into their existing relations with the Government without my agency or consent. But the Treasury poured its millions into their vaults, and it should not, by an effort to coerce them, further embarrass the people. Any pressure upon them by the adoption of measures already originated in Congress, designed to force them into a sudden payment to the Government of its demands, would, directly or indirectly, add to that burden under which the people of this whole country are at this moment reeling.

The specie drawn from the banks must be taken from the people, who are their debtors. That derangement of the circulating medium, and that embarrassment of the whole business of the country, embracing all classes and conditions of men, from those who earn their bread by daily labor to the most opulent merchants of the great commercial cities, would be rendered more severe and oppressive to the end that a few millions of specie should be gathered together and locked up in the iron safes of Government offices until it should be wanted to pay the salaries of the people's servants.

Why should we, who are assembled to adopt measures to alleviate the sufferings that are pressing our constituents to the earth, lend our aid to measures which will tend at least to aggravate those sufferings?

If this instalment is withheld, the expectations of the States will be disappointed: expectations created and raised by the voluntary action of the very Government which is now about to blast and destroy them. It will operate a most serious inconvenience and injury to many of the States. They have anticipated its reception, and, in one way or another, it has entered into their arrangements—led them to embark in expensive public improvements, and to incur obligations and liabilities, to meet which, without it, will subject them and their citizens to great trouble and embarrassment.

Mr. B. would again call the attention of gentlemen to the fact, and he begged them to notice it, that whilst the immediate pressing necessity of the Treasury was urged as the reason for the passage of the bill before us, not one dollar of the money which its passage would withhold from the States could be made available to meet the present demands upon the Treasury. It seemed to him, therefore, that the momentary pressure upon the Government for funds, which the Secretary tells us "is far from being any just cause for despondency," is seized upon as a pretext to repeal the unexecuted portion of the deposit law, when no practical good, but much evil, will result from it. These (Mr. B. said) were some of the considerations which had operated upon his mind, and produced the conviction that this bill ought not to pass—a conviction which had not been removed by any of the arguments which he had heard put forth in its favor. He wished to see the fourth instalment, amounting to more than nine millions, distributed among the States, fulfilling the just expectations of the people, created by the deposit law, and tenning, as he believed it would, to relieve them from that cruel pressure under which they were groaning.

The gentleman from Ohio (Mr. Hamer) in the early part of this debate, had admitted that the *onus*, as the lawyers say, of showing the necessity for the passage of this bill, was upon those who sustained it. He called upon the gentlemen to come forward and dispel the mists and clouds which hung around the report of the Secretary, and to show the fiscal necessity of withholding this instalment from the States; to show, not merely that there would be a want of available funds on the first of October, which all could see; but to prove that the Treasury would not have resources for the year sufficient to meet all the claims upon it, though a portion of those resources could not be commanded within the year—a difficulty which the Secretary proposes to obviate by the issue of Treasury notes. The gentleman from New Hampshire (Mr. Atherton) admits, with the gentleman from Ohio, that the burden of satisfying the committee that the bill ought to pass is upon its friends. But he says, if it is made doubtful whether the Treasury will want this fourth instalment or not, we should withhold it from the States. This is, indeed, a new way of making out a case. It to raise doubts is to make proof, it would be easy to make out almost any case. I am not satisfied with that gentleman's manner of sustaining his *onus*.

Before the gentleman from Ohio can expect that I should go with him in support of the bill, I want him to satisfy me that there will be a deficiency in the resources of the year to meet the demands upon the Treasury; and that this nine millions of dollars, to which the States are entitled by the law of 1836,

could be made available to meet existing appropriations. Let him show, as he has maintained he can show, that the proposition made to the States by the Secretary of the Treasury for them to accept thirty-seven millions of dollars upon the terms and conditions named in the law, and their agreement, in their high legislative sovereign capacity, to receive the money upon the terms prescribed, and the payment of three-fourths of the amount by the General Government in part fulfillment of their proposition, altogether do not constitute a clear, intelligible, well-defined contract; such a contract as either of the parties, if they were amenable to the judicial tribunals of this country, would be compelled to execute, by all the courts in this land, from the lowest petty justice to that which holds its sessions in the basement of this Capitol.

When he shall show this, I will go with him and support his bill.

## REMARKS OF MR. EVERETT, OF VERMONT,

In the House of Representatives, September, 1837.—On the bill to postpone the payment of the fourth instalment of deposit with the States.

Mr. EVERETT, of Vermont, said he had attempted to obtain the floor when the bill was under discussion in committee, and also in the House. He had then intended to submit his views on the measures presented by the Committee of Ways and Means for the relief of the Government. At this late hour, he should confine himself to the bill before the House. He would submit to the House the effects its passage would produce on the business transactions of the State he in part represented. The Legislature of Vermont, on accepting the terms of the deposit act, made provision for the immediate disposition of the instalments, as they should be received. They were to be paid to the several towns, in proportion to their population, to be by them loaned for the use of schools, under the direction of town committees. These committees were composed mostly of farmers, and the loans were made, in limited sums, principally to farmers and mechanics. The time of payment and the amount of the instalments being certain and fixed, the business of the country was, in advance, predicated on the certainty of receiving the money. The fourth instalment has, in effect, been anticipated. Though not actually received, the business of the country has been based upon it. On the faith of it, debts have been contracted, engagements made, and business undertaken. The effect of disappointing these well-founded expectations, to say nothing of higher obligations, would be similar to that which would have been produced by a sudden call for the same amount, had no such expectation been excited. To the same extent, it would derange the business of the country. The same effect, he presumed, would be produced in most, if not all, the States from which the public deposits have been withdrawn.

It is not to be disguised that the States in which there is an amount of deposit greatly exceeding, or even equaling, the amount of their proportion of the fourth instalment, have interests different from those who have none, and those interests have, to some extent, been seen in the votes of this House. In the deposit States, the deposits continue to be the basis of their bank circulation. These States already enjoy the full benefit of the instalment and of a large surplus. He would now present the subject as a question of justice between the States.

The unavailable deposits in banks are principally, if not wholly, in ten States, Alabama, Louisiana, Mississippi, Tennessee, Kentucky, Missouri, Illinois, Indiana, Ohio and Michigan. The amount on the 30th of August was over nine millions, at this time probably exceeding seven millions, while their proportion of the instalment is short of two millions and three-fourths. It is well understood that the deposit banks cannot make payment, even within the times limited by the bill from the Senate, (two, five and eight months,) or in treble that time. Is it just that these States should retain, for almost an indefinite time, the possession and use of the seven millions, while the sixteen States, having none but available deposits, and even but little of these, should have no equivalent; that the only measure of relief—that which they seemed to have—should be withheld? He did not desire to press the deposit States; but, in his opinion, some measure was demanded which should meet out something like justice to the creditor and debtor States, without oppressing either; and he would appeal to the representatives of the deposit States, with what justice, with what hope, could they ask the other sixteen States to give them further time of payment, if they insisted on the postponement of the fourth instalment indefinitely, as proposed by the bill, or until December, 1839, as proposed by the amendment?

He would now state in what manner something like justice might be done to the now deposit States; and which being done, further time might be given to the deposit banks. It is this: authorize the Secretary of the Treasury to issue Treasury notes. As much as he abhorred this species of currency, he would consent to it for this purpose, and for this purpose alone: authorize the Secretary of the Treasury to issue Treasury notes to the amount of the fourth instalment, if necessary, without interest, receivable in payment of Government dues; give the States the option to receive either these notes or drafts on the deposit banks in their respective States, in payment of their share of the instalment, and give a reasonable time to the deposit banks to pay the surplus that would remain due. The States in which there are sufficient deposits, would accept the drafts, if, for no other reason, to relieve their banks; and thus the instalment to ten States would be satisfied by a measure beneficial to them; and the expectations of the other States, to say nothing of the faith of the Government, would be satisfied. The reason of proposing that Treasury notes should be issued, and without interest, is to make an equivalent in value to the drafts on the deposit banks; and the equivalent might be further adjusted by the time at which they should be receivable for Government dues, and by the rate of interest that should be required of the deposit banks.

Thus far he had considered the subject as a question of justice between the States. He would now consider whether the measure proposed could be adopted under the present embarrassed situation of the Government. It was a question not of original choice, but of the greater evil. On the one side was presented the embarrassment from the disappointment of the well-founded expectations of the business of the country; on the other, the embarrassment of the finances of the country, and the resort to a paper money currency even for a temporary purpose. He would consider the measure in its relation to the finances of the country.

Gentlemen were not agreed on the state of the finances: Much had been said about the intelligibility and non-intelligibility of the Treasury report. Though a more succinct report would have been acceptable, yet, for one, he could say his difficulties did not arise so much from what was in the report as from what was not in it. He could ascertain, with sufficient accuracy, the amount of the deficiency of the present means; but was it not equally material to ascertain in what way the deficiency could be best supplied? It has suited the purpose of the Secretary to ask Congress to furnish supplies to carry on the Government to the 1st of January only, on a mere statement of present cash means, with reference to the actual means of the Government, which might be rendered available, and without relation to the fiscal operations of the ensuing year; and in this limited view of our financial situation, we are requested to postpone the fourth instalment indefinitely, and to issue ten or twelve millions in Treasury notes. It might reasonably have been expected that the Secretary would have laid before Congress statements similar to those usually made by a bankrupt on calling a meeting of his creditors. We had a right to expect not only a statement of our debts and cash on hand, but of all our assets. The want of a statement of our assets has afforded a convenient argument to the friends of the bill. Almost every gentleman who has supported it has insisted that, if we pay the instalment, we must create a debt. And the question is continually asked, will the people consent to borrow money, to be repaid by dry taxes, for the purpose of paying it to the States? Even were it necessary to borrow money for that purpose, why should the Administration shrink from the responsibility now? The responsibility that has created the occasion—the necessity was boldly assumed. No, they will not borrow money, but they will take it from the States, to avoid the responsibility of creating a debt—of borrowing money. But to enable the Government to pay this instalment, it is not necessary to create a debt, to be repaid by taxes. It is only necessary that Congress should convert its unavailable means into available means. All that is asked is, that we should anticipate the debts now due (though not payable) to the Government. This operation would require no tax; it would impose no new burden on the people.

He did not overrate the assets of the Government in estimating them at seventeen millions, exclusive of the duties on woolsens on bond, (which, in New York alone, are estimated at two millions.) And all that is required, beyond the available means, for the operations of the Government and the payment of the fourth instalment, is to render fourteen millions of this seventeen millions available for present use. He would ask if the seventeen millions were now in cash in the Treasury; if the New York fire bonds, (1,000,000) the United States Bank debt, (5,000,000) and money undrawn for in the deposit banks (7,500,000) were now paid, and the duty bonds (2,500,000) were not to be postponed, would any one propose to postpone the instalment even for a single day? Why then should we not draw on these resources, and fulfil the expectations of the country? He would not now stop to hold the balance between the bill and the amendment; he went against all postponement.

He submitted these considerations to the House. Those who held the power might adopt them or not, as they should prefer. The bill was in the hands of its friends. He was willing to meet the measures of the Administration in the shape and form they chose to present them. He did not desire to throw any embarrassments in their way by presenting amendments, either to consume time in discussing them, or to avert a direct vote on the propositions offered.

He regretted that no measures of general and permanent relief had been proposed for the embarrassments of the country—that the Government should have confined its measures to its own immediate relief. The whole country looked to Congress for relief. They are—they will be disappointed. And on whom does the responsibility rest? On those who hold the majority. But we are tauntingly told, if you are not satisfied with the measures proposed by the Administration, propose other and better measures. To this he answered that it was but fair to the Administration to permit its friends to take the lead. By their acts, we had been reduced to our present extremity. It was their right, their privilege, their duty, to extricate us from it. He desired the sense of the House might be taken directly on their measures. If adopted, be it so. If rejected, it will be in due time then to propose other measures for the consideration of the House and of the country. And even then the prospect of succeeding in this House, in the other measures, would have its weight in determining the expediency of bringing them forward. But with what reason was the demand made? Our complaint is that no measures of permanent relief to the country are brought forward—no measures tending to restore to it a sound currency. More than this, the Administration disclaims the power to afford such relief in any way or manner. It assumes that it has no constitutional power to give the relief. It plants a veto in advance. Why then, in the face of the Message, in the face of the opinion of more than one-third of this House, should we be called on to propose measures in which we can have no hope, at this time, of succeeding? Are we not met even in advance by a negative resolution from the Committee of Ways and Means, on one of the measures for general and permanent relief? He repeated, what better hope could be entertained for any other mode of relief when the constitutional power to grant any relief was denied by the Executive? It is said there is a time for all things; but the time is not now. He expressed only his own opinion. He was not authorized to speak for others.

But, we are asked, will you not support your Government; will you not supply the means to meet its expenditures; will you not relieve it from its present embarrassments? For one, he answered he would; but he reserved the right to judge of the measures proposed; to adopt or reject them as his judgment should dictate. But might he not stop to ask by what providence or improvidence the Government was brought to its present condition? Might he not ask, will your measures afford permanent relief to the Government itself? Might he not inquire whether the new experiments would not, in the end, involve the Government and the country in additional embarrassments? The Government now proposes to separate itself from the States and the people. It asks relief for itself alone. How stands the case? The Administration have been trying a grand experiment. Disregarding the experience of the past, and the admonitions and warning of the best engineers, they have run their cars with flange wheels on one side only. The *I take the responsibility*, with its train, went fair and smooth on the level and straight road; it was then the glorious experiment. But at the first turn, locomotive, tender, and passengers, were all in the ditch together. The chief engineer finds his assistants and firemen can give him no aid. He calls on

the passengers; he asks them to assist in getting his locomotive and tender on to the rails again; and the passenger cares, too, they ask. No, gentlemen; I intend to leave you where you are. I have constitutional scruples. What would probably be the answer of the passengers? He would not apply their answer as his answer. Before he gave a final answer, he would ask the chief engineer, Pray, sir, if we do put you on the rails, how do you propose to proceed? He has already answered: Try another experiment, merely by changing my flange wheels to the other side. The unanimous opinion of the passengers would be, that at the next turn he would be off and in the ditch on the other side; and entertaining that opinion, he would not, as one of the passengers, vote for any measure of relief to the Government that was unsafe for the people.

## SPEECH OF MR. WISE, OF VIRGINIA,

In the House of Representatives, October 13, 1837.—On the bill from the Senate to create a Sub-Treasury system.

Mr. WISE said: After the rich treat which we have just enjoyed, I can hardly hope to be listened to. I have much to say, far too much to be said at once. Did I not know that it was the wish on all sides for the committee to rise this night and report the bill, I would not proceed now; and had I not at the last session reviewed the last Message of the "Greatest and Best," and did I not feel it to be a more imperative duty to review the first Message of his protégé and successor, I would not proceed at all. But, sir, a duty rests upon my shoulders which most gentlemen seem to shun, and I shall discharge it, though the debate has exhausted this subject, and exhausted still more our time and our patience. I mean the duty of complaining: I rise to murmur and to complain.

The gentleman from South Carolina (Mr. Legare) exhorted us not to disturb our tempers by tracing the causes of the ills we endure to their authors—it could lead to nothing but crimination and recrimination; he begged us rather to study out the remedy and to apply it to our maladies. I shall not follow the gentleman's recommendation. It may well suit the powers that be, who have always heretofore been claiming for their Administration the highest praise of prosperity and infallibility, now that they have reduced the country to distress, and the Government to bankruptcy, to cry for a spirit of conciliation and charity; but, as for me, I compromise not, I conciliate not with public plunderers, and I spare not those who have willfully and deliberately misgoverned my country, and who have basely and corruptly rioted in her distresses and her wrongs. Whom have they spared? Let them answer me. Have they spared any thing worth preserving? Sir, I believe that the only true remedy is to trace the evils of the present times to their real authors, and hold these authors responsible to a just, though it be a severe judgment. No virtue should be so averse, so austere as patriotism; it should be as respectful of persons, excuse no man or set of men, for bringing ruin on a country rich in every element of wealth; and it should visit, with the most condign punishment, that man or set of men who have usurped and perverted power for the basest and worst purposes of reducing that country, once the freest in the world, to slavery as well as beggary. There is no remedy so wholesome as that of convicting these spoilers, and taking from them the power to do further mischief.

Sir, whether the gentleman from South Carolina (Mr. Legare) was abroad in Europe, studying the condition and the policy of foreign countries, it was my lot to remain at home, and for the last four years to mark the policy, to study the motives, and watch the march of our own Federal Government. Let me tell that gentleman that our Federal Executive has almost within that period of time, changed the form of our Government from a representative, Federal Republic, to that of an elective monarchy—an elective monarchy, with the power of absolute control over legislation, and of perpetuating a succession! I congratulate this House and the nation that the gentleman has returned to his country in time to strike for her a blow with his strong arm against this nefarious measure, calculated for no other design than that of strengthening the coils of Executive power, and of riveting for ever the chains which have been forged for us for the last four years; and I only regret that he was not here before to war side by side with me and others who have been laboring in vain to ward off the catastrophe which has befallen, and the crisis which now threatens the country and its institutions. If he had been here to watch the conduct and motives of our rulers, as I have been, he would be as ready as I am to arraign the conduct and impugn the motives of the real authors of this monstrous change in the form of our Government, and in the condition of our affairs. Sir, I repeat that I rise for no other object than to criminate the conduct and the motives of the preceding and the present Administrations. They have deliberately and wickedly, with malice aforethought wrought this mischief, and a bill of indictment should be laid against them before the grand jury of the nation—the People! I appeal to them, and, sir, I propose to show the guilt of the culprits out of their own mouths.

Sir, contrast "the last annual Message" with the first semi-annual Message to this extraordinary distress session!

"Alas, from what high hope, to what relapse  
"Unlook'd for are we fallen!"

In the very first paragraph of this extraordinary message, we have the precious confession that the experiment has failed! failed! Ay, failed! Is it possible? Can this thing be so? Ay, failed! The great chief, the greatest and best—the under whom it was glory enough to have served—was altogether such as we are, a man! He was not, as it was thought, a god! He was but a poor weak mortal; his wisdom was fallible! This our Caesar did feed on meat as other men! Sir, this one truth is every thing, that Jackson was a fallible man; that he was not endowed with all virtue, all wisdom, and not entitled to all confidence and trust; this dissolves the charm; and from this one truth admitted alone, I augur better times to come. I breathe, I hope! Now, sir, will the people heed a warning, reason for themselves, act for themselves? Sir, I do not mean to exclaim: I came here this night to reason with the people. I mean, God willing, to bring in review before them the collected wisdom of General Jackson's administration upon this same experiment; the messages, the reports, the essays, the speeches, documents, arguments, proofs, which were written, adduced, made, read, and reiterated, to establish the length and the breadth, the height and the depth of this same grand, safe, and sure experiment,

which now lies like love bleeding! Could any system, any wise plan of finance and currency be more strongly, more earnestly, more confidently recommended and urged than was this same experiment? Let us see: to the proofs! [Here Mr. Wise raised many large volumes of Executive documents and reports of committees, etc.] Here! here they are, pile upon pile—mountain high, if you choose: if these are not enough, I can touch that dome with Pelion upon Ossa, and Ossa upon Olympus, of multiplied proofs against you, (turning to Mr. Cambreleng.) Shall I read them? [Here Mr. CAMBRELENG begged for God's sake that he would not.] I know they are gall and wormwood to you now, but you must take a portion of the bitter draught, though I do not intend to minister to you the dregs. You must endure a portion. Sir, I omit the President's celebrated cabinet paper, read in 1835, upon the removal of the depositories. I omit the reports and papers of honest Iago, Amos the agent, to the President in 1833, upon the expediency and policy, the wisdom and virtue of removing the depositories from the monster, and placing them in certain local banks. I cite only the Congressional documents. (See Executive documents, 1833, '34, p. 12.)

In the President's Message of December, 1833, he (Jackson) told us: "I entirely concur in the view he" (the Secretary of the Treasury) "has taken of the subject," (the removal of the depositories.) What was the view he took? The report of the Secretary of the Treasury (Mr. Taney) in 1833, says:

"The State banks can, I have no doubt, furnish a general circulating medium, quite as uniform in value as that which has been afforded by the Bank of the United States. Probably more so." "But a currency founded on the notes of State banks, could not be suddenly substituted for that heretofore furnished by the Bank of the United States, and take the place of it, at the same moment, in every part of the Union. It is essential that the change should be gradual, and sufficient time should be allowed to suffer it to make its way by the ordinary operations of commerce, without requiring a hasty and violent effort."

This view was supported by the Committee of Ways and Means in the House of Representatives, the chairman then (Mr. Polk) the present Speaker. The report of that committee in 1833-'34 upon the removal of the depositories, says:

"The question then arises whether the State banks should be continued as the fiscal agents of the Government. The committee are satisfied that the State banks are fully competent to perform all the services which the General Government ought to require, in the collection and disbursement of the revenue, and to afford all the facilities to the internal commerce and exchanges of the country which have been derived from the Bank of the United States."

"The opinion has already been expressed that the State banks are competent to perform all the duties which the Government or the public convenience may require; and there are many circumstances which strongly recommend them to a preference over a Bank of the United States. No one of them can exercise a general control over all the others, and expand or contract the whole currency of the country at its pleasure, to favor the private speculations of individuals, or to increase its own profits. And they can never combine together for political objects, nor hope to gain possession of the Government and control its operations."

"The State banks are now firmly interwoven with the institutions of our country, and it would be unjust, and contrary to the spirit of our institutions for Congress to sustain a great moneyed power to over-awe and oppress them, and bring ruin upon multitudes of our citizens, whenever cupidity or ambition shall tempt them to exercise their power."

"If it should be urged, as an objection to the State banks, that they cannot afford a general currency, the answer is obvious. If it were deemed necessary to create a paper currency possessing equal credit with that of the present Bank of the United States, the object can as well be accomplished with the State Banks as with the Bank of the United States."

"With these views, the committee are of opinion that the State banks ought to be continued as the depositories of the money of the United States," &c.

The same committee, on the 23d of April, 1834, reported a letter, dated April 15, 1834, from Mr. Taney, upon the mode of selecting the deposite banks, in which he says:

"It will be seen, from this statement, that it is no part of the proposed plan to dispend with the State banks. It is obviously not in the power of Congress (if it desired to do so) to take measures for that purpose without an amendment to the Constitution. And the States would not, and ought not, to surrender the power of chartering banking companies. The State banks are now so numerous, and are so intimately connected with our habits and pursuits, that it is impossible to suppose that the system can ever be entirely abandoned. Nor is it desirable that it should be. They are often abused, like all other human institutions; yet their advantages are many, and under proper regulations, and with the metallic basis now proposed for their paper issues, they will be found of much public advantage."

President Jackson, in his Message to Congress, December, 1834, speaking of the United States Bank, says:

"It happily is already illustrated that the agency of such an institution is not necessary to the fiscal operations of the Government. The State banks are found fully adequate to the performance of all services which were required of the Bank of the United States, quite as promptly, and with the same cheapness. They have maintained in themselves and discharged all these duties, while the Bank of the United States was still powerful, and in the field as an open enemy; and it is not possible to conceive that they will find greater difficulties in their operations when their enemy shall cease to exist."

President Jackson, in his Message to Congress, December, 1835, says:

"We are now to see whether, in the present favorable condition of the country, we cannot take an effectual stand against this spirit of monopoly, and practically prove, in respect to the currency as well as other important interests, that there is no necessity for so extensive a resort to it as that which has been heretofore practised. The experience of another year has confirmed the utter fallacy of the idea that the Bank of the United States was necessary as a fiscal agent for the Government. Without its aid as such, indeed, in despite of all the embarrassment it was in his power to create, the revenue has been paid with punctuality by our citizens; the business of exchange, both foreign and domestic, has been conducted with convenience; and the circulating medium has been greatly improved. By the use of the State banks, it is ascertained that the money of the United States can be collected and disbursed without loss or inconvenience, and that all the wants of the community,

in relation to exchange and currency, are supplied as well as they ever have been before. If, under circumstances the most unfavorable to the steadiness of the money market, it has been found that the considerations on which the Bank of the United States rested its claims to the public favor were imaginary and groundless, it cannot be doubted that the experience of the future will be more decisive against them. It has been seen that, without the agency of a great moneyed monopoly, the revenue can be collected, and conveniently and safely applied to all the purposes of the public expenditure. It is also ascertained that, instead of being necessarily made to promote the evils of an unchecked paper system, the management of the revenue can be made auxiliary to the reform which the Legislatures of several of the States have already commenced in regard to the suppression of small bills; and which has only to be fostered by proper regulations, on the part of Congress, to secure a practical return, to the extent required for the security of the currency, to the constitutional medium. Severed from the Government as political engines, and not susceptible of dangerous extension and combination, the State banks will not be tempted, nor will they have the power which we have seen exercised, to divert the public funds from the legitimate purposes of the Government. The collection and custody of the revenue being, on the contrary, a source of credit to them, will increase the security which the States provide for a faithful execution of their trusts, by multiplying the scrutinies to which their operations and accounts will be subjected. Thus disposed, as well from interest as the obligations of their charters, it cannot be doubted that such conditions as Congress may see fit to adopt respecting the depositories in these institutions, with a view to the gradual disuse of the small bills, will be cheerfully complied with; and we soon shall gain, in place of the Bank of the United States, a practical reform in the whole paper system of the country. If, by this policy, we can ultimately witness the suppression of all bank bills below twenty dollars, it is apparent that gold and silver will take their place, and become the principal circulating medium in the common business of the farmers and mechanics of the country. The attainment of such a result will form an era in the history of our country, which will be dwelt upon with delight by every true friend of its liberty and independence. It will lighten the great tax which our paper system has so long collected from the earnings of labor, and do more to revive and perpetuate those habits of economy and simplicity which are so congenial to the character of Republicans, than all the legislation which has yet been attempted."

Mr. Secretary Woodbury's report, of the same date, tells us:

"This Department takes pleasure in stating that the public money continues to be collected and deposited, under the present system of selected banks, with great ease and economy in all cases, and with greater in some than at any former period. The transfers of it to every quarter of the country where it is needed for disbursement, have never been effected with more promptitude, and have been entirely free of expense to the Treasury. The payments to creditors, officers, and pensioners, have been punctual and convenient; and the whole fiscal operations through the State banks have, as yet, proved highly satisfactory. Incidental to this, the facilities that have been furnished to the commercial community in domestic exchanges, were probably never greater, or at so moderate rates."

Again, he says:

"It will be seen that the situation of the selected banks, as a whole, bears an enviable comparison with the rest. In all cases deemed proper, they have given collateral security, and are all believed to be entirely safe, to the extent they have been confided in. Their discounts have been in general somewhat increased, but, though tempted by the enterprising spirit of the times, not usually increased in a degree disproportionate to their available means. They have also, in some cases, been able to aid, and have liberally aided, other banking institutions in their neighborhood, by as large and long balances and other inducements as would generally appear to have been sanctioned by correct principles."

Now, sir, "the enterprising spirit of the times" is called by the hard name of "improvident speculation"—"over-action."

In "the last annual message," December, 1836, the Greatest and Best still continued to say:

"Experience continues to realize the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government, at the time of the removal of the depositories. It was alleged by the advocates of the Bank of the United States that the State banks, wherever might be the regulations of the Treasury Department, could not make the transfers required by the Government, or negotiate the domestic exchanges of the country. It is now well ascertained that the real domestic exchanges, performed through discounts, by the United States Bank and its twenty-five branches, were at least one-third less than those of the deposite banks for an equal period of time; and if a comparison be instituted between the amounts of service rendered by these institutions, on the broader basis which has been used by the advocates of the United States Bank, in estimating what they consider the domestic exchanges transacted by it, the result will be still more favorable to the deposite banks."

After instituting this comparison, the Message proceeded:

"In the same manner have nearly all the predictions turned out in respect to the effect of the removal of the depositories—a step unquestionably necessary to prevent the evils which it was foreseen the bank itself would endeavor to create in a final struggle to procure a renewal of its charter. It may be thus too, in some degree, with the further steps which may be taken to prevent the excessive issue of other bank paper," &c.

Sir, it is unnecessary to quote further. I will not quote from Mr. Woodbury's testimony before the investigating committee of which my colleague (Mr. Garland) was chairman. I will not cite passages from the valedictory—the miserable imitation of Washington's farewell address. I will not stop to show a continuous recommendation, incessant, labored, from the removal of the public depositories, in 1833, up to the 4th of March, 1837, the very day when this system of deposite in the local banks sunk never more to rise; but I only ask of you and all men to contrast what I have quoted, to compare all this with the letter of the immortal, infallible ex-President, during this summer, denouncing the pet bank system as the most base and perfidious, and with the successor's present Message, confessing that the experiment has failed! And then to me whether these men of Gotham are again to be trusted in their recommendation of another experiment! Did not the failure touch their very noses before they discovered it? If so, they were—I will not mince terms—fools! Did they foresee the failure?



Where is the warning they gave? Where is the measure they took for safety? If they did foresee it, and, foreseeing it, gave no alarm, took no measures of safety, they are—knaves! They are, undoubtedly, both knaves and fools!

But the Experiment has failed. Why? Is the next question. Sir, why should this experiment have failed? It was wholly and solely in the control of the Executive. If it has failed, the Executive wholly and solely is to blame. They can offer no excuse; they have no pretext that their favorite bantering has expired under the unkind nursing of its enemies. The Administration assumed the entire responsibility, took upon itself the sole care, and wielded the whole power of originating, maturing, regulating, and carrying out its own experiment. No minority can be blamed. We were in a minority, and too weak even to throw a stumbling block in the way of its success; all that we could do was to predict its failure, and wofully has the prediction been fulfilled! The President alone removed the deposits; he placed them wherever he pleased, on his own terms, and under his own rules. For more than three years did the public money remain in the custody and control of the Executive hand without authority of or regulation by law. Congress was so yielding and obedient that it left its legitimate powers derelict to Executive assumption. The President, without restraint or limit, ordered the receipts, safe-keeping, and disbursements of the public funds at will; he took upon himself to organize a confederation of local banks, obliged his pets to raise the minimum denomination of their notes, endeavored to force them to constitute among themselves a system of internal exchange, backed them with Government credit to accommodate trade, regulated their receipts of local bank paper; he issued the Treasury circular to remove the specie basis of circulation; in short, was master of his own system. Why did it fail?

Sir, there is one remarkable fact in the history of this failure, which should not escape our attention, and which should be especially noted for our warning and our instruction. The deposit act was passed by Congress in June, 1836, and the very first report of the Secretary of the Treasury thereafter for the first time gave notice of difficulties in our finances. From the removal in 1833 up to that time, the time when Congress had again asserted its power to regulate and control the deposits and safe-keeping of the public money, the note of the night watch was all in well; the system works well, efficiently and safely, even more so than did the Bank of the United States. But the moment that Congress again assumed its powers, the note was changed, though darkly and dubiously. No one would have apprehended, or did apprehend, certain passages of the Secretary's report, in December, 1836, as they must be understood now. The report of Mr. Woodbury, December, 1836, says:

"The money in the Treasury has been safely kept during the year 1836. Until July last, as during the two previous years, it was placed in the State banks, selected according to the discretion of this Department, on account of their high standing and favorable position for fiscal purposes, and regulated in a manner considered most secure to the Treasury and convenient to the community, as well as useful to all concerned. It is a source of high gratification to be able to add, that, while so selected and employed, not a single dollar was lost." &c. "Nor is it believed that the domestic exchanges of the country were ever lower or more regular than during that period." &c. "But since the passage of the act of Congress, of June 23d, 1836, to regulate the deposits of the public money," most of the discretionary power before exercised by this Department on this subject, under previous laws and long usages, has been considered as no longer possessed; and various solicitations to use it, though some of them were in cases of extreme hardship, could not, therefore, be complied with. Relieved from great responsibility, and in many cases from much delicacy, in the exercise of it, by the passage of that act, a new system, in conformity with its provisions, and in place of the former one, was at once commenced by this Department, and has since been pursued with all the strictness and regularity which the nature of business, so extensive and complicated, would permit." &c.

How did the law create any embarrassment to the Secretary? there was a majority in both Houses of Congress; the Senate had been prostrated by the expunging blow to make it pliant to the wishes of the Executive in the framing of this law as well as others; and the law of June, 1836, did no more than sanction the then existing state of finance, except to deposit the surplus with the States. Sir, the complaint, in plain English, was, that Congress was an incubus upon the Executive will. Moreover, an excuse was wanting for foreseen disasters; here is proof, plain and positive, that the Secretary knew that the deposits were not to be safely kept for the year 1837! The law should not be the scape-goat. The Secretary was put under the law, but the law put every thing under him. The Administration carried out its experiment in its own way, had all the precautionary means of safety, and every opportunity of foreseeing embarrassments in its own power, and yet the pet banks were the first to suspend specie payments! The first bank selected after the passage of the act of June, 1836, was the first to fail with more than a million of Government deposits on hand—the Agricultural bank of Mississippi protested a Government draft of \$130,000. The second was the Planters' Bank of Mississippi; the third was a Government bank in New York; the fourth also, in Philadelphia, the pets were the first to fail, and they were the first also in Virginia. The States favorable to the Administration were the first and only States to legalize the suspension of specie payments, and to sanction by law an irredeemable paper currency. Alabama was the first State, and New York, Connecticut, Virginia, Michigan, Illinois, and Mississippi, followed suit. Such, sir, was the end of "the better currency," the swarm of yellow jackets, the flow of humbug metallic currency, in suspension of specie payments, and in the inability of the Government to pay its just debts, in less than four years from the day the Experiment began!

[Here Mr. CRAWFORD, of Mississippi, interposed with these remarks:

Mr. C. said, with the permission of the gentleman from Virginia, he would set him right as to an error into which he had no doubt been led by the current reports and newspapers of the day. No story laws had been passed by the Legislature of Mississippi, nor had that body, by any act, sanctioned the suspension of specie payments by the banks. The legislature was in special session when the suspension took place, but, so far as Mr. C. was informed, it expressed no opinion on the subject. Great distress and embarrassment prevailed in Mississippi; at that period, particularly, when the first shock was felt; property suddenly depreciated to less than half the value at which it had been quoted; but this distress and depreciation had been greatly exaggerated abroad, and every press at the North seem-

ed to take it for granted that relief laws would be passed. No such proposition was made in the Legislature; the public mind revolted from the idea; men whose property was under execution, whose horses were leaved on in the plough, and whose negroes were absolutely starving, were the first to insist on the supremacy of the law, and the inviolability of contracts. This was emphatically the case in the section of country from which he came. The prospects in Mississippi were now brightening. Some of our banks were adopting the most liberal and judicious measures to relieve the people and sustain themselves. The growing crops were very heavy, and will almost extinguish our foreign debt. An abundance of provisions for domestic consumption had been raised; and our creditors every where may be assured that their dues will be paid to the last dollar. We beg not for indulgence, but it is to their interest to grant it to us.]

Sir, as to Mississippi, I derived my information from the newspapers of the day. It may be wrong; I hope it is so; but, if wrong, it affects not the general conclusion from all the facts in the case, independent of the course of Mississippi. The question still remains to be answered by the Administration, why has the Experiment failed in its hands?

This question, sir, brings us to the causes assigned by the President. The Message says: "The operations of credit are so diversified, and the influences which affect them so numerous, and often so subtle, that even impartial and well-informed persons are seldom found to agree in respect to them." And yet, sir, though this subject of credit and the causes which affect it are so delicate and subtle, though a measure touching trade and finance and currency, and the main support of all, credit, tends nobody knows where, or to what; and though every safe and sagacious statesman will ever be ruled and guided in this subject by the light of experience, and the history of what has been tried in the past, the late and the present Executive have laid upon credit, finance, and currency the rudest hands of barbarism itself; have knocked down every fly-wheel and regulator of either; have destroyed all the balances of trade, and have set the machine in motion at an unprecedented rate of velocity towards self-destruction—just in the experiments! If this subject be so delicate, why has it been so harshly tampered with by experimenters? The Message continues:

"It was hardly to be expected that those who disapproved of the policy of the Government in relation to the currency would fail to attribute to that policy any extensive embarrassment in the monetary affairs of the country. The matter thus became connected with the passions and conflicts of party, etc. It is, however, a cheering reflection that circumstances of this nature cannot prevent a community so intelligent as ours from ultimately arriving at correct conclusions."

No, sir, party itself, with all its blindness of partiality, prejudice, and passion, cannot so dupe any as to make them differ about the causes of the failure of this Experiment. I venture to say that there is no difference of opinion among all men of this country on this subject. The President may, with much policy, assume this difference to exist, but it is unnatural to suppose for a moment that the "impartial and well-informed" can doubt or differ, or that the ignorant and the bribed themselves do not distrust the real causes. No flattery of its intelligence can now cajole the community into the theory or belief of other cause than one, and that one cause, in one word, is—misgovernment or mal-administration! The primary cause of all this mischief, the Message tells us, is—over-action! What is that? The Message says, 1st. Increase of bank capital, circulation, loans, and discounts. 2d. Foreign loans and debts. 3d. Domestic debts. 4th. Speculations in public lands, etc. 5th. Expenditures in improvident improvements. 6th. The diversion of labor from agriculture. 7th. Luxurious habits of the people. The Message says:

"However unwilling any of our citizens may hereinafter have been to assign to these causes the chief instrumentality in producing the present state of things the developments subsequently made, and the actual condition of other commercial countries, must dispel it remaining doubts upon the subject."

Now, sir, I affirm that there are no "impartial and well-informed persons" who are unwilling "to assign to these very causes the chief instrumentality in producing the evils of the present times. These are the causes, say I, say all. These, united with other, and impelled by other causes, have produced the mischief. The President admits that this over-action derived its first impulses from antecedent causes. What were these antecedent causes? Here he leaves us in the dark. Sir, I will tell you. "These antecedent causes were the acts of the Government." "Solitary and alone." "The Government," amidst the warnings of the wise and the cheers of the wicked, who batten on the spoils, "put all these balls in motion!" How did the Government impel these causes? Sir, a virtue ascribed to the Bank of the United States by its worst enemies was its salutary influence in checking the increase of bank capital, and the constant tendency of local banks to over-issue. In the year 1833, the war was openly commenced and declared against that institution. It was as certain to be destroyed by the President as Carthage by Rome. It was counted already as dead, as soon as the removal of the deposits was justified by Congress. As long as it existed, there was no necessity for more banking capital; it supplied the wants of trade amply, and did the business of the Government and of the People efficiently. What was the consequence of its defeat? Sir, listen to what the President himself says on that subject:

"At the commencement of the year 1834, the banking capital of the United States, including that of the national bank then existing, amounted to about 200 millions; the bank notes then in circulation to about 95 millions; and the loans and discounts of the bank to 324 millions. Between that time and the 1st of January, 1836, our banking capital was increased to more than 251 millions; our paper circulation to more than 140 millions, and the loans and discounts to more than 457 millions."

Thus was the banking capital, in two years, increased more than 51 millions, paper circulation more than 45 millions, loans and discounts more than 133 millions!—according to the President's statement of the effect of destroying the only safety-valve we had to secure us from this fearful over-action. This summary of the President does not vary essentially from others which I have seen. In the National Gazette of April 8, 1837, you will find the 2d No. of the essays, under the signature of An Examiner: numbers which I fail not to quote, because they are truly able and philosophical commentaries upon the political economy of the times. There it is stated that Gen. Jackson's war against the Bank of the United States, and his removal of the deposits, had, in the seven years which elapsed between the 1st of January, 1830, and the 1st of January, 1837, produced the following results:

1st. An augmentation in the number of banks from 320 to 677—an increase of 357, besides 146 branches.

2d. An augmentation in banking capital of the United States from \$145,192,268 to \$334,240,292—an increase of 179 millions of dollars.

3d. An expansion in the circulation of bank notes from \$61,323,898 to \$189,762,506—an increase of paper money of upwards of 124 millions of dollars.

4th. An augmentation of amount of deposits, public and private, from \$55,559,938 to \$134,541,894—an increase of near 91 millions of dollars.

5th. An extension of the amount of bank loans and discounts from \$60,461,214 to \$590,892,661—an increase of upwards of 390 millions of dollars; a sum only 12 millions less than the aggregate of the increased capitals, circulation and deposits.

To test the question, whether the Bank of the United States tended to prevent an increase of banking capital, you have only to compare the increase of banking capital in the periods when the bank did not exist with the periods during which it did exist.

"The aggregate capital of the banks in the United States was—

In; 1811	1815	1816	1820	1830	1835	1836, (to the month of August.)
						\$52,000,000
						82,200,000
						89,800,000
						102,100,000
						110,200,000
						196,250,000
						291,250,000

"Thus, in ten years, from 1820 to 1830, the increase of bank capital in the United States was only eight millions of dollars; whereas, in the six following years—no; not six, but only five and a half—the increase amounted to the prodigious sum of one hundred and eighty-one millions!"

Sir, this very increase of banking capital, issues, loans, and discounts, of which the President now complains so much, was caused by "the Government"—the Executive itself, in warring upon and destroying the United States Bank; and was encouraged by the Executive in stimulating the local banks with the public deposits. It was a part of the Experiment itself to increase the local bank capital in order to supply the vacuum produced by the fall of the United States Bank. As soon as that institution expired, competition in banking at once commenced. The question among the States was, who shall now furnish the circulating medium? And the question among the banks was, who shall acquire the Government patronage? It had been urged vehemently, by the friends of the United States Bank, that if the Government destroyed that institution it would destroy the circulating medium, currency, and exchange. Every effort was made by the Government to meet and answer that objection, by stimulating its pet banks with Government credit to perform all the functions and offices, commercial and financial, of the United States Bank. In proof of this, sir, I adduce the numerous and various circulars issued by the Treasury Department from 1833 up to the moment when the bubble burst in the spring of 1837. [Here Mr. Wise read the two circulars—of July 7th, 1834, and of February 22d, 1836.]

The deposits banks were expressly told that while they had the "use, without interest, of unusually large sums of the public money, they should make some further temporary sacrifices to obtain and circulate gold, and in other respects to enlarge the specie basis of our circulating medium;" and all this was with the view of the Department to improve the currency! The banks were appealed to to establish a credit, mutual, if they chose, to redeem and reissue a certain amount of each other's bills, as they might be needed for circulation in travelling and the transmission of funds at a distance. They were regularly notified, through their agent, Whitney, how long Government deposits might remain in their vaults for them to trade, issue, loan, and discount upon. Sir, I adduce, as further and conclusive evidence, this message itself. See page 11.

"The use by the banks, for their own benefit, of the money deposited with them, has received the sanction of the Government from the commencement of this connection." The money received from the people, instead of being kept till it is needed for their use, is, in consequence of this authority, a fund on which discounts are made for the profit of those who happen to be owners of stock in the banks selected as depositories. The supposed, and often exaggerated, advantages of such a boon will always cause it to be sought for with avidity. I will not stop to consider on whom the advantage incident to it is to be conferred; whether the selection and control be trusted to Congress or to the Executive, either will be subjected to appeals made in every form which the sagacity of interest can suggest. The banks, under such a system, are stimulated to make the most of their fortunate acquisition; the deposits are treated as an increase of capital; loans and circulation are rashly augmented; and, when the public exigencies require a return, it is attended with embarrassments not provided for nor foreseen. Thus, banks that thought themselves most fortunate when the public funds were received, find themselves most embarrassed when the season of payment suddenly arrives.

"Unfortunately, too, the evils of the system are not limited to the banks. It stimulates a general rashness of enterprise, and aggravates the fluctuations of commerce and the currency. This result was strikingly exhibited during the operations of the late deposit system, and especially in the purchases of public lands. The order which ultimately directed the payment of gold and silver in such purchases, greatly checked, but could not altogether prevent, the evil. Specie was, indeed, more difficult to be procured than the notes which the banks could themselves create at pleasure; but still, being obtained from them as a loan, and returned as a deposit, which they were again at liberty to use, it only passed round the circle with diminished speed. This operation could not have been performed, had the funds of the Government gone into the Treasury to be regularly disbursed, and not loaned out for their own profit, while they were permitted to substitute for it a credit in account."

In page 12 he further goes on to say:

"Since, therefore, experience has shown that to lend the public money to the local banks is hazardous to the operations of the Government, at least of doubtful benefit to the institutions themselves, and productive of disastrous derangement in the business and currency of the country, is it the part of wisdom to renew the connection?"

Sir, who gave the use of the public money to the local banks, for their own benefit? Who made the money received from the people a fund on which discounts were made for the profits of those who happened to be owners of stock in the banks selected as depositories? Who caused this boon to be sought for with avidity? Who stimulated the banks to make



the most of their fortunate acquisition? Who encouraged them to treat the deposits as an increase of capital? Who caused loans and circulation to be rashly augmented? Sir, the Message itself answers—"the Government, from the commencement of this connection!" He needed not to stop to consider on whom the patronage was conferred; the Government sanction was given to all this monstrous abuse of public trust, for reasons best known to him who now sits in the Presidential chair,—reasons which he will never mention, if nobody else does! How profligate though, and insolent, must that man be, who first stimulates another to the height of intoxication and madness, for purposes of base profit, and then turns upon his victim and tool, and derides and denounces him to the world! Such is the conduct of "the Government"—the Ex and the In-President of the United States, towards the deposit banks! The increase of circulation, loans, and discounts was rather an effect than a cause. Money was made plenty by the action of the Government. Money plenty—there was a domestic demand for credit, which caused domestic debt; and the same cause produced our foreign debt, and large importations—our speculations in public lands, and in every species of property. The Government officers especially were interested and engaged, deeply and fraudulently, in these very land speculations; and the improvident extravagance of the Government, in appropriating immense sums to public works, drew off more labor from agriculture than all the private speculations of the nation could have done. The whole system tended and operated to hallucinate the public mind, and to corrupt the public morals. Cruel, indeed, is it, no less to the people than to the pet banks, to blame them with effects proceeding directly from the mal-administration of the Government. In no other point of view are they to be blamed for their participation in the wrong than for having trusted their great interest and their liberties to such abandoned and insolent rulers! The system of the Government was not limited to the banks; it did stimulate "a general rashness of enterprise, and aggravated the fluctuations of commerce and currency."

But the President takes comfort in his misfortunes from companionship in grief—from alleged distresses in other countries. He says:

"It has since appeared that evils, similar to those suffered by ourselves, have been experienced in Great Britain, on the continent, and, indeed, throughout the commercial world; and that in other countries, as well as in our own, they have been uniformly preceded by an undue enlargement of the boundaries of trade, prompted, as with us, by unprecedented expansions of the systems of credit."

Now, sir, we happen to have an authority upon this point, which does most conclusively show the fallacy of this position assumed by the Administration; an authority too which beautifully illustrates the value and importance of a national bank in times of commercial and financial embarrassment and distress. Sir, I call the attention of the committee to a statement rendered in the name of the Council General of the Bank of France, by the Count D'Argout, Governor," to a "general meeting of the stockholders, on the 26th of January, 1837." (See "The Financial Register of the United States," September 13th, 1837, No. 6, vol. 1.)

In this important document we find a full and satisfactory answer to this part of the Message, contradicting it expressly, and showing where the commercial crisis and pressure commenced. The statement says:

"The consolidation of public order has favored the extension of commerce, and has augmented the revenues of the State. Commerce has demanded of the bank the most ample means of credit; the increasing wealth of the Treasury has rendered the assistance of the bank less necessary and less useful to it. Far from regretting the diminution of our relations with it, we ought to congratulate ourselves; we therein find a certain proof of the prosperity of the country. We are happily wry far from those critical periods, during which the bank had at the same time to assist commerce and to aid the Treasury. If at the latest of these epochs the bank was enabled to furnish, in a single year, 617 millions to commerce, and 253 to the Treasury, she feels honored by the recollection of it; but she congratulates herself at not being at this day called upon to employ her resources otherwise than in seconding the progress of commerce, or in protecting it against a return of those distressing vicissitudes which occasionally happen."

It is to this last result that she just devoted all her efforts. During the second half of the year 1836, the security of commerce appeared shaken, confidence was for a moment weakened. From the month of July some symptoms of a partial distress had begun to manifest themselves. The march of our manufactures had been so rapid, that there could not have failed to arrive a period of reaction. Some exportations of coin, the importance of which was exaggerated, and which are now insensibly reduced, excited a certain degree of anxiety, when a crisis rather severe overtook the United States. The scarcity of specie raised the interest of money there to an exorbitant rate. It was at London that the reaction of this crisis was first felt. The Bank of England, notwithstanding the power of her means of action and her well-known skill, found herself obliged to raise the rate of discount from 4 to 4½ per cent, and subsequently to 5. The Bank of Amsterdam imitated this example. France could not withdraw herself entirely from the influence of these events, for the commerce of the whole world is more or less responsible for all its parts.

"Although this commercial reaction only reached its second-hand, and consequently confined, it could not fail to develop the seeds of embarrassment which I have just now alluded to. Thus, in many towns of the Kingdom, the interest of money rose to 5 and 5½, and even for a moment to 6 per cent. Money became scarce; demands for specie were addressed to Paris from different points of France, and from neighboring countries. The coffers of the bank could alone furnish it. She had then to administer simultaneously to the wants of the capital and to those of the departments, as well as to those of the adjoining States. If the bank had shown the least hesitation, fears would probably have become general. The public funds, which had already declined, would perhaps have experienced a much heavier depression; this momentary pressure might have been converted into a real crisis."

"The bank, in this situation, restricted neither the length of time which paper had to run, nor diminished the amount of her discounts. She delivered up to the circulation one hundred and eight millions of specie, and discounted four hundred and fifty millions in six months. She maintained at four per cent. the rate of her interest, when this limit had been exceeded by a great part of Europe. It is thus that she was able to arrest or

to check a movement which seemed to be assuming a serious aspect."

"But, in order to accomplish this, she was obliged to have recourse to extraordinary precautions. The specie on hand decreased rapidly; it was necessary to replace this reduction. The bank purchased eight millions of gold at Paris; she drew from abroad 10,800,000 francs in silver bullion. The premium expended in procuring the gold will sooner or later be made up. The operation on the bullion occasioned a loss of 105,000 francs. This loss has been in some measure recompensed by more abundant discounts; but even had it been impossible to obtain any compensation, this consideration would not have prevented the Council from taking that course; it would equally have adopted it without hesitation, inasmuch as it was imperiously called for by the interests of commerce; a fact which it now frankly declares to you through my instrumentality."

"The interests of commerce, gentlemen, are therefore intimately allied to yours. The aggregate of the dividends of 1836 have given you a proof of it. You received, in 1834, but 80 francs, and, in 1835, 96; the year 1836 gives you 112 francs. This is the highest annual dividend that has been declared since the creation of the bank."

So much for the pressure in Britain and on the continent of Europe. Indeed, sir, I believe the fact was, though I am not confident in stating it to be so, that cotton actually fell in New Orleans before advices were received of a fall in Liverpool! This is an unexampled fact, if it were so, that produce should fall at the place of exportation before it was known that prices had diminished at the market of sale! The fact might well be so, owing to the failures of our own merchants, and the total want of exchanges at home. I have endeavored to obtain accurate information as to this fact. I have only the information, however, contained in Mr. Raguet's communication in the National Gazette of the 14th of September last, under the signature of "An Examiner;" and a letter from an intelligent gentleman of Philadelphia to a friend assures me that "the heavy failures in New Orleans (Hermann, Briggs and Co. etc.) took place about the end of February, or the 1st or 2d of March. This was shortly before the bad news was received from Liverpool."

But, sir, there were other causes of this catastrophe, proceeding from the action of the Government, besides the increase of banking capital, circulation, loans and discounts, besides foreign and domestic debts, and the other causes enumerated in the Message. Besides the importation of some ten millions of silver dollars from abroad, which commenced with the removal of the deposits in October, 1833, and continued until July, 1834, and "which would not have been imported in the ordinary course of trade," and which, in part, increased the issues, loans, and discounts of banks, and the debts consequently of individuals, I proceed to enumerate the "gold bill" as one of the most prominent acts of "the Government" which caused pressure abroad as well as at home. I voted for that bill, and therefore owe an apology for my vote. The least apology I can make is the only one which the friends of the Administration can make for it—I ask forgiveness, for I knew not what I did! The party and the President were bent on the glory of doing: to increase its amount in the country was "a part of the system." I could not, at the time, see how the exchange in part of silver for a gold basis would injure us, though I confess I did not understand how it was to benefit the country, and I was anxious that the Administration should have no excuse left for the failure of the experiment if it should fail, as it has. It is singular enough that more than one means which were selected to make the experiment more successful and permanently efficient have contributed most signally to its failure. So did the gold bill. The manner in which it has done so is clearly demonstrated in the 2d No. of "An Examiner." (See National Gazette of April 8, 1837.)

"Suffice it to say, that a more unfortunate measure for the country could scarcely have been devised, as I will now endeavor to make apparent."

"By the mint regulations of 1791 the relative value between pure gold and pure silver was assumed to be 1 to 15, that is, one ounce of pure gold was assumed to be the equivalent to fifteen ounces of pure silver, and according to this proportion were the gold eagles and silver dollars and their fractions regulated. For some years our currency was composed partly of gold and partly of silver; but it so happened that, prior to the year 1819, the relative value of these two metals had undergone a change in the general market of Europe, so that one ounce of gold could readily be exchanged for more than fifteen ounces of silver. The consequence of this was, that whenever coin was required to be exported to Europe, gold was sent in preference to silver; and this exportation continuing until the year 1822, scarcely a gold coin was, at that period, left in circulation. Even the gold which was subsequently produced in the Southern States went abroad in search of its equivalent."

"By this disappearance of gold, the currency of the United States became virtually a currency of silver. Silver dollars and their fractional parts were the coins universally employed. As the basis of a banking system, they had all the value of gold; and, if their portability was not as great, they were far more convenient than gold to the great mass of the people in the ordinary transactions of life. But this was not all. The currency of the United States was placed in a state of independence as regards the currency of Great Britain, which was of gold; so that each country, in the management of its banking system, had only to look to itself. An expansion or contraction of the paper currency of either country had but a trifling influence upon the currency of the other, and the commercial prosperity of neither was placed at the mercy of the other."

"One remarkable proof of the truth of this position is to be found in the well-known fact that the great panic and pressure for money which, in the year 1825, brought the Bank of England to the verge of stopping specie payments, and absolutely

"In support of this position, the writer is able to state that, having examined the prices of cotton quoted in commercial letters from Liverpool houses of the greatest respectability, he has found the highest quotations to have been as follows, at the dates respectively mentioned, for uplands of the best quality:

1833.	d.	1834.	d.
October 30	-	9 March 22	-
November 23	-	87 April 23	-
December 7	-	83 May 16	-
December 31	-	94 June 7	-
1834.		95 July 8	-
January 4	-	96 August 23	-
February 24	-	9 September 30	-

compelled eighty private banks to suspend, was not felt in the United States as a general pressure for money, although many commercial disasters resulted from a fall in the price of cotton, in which article heavy speculations had been entered into." Another proof is to be found in the condition of Great Britain during the period of General Jackson's panic above referred to. Whilst we drew from her near four millions of silver dollars in the course of a year, it produced no pressure for money in the London market. The writer remembers noticing that fact at the time of its occurrence, and he is fortunate in being able to sustain it by evidence which will not be disputed. In the report of the Secretary of the Treasury, which has been heretofore assumed as authority for most of his calculations, there is a table giving "the aggregate amount of notes circulated in England and Wales, by the Bank of England, by private banks, and by joint-stock banks and their branches," at the following dates:

December 28, 1833, when the amount was	£27,621,104
March 29, 1834, do do	28,735,827
June 28, 1834, do do	29,207,652

"The importations of dollars from England to the United States commenced in November, 1833, one month after the removal of the deposits, and continued until July, 1834, when the news of the passage of the gold bill reached that country; and yet we find that, between the 28th of December, 1833, and the 28th of June, 1834, the currency of England, so far from having been contracted in consequence of that importation, was positively increased more than seven millions and a half of dollars, estimating the pound sterling at \$4 80. This arose from the circumstance that silver dollars were, in England, mere articles of merchandise; and the abstraction of a few millions of them could produce no more effect upon the currency of Great Britain than the exportation of an equal value in iron or lead, dry goods or hardware."

"But this was not all. The steadiness of the English currency prevented a fall from taking place in the prices of cotton and other American produce, which would have occasioned great loss to the American shippers, whilst, at the same time, it enabled British capitalists to extend relief to our merchants by the acceptance of bills of exchange, or by shipments of specie."

"By the gold bill, enacted on the 28th of June, 1834, the relative value of gold and silver was changed, so as to render an ounce of gold the equivalent of about sixteen ounces of silver. Another law was passed on the same day, declaring certain foreign coins a legal tender, one of the effects of which was to make the British sovereign, or gold pound sterling, equal in value to about \$4 87½ of American currency; and the joint effect of the two was to render gold the preferred metal on all occasions where importations of specie from Europe were called for the operations of commerce. From the date of the passage of these laws, the shipments from Europe were ordered to be made in gold instead of silver, and the consequence was, that this demand reaching the coffers of the Bank of England, the great repository of gold in Europe, produced an immediate effect upon the currency of Great Britain, by compelling the banks to contract their issues. Hence we find, by the Secretary's table, above referred to, that a contraction took place in the circulation of bank notes in England and Wales, so that, on the 27th of September, 1834, the amount was reduced to £28,591,112, and on the 28th of December to £27,729,828, being a diminution of upwards of seven millions of dollars."

"From these facts, supported by the documentary evidence of the Treasury Department, as well as by sound reason, it is manifest that the passage of the gold bills identified the British and American currencies, and rendered each for ever thereafter liable to be influenced by the other. Expansions and contractions can now hardly fail to be simultaneous, and henceforth, more than at the period when the sentence was first pronounced by Mr. Gorham, in Congress, must it be true, that 'the barometer of the American money market hangs up at the Stock Exchange in London.' Over-issues by the English banks cannot fail to excite over-issues by the American banks; for, as Great Britain is the country in which almost all our exchange transactions with the world are concentrated, if the British standard of currency be depreciated below the metallic standard of the Continent, we shall feel its effects in our currency, without being able to detect it. 'Shall feel,' did I say? We do already feel it; and there cannot be a question that our present pecuniary embarrassments have been greatly augmented by the operation of this cause, resulting from one of General Jackson's 'humble efforts' to restore the constitutional currency."

"With these evidences before him of the practical operation of a law which was capable of producing the most disastrous results, General Jackson, had he understood the subject, would have abstained from any active participation in rendering it more mischievous and fatal than the ordinary operations of commerce would have rendered it. But not so. Carried away, in the pursuit of his *ignis fatuus*—his "constitutional currency"—he arrogated to himself the right, by the arbitrary exercise of his executive authority, of imposing a tax upon the owners of the French indemnity. Those citizens were entitled by treaty to the full amount of the sum stipulated to be paid by France, without any deduction whatever, either for the purpose of glorifying General Jackson, or for the purpose of enabling him to pursue his favorite Jack o' Lantern. They were also entitled to their money without a moment's unnecessary delay, and the manifest plain course which justice demanded to be pursued was, to have given each claimant a bill upon France for the amount of his claim, to be negotiated or collected in the mode which best might suit him. This course was urged upon the Secretary of the Treasury by some of the claimants, who proved it to be the cheapest and most prompt mode by which they could be placed in possession of their property; and it is evident that, had any of the claimants wished gold for his share, he could have imported it upon quite as favorable

"The aggregate amount of gold coin and bullion imported during the year ending on the 30th September, 1834, was \$3,766,172, of which \$1,922,960 came from England, and \$824,673 from France."

"The aggregate amount of gold imported during the year ending on 30th September, 1835, was \$2,325,116, of which \$1,066,106 came from England, and \$445,955 came from France."

"It is probable that nearly the whole of this gold was imported within the last six months of the year 1834, under orders given after the passage of the gold bill, and before the country had recovered from the shock which led to the importation of coin. There was exported during this same year, in gold, \$625,679, probably during the last six months of the financial year."

terms as the Government? But no. The demands of justice weighed nothing in the scale, when opposed to the glory of "the constitutional currency." Orders were sent to France to transmit the amount of the four instalments of the indemnity paid in February, 1836, amounting to near four millions of dollars, in gold. To procure this quantity of gold, a draft was made upon the London market, which, if it did not create, at least assisted to augment, that pressure upon the British currency which commenced in April, and which every one knows has been continued, with occasional fluctuations, up to the 11th March, 1837, the date of the last advice, and which has been latterly augmented by the additional demand for nearly another million of dollars, the amount of the fifth instalment of the indemnity paid by France in February last. It is not pretended that the whole pressure on the English money market within the last year has been occasioned by the last mentioned "humble efforts" to restore "the constitutional currency." Other demands for gold have existed, amongst them one by the Bank of America, the principal deposite bank in New York, and one by the Bank of the United States, rendered expedient by the rapid return of her notes for payment in the early part of 1836, owing to the substitution in their place, throughout the Western and Southwestern country, of the notes of some of General Jackson's three hundred and fifty-seven new banks.

"Of the practical operation of these two 'humble efforts' upon the immediate interests of the citizens of the United States it behoves us now to speak.

"The contraction of the British currency, as every intelligent observer knows, has been to create a pressure for money in England, which has produced the following result:

"1. The market rate of interest has been advanced from 2½ to 5 per cent. per annum on first-rate commercial paper, which has had a tendency to keep money in England, which would otherwise have sought investment in the United States.

"2. British merchants are prevented from accepting with their accustomed freedom the bills of exchange drawn upon shipments of American produce.

"3. British capitalists are less able than before to make advances, or loans on the security of American stocks, which cuts off a large source from which capital has been heretofore supplied for our various internal improvements.

"4. British manufacturers are less able than heretofore to give credit to such of our importing merchants as require it.

"5. The price of cotton has fallen, since the first of January last, four or five cents a pound, in England, by which American shippers will lose 20 or 25 per cent. upon the stocks gone forward, and by which our cotton planters will be deprived of a corresponding or a greater amount, as the fall of prices at the South has already made evident.

"And now it only remains for us to inquire, how have these 'humble efforts' tended to restore 'the constitutional currency?' Has the importation of thirty millions of gold and silver pushed any paper out of circulation? So far from it, the amount of paper has augmented, as we have shown, to an incredible amount. The banks all seem to have acted upon the principle that their power to emit and keep their notes in profitable circulation was just in proportion to the specie they had on hand, and accordingly we have seen that, just in the measure that General Jackson supplied them with one million of dollars in coin, they supplied the public with three millions of dollars in paper. So much for the soundness of this 'constitutional currency;' and now for its uniformity.

"On the 2d of January, 1830, when General Jackson, in his Message to Congress, in reference to the Bank of the United States, said that 'it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency,' the rates of domestic exchange were as follows, as appears from the New York Shipping and Commercial List:

Richmond,	1 per cent. discount.
North Carolina,	2 to 2½ do
Charleston,	1½ to 2 do
Savannah,	1½ to 2 do
New Orleans,	1 to 1½ do

"The rates on the 4th of March, 1837, the day after General

"Exchange on Paris at New York, for a bill at 60 days' sight, between the 2d of March, and the 15th of June, 1836, fluctuated from what is called 5.25 to 5.40, making an average of 5.324. The par exchange on Paris is about 5.354; that is, one dollar of American currency is equivalent to 5 francs and 35 centimes, or one-hundredth parts of a franc. The exchange then was, at the period mentioned, half per cent. above par; which, added to one per cent. which a bill at sight, such as the Government had a right to draw, and perhaps half per cent. for the superior security of a Government bill over a private bill, would make about two per cent. that the claimants would have received beyond the amount of their claims. It is true that the exchange upon France might have fallen something, in consequence of the increased supply of bills; but this could not have equalled the loss which the claimants sustained by the delay to receive their money, which was not paid until July, and which was then subject to a deduction for the expenses of freight, insurance and commissions, incident to the importation of the gold.

"The best commentary, however, upon the folly of these importations, is to be found in the following article, which is copied from the Washington Globe of the 1st of April:

"NEAPOLITAN INDEMNITY.—The last New York American contained the following:

"The Bank of America will also draw their bills on the Rothschilds, of Paris, for upwards of a million of francs."

"The above sum, which the Bank of America proposes to draw for, is, we presume, an account of the next instalment falling due under the Neapolitan treaty."

"The bank having, as we learn, an open credit to a large amount upon the Rothschilds, but being unwilling to avail of it, under existing circumstances, suggested that the next instalment, to be paid in May or June, might be anticipated under that credit."

"The Secretary of the Treasury, we are informed, finding that the interest of the claimants, in the present state of things, would be promoted by availing of the present high rate of exchange, over any other mode of bringing home the funds, and that, to the extent of the same, they might be used to relieve the community, unhesitatingly assented to the suggestion, and directed the Messrs. Welles, the agents for receiving the indemnity, to pay it over to the Messrs. Rothschilds as soon as received, to reimburse them for the bills drawn in anticipation of its receipt."

"It is for this sum, and upon this arrangement, we presume, the Bank of America proposed to pass the bills on Paris."

Jackson wrote his Farewell Address, as quoted by the same authority, are as follows:

Richmond,	1 to 1½ per cent. discount.
North Carolina,	2½ to 3 do
Charleston,	2½ to 3 do
Savannah,	2½ to 3 do
New Orleans,	3 to 4 do

"Let these two tables speak for themselves.

"And now, reader, with all these proofs before you, of the total failure of all General Jackson's schemes of finance, can you read the following passage in his Farewell Address, without asking yourself whether he was really in earnest?

"My humble efforts have not been spared during my Administration of the Government to restore the constitutional currency of gold and silver and something, I trust, has been done towards the accomplishment of this most desirable object."

"AN EXAMINER."

In addition to these causes, set in operation by the Government, came the celebrated Treasury order or circular of July 11, 1836. This circular enacted by Executive order that after the 15th day of August, 1836, the receivers of public money and the deposite banks should receive in payment of the public lands nothing but gold and silver, and in the proper places Virginia land scrip. Frauds, speculations and monopolies in the purchase of the public lands, and excessive bank credits, were made the pretext of this extraordinary measure, when these frauds, speculations, monopolies, and excesses of every description, had been known for a long time to the Administration, and participated in particularly by "the party," from the removal of the depositories to the moment when General Jackson was aroused vindictively to prevent the depositories with the States, directed by the deposite act of June, 1836. Whatever other difference of opinion there may be as to the effects of this order, all will agree that it removed the specie of the country from the large importing cities and the most important places of trade, and placed it in the "Far West," where it was locked up in the land offices or Western deposite banks, and rendered unavailable to commerce and to the wants of trade in an anomalous period of unexampled plenty and pressure! The gentleman from South Carolina, (Mr. Legare,) as I understand, admits this effect of the circular, and that it accelerated a revulsion, the severity of which the President says none had correctly anticipated. Had the specie of the country been permitted by the Government to remain where trade required it to be, none can say that the same extent of ruin would have been felt, or that it would have been felt so soon.

Such, sir, are some of the "antecedent causes" whence "over-action" derived "its first," and I may add, its last "impulses!" Forsooth, I had nearly omitted one cause, enumerated by Mr. Secretary Woodbury, which the President, in his wisdom, had entirely overlooked—the over-production of cotton! The over-production of cotton!—there is an example of a financier for you! Oh! rare Levi! Much more wisely had he spoken if he had, in ascribing the causes of our disasters, enumerated the potent reason that we had at the head of the Treasury Department a financier who regards the products of labor and industry as causes of national poverty and bankruptcy! A head that has not been wood-gathering, but picking cotton!

In the comparison of our condition with that of other countries, the President admits that "the most material difference between the results in the two countries [United States and Great Britain] has only been that with us there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments." Ay, sir, there is the rub! Why has there not been in England and in France the same extensive derangement in fiscal affairs as in the United States, whilst there has been, according to the Message, "the same redundancy of paper money and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses; and, at length, nearly the same over-whelming catastrophe?" Is it because our finances have not been managed so well, that we have had Levi at the helm, or that we had not, as France and England had, the great conservator, the life-preserver, a National Bank? Sir, this "material difference" is owing to both reasons. We deprived ourselves of the means of preserving credit, disabled the ship before the storm came on, shipped an incompetent crew and a worse pilot; and when the hurricane came—as hurricanes intrude will come as certainly as storms on the ocean—it swept over us at mercy—struck the ship of State down on her beam ends—dismasted, and leaking—and there she will lie, with hope only to aid her until the despairing mariners, now standing on her sides with spy-glass in hand, shall discover far out upon the "dim distant sea" a speck of sail sent by Providence alone to right ship, and save all hands from a watery grave! Strong canvass, new rigging, ballast and compass, and skilful crew and pilot, will not prevent the storm, but they alone can save the ship from the tempest when it blows. So with a National Bank and other means of regulating finance and currency—they cannot prevent the vicissitudes of trade and commerce, or wholly arrest their ravages and disasters, but they can save us from despair and death! The report of the Bank of France proves this at this moment. That nation was not only guarded from death and despair, but restored to health, and sustained in actual prosperity by sustaining a National Bank, whilst we have been nearly destroyed by destroying one.

But, why trace the causes of this revulsion in our affairs? Sir, the Administration knew from the first that the State banks were unsound. In proof of this I refer you to the letter of Mr. Taney, of the 15th of April, 1834, pages 4 and 5. He says:

"If the estimate I have made of the proportion between the paper circulation and the specie in possession of the banks be correctly, or nearly so, the condition of the currency is obviously such that the nation should not be content with it, nor desire to continue it in its present state. It is an immense superstructure of paper, resting on a metallic foundation too narrow to support it. It has never been sustained by its own inherent strength, but by public confidence. When every one firmly believes that the notes of the banks will, on demand, be paid in coin, they will readily circulate, and answer all the purposes of money. But the moment that the circulating medium, and are returned upon the banks for redemption in specie, and the disproportion between the paper circulation and the coin prepared to redeem it is so great, that it is constantly liable to have its chief support, public confidence, withdrawn from it."

I refer, also, to a statement of the condition of the local banks, furnished about the same time by the honorable R. H. Wilde of Georgia, and printed by order of the House of Representatives in the session of 1833-'34. Thus, sir, the Admini-

stration knew from the beginning that these agents, the local banks, could not stand the shocks of trade. The President himself says, "that the prospect of revulsion was present to the minds of considerate men before it actually came." Why was no warning given, no preparation made? Were our rulers not "considerate men?" Is it not true, as I have shown, that up to the fourth day of March last they were still crying in the night-watch, "all is well?" Sir, they knew of these causes, and they intended their effects! No matter what are the causes, the ruin is here! and the Administration designed to bring it upon the country for the diabolical purpose of establishing upon this ruin a Treasury bank!

Yes, sir, the very result of all these causes of mischief, whatever they may be, is now proposed as the second system—another experiment! This result is what has been aimed at all the time—the final triumph of Executive power—the total ruin of the liberties of the country—the complete union of the "purse and sword!" In the very midst of our calamities and misfortune, we are told to take up the very condition of distress into which we have been thrown by mismanagement and corruption, and to organize it into a permanent system of finance—ay, sir, from one quarter, not the most inconsiderable and influential source of these mischiefs, we have heard boasting and exultation at the calamities of the country. A letter written from St. Louis, August 11th, 1837, signed by Big Bully Bottom, Tom Benton, "congratulates" the party in Ohio "on the success of General Jackson's endeavors to improve the condition of the currency!" Sir, that man is misunderstood—that letter does not embody impudence and effrontery so much as it sets forth the real feelings, and shadows the designs of those in power—he knows their secrets—to force upon us now the extreme end of policy which they have always aimed at—to make the Government a bank and the President of the United States and "the party" its "President, Directors, and Co.!" This is not the desperate courage or bravado of a ruffian who is forced to brave every danger in the last extremity, but it is the chuckling of a fiend who has really reached the diabolical end he aimed at over the disasters and sufferings and ruin of a whole people! He knows that the danger now is not the re-establishment of a national bank, but that a revolution in the Government is already effected by forcing a "scurged country" and an "humbled democracy" into a system of Sub-Treasuries which will subvert all our ancient institutions, and laugh this republic to scorn! Above all the passages in the message—except one which I shall presently notice—the most pharisaical and insincere is that in which the President says he is "sensible that adequate provisions for these unexpected exigencies could only be made by Congress; convinced that some of them would be indispensably necessary to the public service, before the regular period of your meeting; and desirous, also, to enable you to exercise, at the earliest moment, your full constitutional powers for the relief of the country, I could not, with propriety, avoid subjecting you to the inconvenience of assembling at as early a day as the state of the popular representation would permit. I am sure that I have done but justice to your feelings in believing that this inconvenience will be cheerfully encountered, in the hope of rendering your meeting conducive to the good of the country."

Sir, why was Congress called at all? Does it matter whether we act at all? Has the President not put the system in operation, and is it not in full blast? Yes, sir—by the fiat of the Executive, by a single "circular" from the Secretary's pen, is the Sub-Treasury system called into being, full formed and perfect. See, sir, with what despatch, with what unity and simplicity of action, one will controls already the destiny of this nation. See this circular, and know the will of your master.

#### CIRCULAR TO RECEIVERS OF PUBLIC MONIES.

(TREASURY DEPARTMENT, May 12, 1837.)

"If the bank where you deposite should suspend specie payments, you will keep in your own hands safely the public money you have in possession, or may hereafter receive, till further directions are given to you by this Department how to deposite, transfer, or pay it, or any portion of it."

"You will report to this Department weekly the amount on hand."

"Secretary of the Treasury."

By this simple instrument—a circular—have magic changes been wrought in the form and policy of our Government; it has, by such means, been truly made a "simple machine!" After having done the deed, and put the system into full operation, then Congress is called, not to deliberate, not for consultation, but to register Executive edicts, or to adjourn! He proceeds—

"For the deposite, transfer, and disbursement of the revenue, National and State banks have always, with temporary and limited exceptions, been heretofore employed; but, although advocates of each system are still to be found, it is apparent that the events of the last few months have greatly augmented the desire, long existing among the people of the United States, to separate the fiscal operations of the Government from those of individuals or corporations."

How long, I would inquire, sir, has this desire "to separate the fiscal operations of the Government from those of individuals or corporations" existed? Not longer, surely, than since the 4th day of March last. Sir, what said Mr. Taney, on the 15th of April, 1834? (See his letter to the Committee of Ways and Means, pp. 9, 10.) After saying "the State banks are now so numerous, and are so intimately connected with our habits and pursuits, that it is impossible to suppose that the system can ever be entirely abandoned—nor is it desirable that it should be"—he proceeds:

"If there were no State banks, the profitable business of banking and exchange would be monopolized by the great capitalists. Operations of this sort require capital and credit to a large extent, and a private individual, in moderate circumstances, would be unable to conduct them with any advantage. Yet there is, perhaps, no business which yields a profit so certain and liberal as the business of banking and exchanges; and it is proper that it should be open as far as practicable to all the most free competition, and its advantages shared by all classes of society. Individuals of moderate means cannot participate in them, unless they combine together, and by the union of many small sums create a large capital, and establish an extensive credit. It is impossible to accomplish this object without the aid of acts of incorporation, so as to give to the company the security of unity of action, and save it from the disadvantages of frequent changes in the partnership, by the death or retirement of some one of the numerous partners. The incorporated banks, moreover, under proper regulations, will



25th Cong.....1st Sess.

Making public officers depositories—Mr. Fiske.

offer a safe and convenient investment of small sums to persons whose situations and pursuits disable them from employing the money profitably in any other mode. It is not more liable to be lost when vested in the stock of a bank, than when it is loaned to individuals. The interest on it is paid with more punctuality, and it can be sold and converted into cash, whenever the owner desires to employ it in some other way. And if a larger portion of the metals is infused into the circulation, the business of banking will become more sound and wholesome, and less liable to the disasters from which it has suffered, under our extravagant and ill organized system of paper issues. It will render investments in banking companies entirely safe and secure to the holders, and afford them the almost absolute certainty of a reasonable profit, without endangering the capital invested in it.

"For these reasons, it is neither practicable nor desirable to discountenance the continuance of the State banks. They are convenient and useful also for the purposes of commerce. No commercial or manufacturing community could conduct its business to any advantage, without a liberal system of credits, and a facility of obtaining money on loan when the exigencies of their business may require it. This cannot be obtained without the aid of a paper circulation, founded on credit. It is, therefore, not the interest of this country to put down the paper currency altogether. The great object should be to give it a foundation on which it will safely stand. A circulating medium composed of paper, and gold, and silver, in just proportions, would not be liable to be constantly disordered by the accidental embarrassments or imprudences of trade, nor by a combination of the moneyed interest for political purposes. The value of the metals in circulation would remain the same whether there was a panic or not, and the proportion of paper being less, the credit of the banks could not be so readily impaired or endangered."

What said Mr. Woodbury in December of the year? (See the Report of the Secretary of the Treasury "On the present system of keeping and disbursing the public money." December 12, 1834.)

"With the causes of these last and most important failures happening from time to time, as the table shows, to the very last year, this branch of our inquiry has no particular concern except to discriminate them from others, and from any special connection with the system that prevailed from 1811 to 1816. Whether they arose from an unsound policy pursued by the United States Bank, or from circumstances which, under the paper system, neither legislation nor caution can always avert, or from less justifiable reasons, and in spite of all the salutary influence the National Bank could exercise, it is a singular fact. In praise of this description of public debtors, the selected banks, that there is not now due on deposits, from the whole of them which have ever stopped payment, from the establishment of the Constitution to the present moment, a sum much beyond what is now due to the United States from one mercantile firm that stopped payment in 1835 or 1836, and of whom ample security was required and supposed to be taken under the responsibility of an oath.

"If we include the whole present dues to the Government from discredited banks, at all times and of all kinds, whether as depositories or not, and embrace even counterfeit bills, and every other species of unavailable funds in the Treasury, they will not exceed what is due from two such firms. Of almost one hundred banks, not depositories, which, during all our wars and commercial embarrassments, have heretofore failed in any part of the Union, in debt to the Government on their bills or otherwise, it will be seen, by the above table, that the whole of them, except seventeen, have adjusted every thing which they owed, and that the balance due from those, without interest, is less than \$82,000. Justice to the State banking institutions, as a body, whose conduct in particular cases has certainly been objectionable, but whose injuries to the Government have been almost ludicrously exaggerated, and whose great benefits to it, both during the existence of our two national banks, and while neither of them existed, have been almost entirely overlooked, has led me to make this scrutiny, and submit its results, under a hope that it will, in some degree, not only vindicate them from much unmerited censure, but justify this Department for the confidence it formerly, and, in the great improvement of their condition and of the financial affairs of the Government, has recently, reposed in them. Under these circumstances, so very favorable, with the new security and examinations provided for, if our former small losses by them, in keeping and paying over the public revenue, under circumstances so very adverse, are compared with our large losses, either in collecting or disbursing that revenue, their present safety seems to be as great as is consistent with the usual operations of the paper system, or with the credit which must always be entrusted by Government, in some way or other, to agents of some kind in keeping the public money. In considering their safety, it should be constantly recollected that the owners and managers of banks, when properly regulated by legislative provisions in their charters, are, like other individuals interested to transact business securely; are desirous of making, and not losing, money; and that these circumstances, with the preference in case of failure belonging to depositors and holders of their bills over the stockholders, united with the security, if not priority, given to the Government, render them, in point of safety, generally much superior to individual agents of the United States. It is to be further remembered that many of the former losses occurred indirectly and remotely from war and embarrassments, affecting deeply the whole community as well as banking institutions, and from the injurious influence of which calamities, banks, whether of State or United States origin, can never claim a full exemption; that the correct principles of banking were, at that time, less generally understood and practised than at the present time; that the selected banks, by the course of our expenditures and collections, were then exposed to more onerous duties and hazards; and that less full information of their true condition was then possessed by this Department."

Such were the views of both Secretaries, and the only heads of the Treasury Department since the removal of the public depositories in 1833. In 1835, General Gordon, of Virginia, made his celebrated proposition in the House of Representatives, to receive nothing but gold and silver in payment of the public dues, and to make the receivers of public money its depositories. Sir, it becomes me to give the history of that proposition. At the time it was made, the bill to regulate the deposit and safe-keeping of the public money was before the House, and then, too, the din of jangling promises to give us a hard money Government, a metallic currency, and a circulation of gold, was

almost deafening. I knew the promises were false, and the professions were hollow then. I knew that the Administration could not, if it would, do what it professed, and I was anxious only that its inability and weakness and "humbbugery" might be made manifest before measures brought upon the country this present crisis which I then foresaw. With my colleague, General Gordon, the proposition was sincerely made. He was opposed to the constitutionality of the Bank of the United States, and distrusted the system of employing the local banks as depositories. He came to me with his scheme, and asked if I would vote for it. I told him, at first, that I would not; that it was as objectionable to me, even more so, than the other measure; that I had no scruples about the constitutionality of a national bank; and I thought then, as I think now, that it alone could insure the safety of the public money, and restore our finances and currency to a healthy and sound condition. But there was no prospect of a recharter of a United States Bank, and I was forced to vote for or against the only other two measures to be adopted. He asked me, as an act of courtesy to him, to vote to let his proposition in. I consented to vote for its introduction into the House, warning him that I should finally vote against its passage if it was likely to succeed. I voted afterwards for it, on the main proposition, as many of the Opposition members did, simply to show that the Administration did not desire what they then professed, as now, to separate the fiscal operations of the Government from those of individuals or corporations! I knew that "the party" and that the then powers would not sustain the proposition or I should have voted against it. It then required but few Administration votes to carry the measure; but behold! as I calculated, they voted against it to a man! The vote on the proposition of General Gordon then proves, if it proves any thing, that there was no such desire, as the President says has existed for a long time on the part of the Government, in the spring of 1835. It would be as easy to show, sir, that there was no such desire expressed as late as the 4th of March, 1837. The gentleman from South Carolina (Mr. Pickens,) however, is right; the proposition to separate the Government from the banks, and to destroy all banking institutions, is not new; it originated with Fanny Wright, but the desire which the President describes has continued for a long time only with that part of "the Government" yelled Thomas Hart Benton. The great expunger and humbugger was the first to introduce the Locofoco doctrine into Congress, and to give them character before the nation; and, let me tell my friend from South Carolina (Mr. Pickens,) that he will be deceived who thinks to deprive Benton of his hobby—that if these destructive doctrines are to come into vogue and in favor with a majority of the people, Benton is as much identified with them as Thomas Jefferson was with the doctrines of '93, and he (Benton) and no other man under the sun will ride into power on their popularity!

But, sir, however old this proposition to divorce the Government from all banking corporations may be, there is a doctrine new under the sun contained in this notable Message. The President expressly refrains from suggesting to Congress "any specific plan for regulating the exchanges of the country, relieving mercantile embarrassments, or interfering with the ordinary operations of foreign or domestic commerce, from a conviction that such measures are not within the constitutional province of the General Government, and that their adoption would not promote the real and permanent welfare of these they might be designed to aid." He says the accommodation to domestic exchanges "is now, indeed, after the lapse of not many years, demanded from it, the Government, as an organ of its first duties," etc. When was this accommodation not demanded of the Government as among its first duties? Certainly, to afford this very accommodation was among the most oft-repeated, though often violated promises of General Jackson's administration, from the removal of the public depositories, in 1833, up to the 4th day of March last. Every message of President Jackson, from the one period to the other, and every report of his respective Secretaries, as well as the numerous circulars of the Treasury Department, the reports of the Committees of Ways and Means in this House, and other documents, will show that the currency of the country at large, its domestic exchanges, its commerce, and all its monetary interests, were taken especially under the guardian care and protection of this same most beneficent Government, which then promised as a better currency, and now tells us we must not look to the Government for "too much!" Surely, sir, the present incumbent is not about to falsify his promise to "follow generally in the footsteps of his illustrious predecessor;" or does he mean to follow them as my young friend from Tennessee (Mr. Crockett) felicitously expresses it, "by taking the back tracks?" Sir, it is profitable now to recur to the wholesome doctrines of the preceding Administration respecting the duties and powers of this Government in relation to a sound and uniform currency. (See Executive documents, 1833-34, No. 2, pages 5, 6, 10, 11.) In this report of Mr. Taney, after insisting "that the interests of the country would not be promoted by permitting the depositories of the public money to continue in the bank until its charter expired," he says:

"Besides, the principal circulating medium now in the hands of the people, and the one most commonly used in the exchange between distant places, consists of the notes of the United States Bank and its numerous branches. The sudden withdrawal of its present amount of circulation, or its sudden depreciation before any other sound and convenient currency was substituted for it, would certainly produce extensive evils, and be sensibly felt among all classes of society. It is well understood that the superior credit heretofore enjoyed by the notes of the Bank of the United States was not founded on any particular confidence in its management or solidity. It was occasioned altogether by the agreement on behalf of the public, in the act of incorporation, to receive them in all payments to the United States; and it was this pledge on the part of the Government which gave general currency to the notes payable at remote branches. The same engagement in favor of any other moneyed institution would give its notes equal credit, and make them equally convenient for the purposes of commerce. But this obligation on the part of the United States will cease on the 3d of March, 1836, when the charter expires; and, as soon as this happens, all the outstanding notes of the bank will lose the peculiar value they now possess; and the notes payable at distant places become as much depreciated as the notes of local banks. And if, in the mean time, no other currency is substituted in its place by common consent, it is easy to foresee the extent of the embarrassment which would be caused by the sudden derangement of the circulating medium."

He then promises that "the State banks can furnish a circulating medium quite as uniform in value," as that of the United

States Bank—"probably more so;" and afterwards states "the condition of the mercantile classes at the time of the removal, to explain why it was impossible to postpone it even for a short period." Those views of the Secretary were confirmed and supported, of course, by the report of the Committee of Ways and Means, made to the House of Representatives, March 4th, 1834, precisely as the opposite views entertained by the present Executive are in like manner echoed by the same committee now. By-the-by, the question was asked in 1834, why the then Committee of Ways and Means was like a tadpole? It was little at both ends (two certain gentlemen being at the two ends, the one at the head, the other at the tail) and big in the middle, (Binney and Wilde being there.) The report of that date says:

"There appears also to be much force in the considerations urged by the Secretary, connected with the currency of the country and the domestic exchanges. The notes of the Bank of the United States must necessarily, in a short time, be withdrawn from circulation. The principal currency of the country, for many years to come, will be bank notes, there is no reason to doubt; and it is certainly good policy to foster the State banks which furnish them, in measures tending to give them as general credit as has heretofore been attached to the notes of the United States Bank and branches. That the natural and ascertained course of trade, circulation, and exchange, connected with the interests of banking institutions, will ultimately produce this result in relation to the notes of the principal State banks, there is every reason to anticipate; but their employment in the business of the Government, by awakening them to their capacities and interests, is calculated to hasten the consummation of so desirable an event. It was a matter of no small moment to encourage and hasten the State Banks in maturing their system of circulation and exchange, so that at the termination of the charter of the Bank of the United States, the trade of the country might not encounter at the same time the loss of a general currency, and the entire breaking up of the domestic exchanges, a partial interruption of which by that bank is now producing such serious inconvenience. By the latest returns of the banks employed by the Government, it appears that they are already rapidly taking the place of the Bank of the United States in the exchange operations."

See, also, Mr. Taney's letter of the 15th of April, 1834, already in part quoted, *passim*.

"Mr. Secretary Woodbury, in his report to Congress, December, 1834, says: 'The wealthy and commercial, for whose benefit chiefly banks were instituted, will then chiefly use their bills, and suffer by them if forged or depreciated; while the laboring classes and men of small means will, by the justice and paternal care of the Government, generally be provided with a currency of hard money, not exposed to any risk of failure, and to be used for all dealings of such an amount as their daily or weekly wants may in most cases require.'

See, also, the Message of President Jackson to Congress, December, 1835, and the report of Mr. Secretary Woodbury, of the same date, (already quoted.) See, also, the Message of the President and the report of the Secretary of the Treasury, December, 1835, (already quoted.) In addition to these documents, I refer, sir, for conclusive proof that General Jackson took the currency, domestic exchanges, and the circulating medium, wholly under the "paternal care of the Government," to the report of the investigating committee, of which my colleague (Mr. Garland) was chairman, made to the House of Representatives, March 4, 1837. See the letter of the six depositories of Philadelphia, New York, and Boston, to Mr. Taney, dated in October, 1833, Whitney's letter accompanying the same, and Mr. Woodbury's answer, November 4, 1834. Therein are to be found similar expressions to this:

"In proportion as this system shall be well digested and executed, will be the soundness and equality of value throughout the Union of the circulating medium; and upon it will depend the degree of convenience or inconvenience which will be felt by the public in consequence of the recent change."

I refer, sir, also to an anonymous letter in the correspondence of Whitney with the deposite banks, dated November 8, 1834. I refer to the circulars of Whitney to the deposite banks, forwarded by Levi Woodbury, dated May 30, 1836, September 7, 1836, and December 7, 1836. And, sir, I appeal to my colleague (Mr. Garland) if it does not appear throughout the whole investigation that one of the principal purposes of Whitney's agency was to confederate and knit the banks together in one grand system of exchange. As a specimen, sir, of the whole business of the agency of Whitney and of the deposite banks, I will read a letter from him to John Hass, President of the Union Bank, Tennessee, Nashville, dated Washington, March 16, 1835:

"Sir: I am in receipt of your favor of the 23d ultimo. In reply to your request, I have to say, that the letter written by a person here high in the confidence of the Government, a copy of which I sent you with the other papers, gave you, in part what it was expected the agent appointed by the deposite banks would write. I want, however, state, as fully as I can, the duties the agent feels as devolving upon him. He expects to perform precisely the same duty that he would if appointed by the Treasury to superintend the deposite banks generally. He will carefully watch the operations of each; endeavor to produce concert of action; make suggestions in relation to operations of any which are calculated to lead to an improvement of the currency, or any which are necessary to preserve it from being affected by the operations or issues of any of the selected banks; aid and advise in establishing a system of domestic exchanges throughout the country, through the agency of the deposite banks, whereby the country shall reap all the advantages through such agencies that it ever did through the operations of the branches of the Bank of the United States."

"The agent will also feel bound to inform each deposite bank which employs him, at different periods, as nearly as he can from the estimates of the various Departments, of the probable amounts each will be called upon to disburse within a given period; the amounts and times when they will be called upon to pay it over; and where transfers will be required to be made from one bank to another, for the purpose of meeting such calls, the banks from which, and the times when, such transfers will be made."

"Such a table is now being prepared, to embrace the next six months ending the 30th of September next. This will embrace the estimated expenditures of the War and Navy Departments, as well as the civil list; the States in which the same is to be disbursed; the probable time wanted, and the banks which will have warrants passed upon them."

"In fine, the agent will communicate to each selected bank that wishes it, any information which he may at any time think will be serviceable individually; as well as give that general superintendence to the operations of the whole, which is so necessary."



25th CONG.....1st Sess.

Making public officers depositories—Mr. Wise.

H. of Reps.

sary for the security of each, as well as for the promotion of the interest of the public generally.

"I am, with great respect, your most obedient servant,  
"R. M. WHITNEY.

"JOHN M. BASS, esq.  
"President: Union Bank of Tennessee, Nashville."

In addition to the documents on file here, I cite the *circulars* of the Treasury Department, published from time to time during the last four years, and directed to the receivers of public money and the deposit banks. As specimens, I quote, first, a circular dated the 7th of July, 1834:

TREASURY DEPARTMENT, July 7, 1837.

Sir: As the public confidence in the banks selected by this Department for public deposit has, on trial, increased, and the notes of most of them might become a very convenient medium for circulation in travelling, and the transmission of funds at a distance, if mutual arrangements were made between some of them for the redemption of each other's bills, I take the liberty to submit the following suggestions for your consideration:

1st. Would it not be profitable to your corporation, as well as useful to the public, to make arrangements and issue bills to a limited amount, payable on their face either at your own bank or the bank with which you make the arrangement? This has already been done by some institutions, and, it is believed, with beneficial effects.

2d. But, if this is not considered expedient, would it not be prudent to establish with certain banks a credit, mutual if you choose, to redeem and reissue a certain amount of each other's bills as they may be needed for the purposes before mentioned? This might be so arranged as to expose you to little expense or risk; and the fact being known, would extend your circulation at a distance, and often furnish, it is trusted, a currency for travelling and transmission of funds, very safe, convenient, and advantageous.

Any aid that this Department could lend to you in perfecting such arrangement, by transfer drafts or otherwise, consistently with its powers and the public interests, will at any time be cheerfully granted.

I remain, very respectfully, your obedient servant,  
Secretary of the Treasury.

THE PRESIDENT of the ———

On the 27th of January, 1835, the following circular was issued:

TREASURY DEPARTMENT,  
Washington, Jan. 27, 1835.

Sir: Finding that my circular of the 13th of December last has not, in all instances, been fully understood, I beg leave to state, that it is the wish of the Department to be enabled to present a correct statement of all the domestic exchange operations of the selected banks. For this purpose, I have to request that your statements, semi-monthly, hereafter, give the whole of your operations, whether in drafts on other places purchased, notes payable in other places discounted, or either, collected. The latter to be brought into the statement after they are carried in the credit of the individuals for whom collected, together with the rates in all cases, &c. Some of the banks have supposed that the request of 13th ultimo was not intended to embrace paper collected, payable out of the city. Where that has been the case, I have to request that all omissions of this description, since the 1st instant, may be added to the next return made to this Department.

As before requested, I wish a statement of all drafts or checks drawn by the bank, payable any where out of the place in which the bank drawing is located, together with the rate, &c.

As early as convenient, after receipt of this, I will thank you to forward to this Department a statement of the places upon which your bank collects or purchases domestic exchanges, together with a tariff of the rates charged, exclusive of interest. I will also thank you to state the extent, geographically, to which it receives, on deposit, the notes of State banks, and particularly those of the selected banks; also, such as have made arrangements with you to redeem their notes, where any such arrangement has been made, as well as where arrangements may have been made with other banks for the redemption of your notes.

I am, very respectfully,  
Your most obedient servant,  
LEVI WOODBURY,  
Secretary of the Treasury.

THE CASHIER of the ——— Bank.

On the 6th of April, 1835, the following was issued:

TREASURY DEPARTMENT, April 6, 1835.

It is understood, that the instructions from this Department to receive for the public dues only such State bank notes as the deposit banks are willing to credit at par, have been construed to authorize the receipt of such notes of any denomination. The undersigned considers it *highly beneficial to the currency of the country and the safety of the banking agents employed in keeping the public revenue*, that the more general use of specie for the small and ordinary transactions of society should be encouraged; and as the disuse of bank notes of a low denomination is believed to be the surest method to effect that object, and as the acts of Congress do not expressly require the receipt of any such notes, if less in amount than five dollars, you are hereby directed, after the 30th day of September next, not to receive in payment of any public dues bank notes of any denomination less than five dollars.

You are also apprized that it is in contemplation by this Department, after the 3d of March, 1836, [should Congress in the meantime make no provision on the subject,] to exercise the discretionary powers, which it is supposed will then belong to it, over the receipt of paper money of any denomination for the public revenue, and to extend the restriction on the receipt of bank notes, for it, to all of a less denomination than ten dollars. For the greater security of the banking institutions employed by the Treasury, and for the improvement of the currency by the fuller restoration of that specie circulation for common purposes, which seems to have been contemplated by the Constitution, it is intended then to make arrangements, if practicable, to discontinue the use of any bank as a fiscal agent, which shall thereafter continue to issue notes of a less denomination than five dollars, and which shall, after some subsequent period, to be then designated, continue to issue notes of a less denomination than ten dollars.

The course proposed to be pursued hereafter on this subject by the Treasury, is now indicated with a view to ensure suitable notice of the changes contemplated.

On the 22d of February, 1836, the following was issued:

To Receivers of Public Moneys, Collectors, Disbursing Officers, and the Deposit Banks of the United States.

TREASURY DEPARTMENT, Feb. 22, 1836.

The established policy of the Treasury Department, so far as may be practicable, under its present powers over the collection, keeping, and disbursement of the public money, is to diminish the circulation of small bank notes, and to substitute specie, and especially gold, for such notes, with the view of rendering the currency of the country, through which its fiscal operations are performed, more safe, sound, and uniform. In pursuance of that policy, a circular was issued last April, which prohibited, after the 30th September, 1835, the receipt, on account of the Government, of any bank notes of a less denomination than five dollars; and which intimated that other steps to promote the desirable objects before named, would, in due time, be taken.

Consequently, in further pursuance of the same policy, you are hereby required, after the 1st of May next, not to pay the demands of any public officer or creditor in any bank notes of a less denomination than five dollars, and, except when it may be otherwise prescribed by law, after the 4th of July next, not to receive or pay on account of the Government any bank notes of a less denomination than ten dollars.

All the deposit banks are requested to supply themselves with such a quantity of American gold coin as to be able to pay, and, when a public officer or creditor prefers it, and his demand does not exceed five hundred dollars, to pay at least one-fifth of such demand in that coin. It is also requested that the deposit banks will not, after the 4th of July next, issue any notes of a less denomination than five dollars; and that, after the 3d of March, 1837, they will not, unless the subject be otherwise regulated by Congress, issue any notes of a less denomination than ten dollars. It is believed that the amount of gold which by that time shall be coined at the mint, will be sufficient to admit of the convenient substitution of it for small notes, in much greater extent than at present; and it is deemed reasonable, that while the deposit banks have the use, without interest, of unusually large sums of the public money, they should make some further temporary sacrifices to obtain and circulate gold, and in other respects to enlarge the specie basis of our circulating medium. From these considerations, and from the liberal spirit evinced by most of the public depositaries in a late correspondence with them on this subject, it is confidently expected that, in this state of things, they will cheerfully comply with the above requests, and with all others which have been made by the Department, with a view of improving the currency: nor will it, I trust, be considered unjust, or impolitic, while the deposit banks shall continue to enjoy great privileges from the Treasury, to regard a neglect or refusal by any of them to comply with those requests as sufficient cause for discontinuing the employment of such banks as fiscal agents.

At a proper time it will be decided under what circumstances, and at what periods, these restrictions on the agents and officers of the Treasury shall be extended to notes of any denomination under twenty dollars.

This communication is made with the sanction of the President of the United States; and it is hoped that, till otherwise prescribed by Congress, or by this Department, these requirements and requests will be faithfully complied with by all the fiscal agents of this Department, and all the collecting and disbursing officers of the Government.

LEVI WOODBURY,

Secretary of the Treasury.

And, sir, on the 11th of July, 1836, the celebrated specie circular went forth like a bull from the Vatican.

To Receivers of Public Money, and to the Deposit Banks.

TREASURY DEPARTMENT, July 11, 1836.

In consequence of complaints which have been made of frauds, speculations and monopolies, in the purchase of the public lands, and the aid which is said to be given to effect these objects by excessive bank credits, and dangerous, if not partial, facilities through bank drafts and bank deposits, and the general evil influence likely to result to the public interests, and especially the safety of the great amount of money in the Treasury, and the sound condition of the currency of the country from the further exchange of the national domain in this manner, and chiefly for bank credits and paper money, the President of the United States has given directions, and you are hereby instructed, after the 15th day of August next, to receive in payment of the public lands nothing except what is directed by the existing laws, viz: gold and silver, and in the proper cases, Virginia land scrip.

The principal objects of the President in adopting this measure being to repress alleged frauds, and to withhold any countenance or facilities in the power of the Government from the monopoly of the public lands, in the hands of speculators and capitalists, to the injury of the actual settlers in the new States, and of emigrants in search of new homes, as well as to discourage the ruinous extension of bank issues and bank credits, by which those results are generally supposed to be promoted, your utmost vigilance is required, and relied on, to carry this order into complete execution.

Such are some of the footsteps of General Jackson in taking care of the currency! Here we see a series of Treasury circulars, which were issued during a period of the last three years, coming up to the present fiscal year almost all issued by the present Secretary of the Treasury, with the objects avowed on their faces, to make the notes of deposit banks "a convenient medium for circulation in travelling—to extend circulation at a distance—to constitute a safe and convenient and advantageous mode of transmitting funds—to take accounts of exchange operations—to ascertain the geography even of notes received on deposit—to promote measures "highly beneficial to the currency of the country"—to raise the denomination of small notes to be issued, in order to circulate specie—to render the currency safe, sound, and uniform, as contemplated by the Constitution—to require the banks to make sacrifices to this policy—to discourage the over-issues of banks—taking trade, commerce, circulation, currency, bank notes, specie, the country, and all that is in it, under the full and complete jurisdiction of the Executive alone. And now, sir, are we coolly told that these measures are not within the constitutional province of the entire Federal Government! This is new! this is false! this is flagrant insult added to outrage! this is a total departure, I affirm, from the principles and policy of General Jackson; and that, I suppose, is capping the climax of enormities with his blind followers! The Federal Government cannot regulate currency and exchange, but it may prevent the over-production of cotton! It cannot regulate currency and

exchange, but it may take into its keeping the consciences and morals of the People! It cannot regulate currency and exchange, but it may pass bankrupt laws to put in durance vile every State corporation of the Union! Such are President Van Buren's first steps in the policy of the Administration.

Sir, this doctrine is so new that the President, throughout this very Message, except in those parts where he is expressly asserting this strange doctrine that the Federal Government has nothing to do with the currency of the country, forgets himself, and contradicts the position from the mere habit of his own mind to conceive the contrary. He speaks of "the embarrassments in the pecuniary affairs of the country diminishing the public revenue so much that the accruing receipts, with the reserved five millions, would not be sufficient to defray the unavoidable expenses of Government, until the usual session of Congress." And is it so, that the embarrassments of the country do thus embarrass the Government, stop its wheels, and yet the Government has not power to do the only thing on earth which can relieve itself from these embarrassments, and permanently prevent their recurrence—regulate the currency? Did "the difficulties experienced by the mercantile interests force them to apply for indulgence on duty bonds before the suspension of specie payments?" And yet has the Government, the collection of whose revenue is thus suspended or stopped, no power to afford facilities for the payment of its dues, or no power to secure their payment at all by some system, to strengthen commercial confidence, and enlarge the capacities of trade? Sir, the President himself, I repeat, speaks constantly in this Message, of the policy of Government in relation to the currency of the country, as if there was, and should be, some policy of the kind. No one can read his Message, and not see that he contradicts himself, and does not in reality entertain any such novel and absurd opinion as that a Government possessing the powers and duties which it does, cannot take care that there shall always be a safe and sound circulating medium, and a sound condition of commerce and abundant means of trade, foreign and domestic, without which Government debtors cannot be sound or able, and without which the resources of revenue must always be meagre, unstable, or exhausted. What, sir, are the duties of this Government and its powers? Congress shall lay and collect taxes, duties, imposts, and excises; it shall regulate and collect all duties, imposts, and excises uniform; it shall regulate commerce with foreign nations, and among the several States, and with the Indian tribes; it shall establish uniform laws on the subject of bankruptcies; coin money and regulate the value thereof; provide for the punishment of counterfeiting the securities and current coin of the United States; declare war and support armies; provide and maintain a navy; make all laws which shall be necessary and proper for carrying into execution the foregoing powers. And yet, sir, the President says it shall not, it cannot, provide the only means of executing any or all of these powers—the sinews of war, the security of peace—a sound currency for the country! Ay, but he says it may demand the "constitutional currency" for the Government! How can the Government demand specie, whilst the people have not specie to pay? Specie is no more a constitutional currency than good convertible paper. The provision in the Constitution which makes nothing else but gold and silver a legal tender in payment of debts, does not require the Government to exact specie. It is only another provision of that wise instrument which guards the mode by which Congress shall regulate currency, make it sound by basing it on specie, and make it safe and efficient by being easily convertible. Sir, the fact is, that the Executive has tinkered and cobbled the currency, until it is past mending. The Ex and the President have practised upon its health until the patient has died upon their hands, of their wretched quackery. Now they wish to give up its cure, or its resuscitation, as a bad job. Now their only refuge from political or professional disgrace is in saying it was ever immedicable by Government. After exerting all their power and their skill to make the currency better, now that it has become worse than was ever predicted by the regular practitioners, they insist that they never exerted, and never can exert, any power or skill in the case; for they never had either! Sir, as to power, they had too much to destroy; as to skill, they never had any to reanimate or to restore! God help a patient in such hands! Their want of skill and want of honesty in this case would constitute murder, if the patient were a human being whom they had destroyed, instead of the country and its private and the public interests. Sir, it is impossible for Government not to interfere with the currency of the country. When it ceases to perform the functions of Government—when it ceases to raise, receive, keep, transfer, disburse revenue—when it ceases to use custom-house and land offices, tax gatherers and collectors—when it disbands its one hundred thousand stove-fed office holders—when it dismantles its navy, and disbands its standing army—when Congress ceases to sit, and the President no longer draws his salary—then, and not till then, may he say to the people, pay what you owe the Government in specie, take what you can get from the Government, and get the specie as best you may. Government has nothing to do with the pockets of the people. Sir, you are not willing to bargain with the people to hold hands off, to agree that you will go to them for nothing if they will come to you for nothing. No, sir, if you will not collect yearly from the people some twenty or thirty millions of dollars, and expend more than you collect, they will not ask you to regulate the currency. They ask nothing more; when, where have they claimed of Government to "aid individuals in the transfer of their funds," or in the transportation of their merchandise? When or where have they asked Government "to make men rich, or to repair, by direct grants of money, or legislation in favor of particular pursuits, losses not incurred in the public service?" Sir, though the Executive has reduced our people to beggary, by interfering with "individual concerns, most oppressively and cruelly and unconstitutionally, yet have they not come as "beggars" to their own Government—their own servants! All they demand is, in the language of this message, "a system of general laws commensurate with, but not exceeding the objects of the establishment of good government; leaving every citizen and every interest to reap, under its benign protection, the rewards of virtue, industry, and prudence." But, what virtue can now withstand the corruption of "the Government?" What industry can now live under the present system of Government pillage? What prudence can now foresee or calculate the ruinous results of wild experiments? Virtue is cast to the dogs! Industry is rified and picked! Prudence is baffled, and stands dismayed!

In the next place, sir, the President again attacks the Bank of the United States. Again is the dead monster picked, and

without doubt in time. This is now the fifth Executive misdeed, in four years, hurled against it! The United States Bank will be like a man hung by the neck until he is dead—dead—dead! But, sir, I am beginning to hope that, like Lazarus, though it stinketh, it will yet "come forth," with the grave clothes on. I see signs of its coming, and therefore I wish to prepare the minds of the people to see no spectre—no hobgoblin—no monster. In respect to that institution, sir, I join issue with the President and all its enemies in advance. And I do this, though unnecessary now, because on this subject I have no fears and no concealments. I am willing to trust the intelligence and the virtue of the people who send me here. I maintain then: 1st, That a national bank is constitutional. 2d, It is expedient. 3d, It is the best friend, financial and commercial, especially of the South. 4th, and lastly, It is the best bulwark which can now, by law, be established in defence of the civil liberty of the country. All these propositions I am now ready to maintain to the uttermost.

A national bank is constitutional. Congress has the power to charter a bank corporation. Sir, let me here observe that it is remarkable the President does not say in his message it is unconstitutional. His principal reason for not co-operating in the re-establishment of a national bank is, because "it would be to disregard the popular will"—because he believes "a majority of the people to be irreconcilably opposed to that measure." Now, sir, this is ominous of what I have more than once predicted—if a majority of the people shall clearly and unequivocally express their will in favor of the establishment of such an institution, he will give it his sanction. Will he, who has lived and moved and had his political being in the breath of another man's popularity, and who is now vulgarly reiterating that man's disgusting demagoguism, ever dare to disregard the popular will when it shall come up, as it will, like the rushing of the mighty waters—"terrible as an army with banners?" No, sir, he will quail into his own utter helplessness! He is no hero to ride upon the whirlwind and direct the storm; and, sir, if Jackson himself were here again, the people would tell him—"Sir, your experiment has failed; we have been gulled and ruined!"

Sir, Congress has certain powers conferred upon it to be exercised, and certain duties imposed upon it to be discharged and performed.

Its powers, in connection with this subject, are:

"To lay and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defence and general welfare of the United States."

"To borrow money on the credit of the United States."

"To regulate commerce with foreign nations and among the several States, &c."

"To coin money, regulate the value thereof, and of foreign coin, &c."

"To dispose of, and make all needful rules and regulations respecting the territory, or other property, belonging to the United States."

Such are the powers *quo ad hoc*. Among the duties most important to be enumerated is that of making "all duties, imposts, and excises uniform throughout the United States."

Now, sir, how are these powers and duties, imperatively required of Congress to be exercised and performed, to be executed? Are not the means granted? Expressly. The Constitution says: "The Congress shall have power—"

"To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof."

Here is a striking feature in this great instrument. Every power is specific, every duty is specific, but the means are not specified, and the Government is left unlimited and unrestricted as to means, save by the terms "necessary" and "proper"; that is, it is confined only to such means as are "necessary" to the ends of some one, or all, of the granted, specified powers or duties; and to such as are "proper"; that is, consistent with, or fit, or congenial to the form of our Government and the nature of its powers and duties. And, sir, this distinction between the powers and duties of the Federal Government and the means of executing these powers and duties is a full and complete answer to the oft-repeated objection drawn from the imperfectly understood fact that the Convention of '87 rejected a proposition to grant the power of incorporation. To have granted a general power of creating corporations would have granted too much; it would have included certain corporations, ecclesiastical or others it might have been, uncongenial and inconsistent with our institutions. And to grant the power of creating specific corporations would have been to enumerate one means of executing granted powers, to the exclusion of all others, upon the principle of "expressio unius est exclusio alterius." The framers of the Constitution preferred rather in their wisdom to confine the Government only in the selection of means to such as were necessary and proper. If a particular corporation should be found to be necessary and proper to execute some one or all of the granted and enumerated powers, or duties, they left it to the law to create such a corporation under the general and comprehensive grant "to pass all laws necessary and proper for carrying into execution such powers or duties." And they left it to the sound discretion of Congress to select, of course, the best of means thereby; inasmuch as the particular corporations they might have chosen to grant might in time have proved to be the worst means of executing the granted powers. It would have been unwise and impossible for them or for us, were we now making the Constitution anew, to attempt to enumerate the granted means. They should have been omniscient to provide such as would, throughout all time and under all circumstances, have been the best. Not knowing what would always be the best to be used, they left, wisely left, in Congress an option of means, according to the wants and condition of the country, requiring the exercise of powers and the discharge of duties.

Again, sir, the only Congress unrestricted and unlimited in the employment of means to execute its granted powers, except, as I have said, by the terms necessary and proper; but Congress is independent also as to these means. To Congress are these means given. The existence of State banks is urged, or has been—not now, I suppose—as a reason against the necessity of creating a national bank. It was not necessary, because the means of other Governments—the State Governments—might be employed. As to its granted powers, and the means of executing them, this Federal Government is as independent of the State Governments as it is of France or Italy, and as the States are of it in respect to their reserved rights. To no foreign power under the sun is this Government bound to look, or obliged to depend on none, for means to execute its constitutional powers.

The question then, sir, is reduced simply to this: Is a national bank necessary and proper to collect the taxes, to pay the debts, to negotiate the loans, to regulate the foreign commerce and the internal trade, to dispose of the public lands of the United States, and to regulate the value of money in the country, and to enable Congress to fulfil the duty of making all duties, imposts, and excises uniform throughout the United States? Sir, I will leave it to forty years' experience to answer the question on all these points; the wayfaring man, though a fool, cannot err in recounting to you what the Bank of the United States did in collecting, and keeping, and transferring the public revenue, without cost or charges, and without loss; what it was bound to do in case the Government needed to borrow money; what it did in equalizing and facilitating exchanges of foreign and domestic commerce; what it did in paying pensioners, and in accommodating Government in selling, and the people in purchasing, public lands; what were its salutary and steady influences in regulating the money market and the value of money, and its uses in rendering duties, imposts, and excises, uniform! Its notes were better than fine gold every where—at land offices, custom-houses, to the Indian and the traveller, to the Government and the people, at home, in the North and South, East and West; and abroad, in the East Indies, they commanded a premium!

Twice has a national bank been chartered, and again and again has its constitutional validity been sanctioned by every department of the Government, Executive, Legislative, and Judicial, and by all parties, Democratic and Federal, and admitted by every President of the United States, from Washington to Van Buren, Jackson not excepted, and acquiesced in by the people. The first bank charter was proposed within two years from the period of framing the Constitution. It was formed in 1787, and a Bank of the United States created in 1789! In the Congress of 1789, many members of the Convention which framed the Constitution sat, and more than two thirds of them voted to charter a national bank. Mr. Madison, who then was one of those members of the Convention who opposed the bank charter, afterwards, when President of the United States, gave it his sanction upon the principle of "stare decisis." The question of the constitutional power of Congress was submitted in 1789 to General Washington, who was president of the Convention, and he referred it for solemn advice to the heads of the Departments—two of whom were also members of the Federal Convention. Hamilton, the then Secretary of the Treasury, the author, in part, of the Federalists, who understood the history of the Constitution as well as, if not better than any man, maintained that the power was constitutional, and Randolph, Attorney General, dissented. The latter and Mr. Jefferson, who was not a member of the Federal Convention, and who alone, by the by, made the point that the proposition to grant incorporations was rejected, gave in their written opinions on one side, and Hamilton submitted his on the other. General Washington, who knew all the facts of the history of the Constitution, necessarily, from his presiding in the Convention, sided with Hamilton, and, after months of anxious and careful deliberation and inquiry, sanctioned the bill to incorporate a national bank! History, authority of decisions in every form, and the practice of the Government from its foundation, all concur in establishing the validity of a national bank charter. Shall these be overruled by one man in the nation? Shall nothing be decided under our system?

The word "necessary" was given in an absolute sense by Mr. Jefferson. It is plain the term is not so meant in the Constitution, because, if so, it would exclude the use of all means whatever, and totally destroy all option or selection of means. One could not be employed, because another might. One is not absolutely necessary, because the other exists. The employment of State banks is not absolutely necessary, because Sub-Treasuries may be used, and Sub-Treasuries are not absolutely necessary, because State banks may be employed. Their unconstitutionality may be demonstrated precisely in the same manner as that of a national bank. There are no means absolutely necessary in all life; there is no one tool or agent in mechanics, or power in natural philosophy, absolutely necessary; bread itself is not absolutely necessary to sustain human life, because some other article as a substitute may be used as food. The very existence of more means than one destroys the absolute necessity of the necessity of any; and to say that one shall not be used because the other exists, is to destroy the power of choosing the best means altogether. The Constitution could never have intended that Congress might employ the worst, and should not have the power of selecting the best, means to execute its delegated powers and duties! Such a conclusion is the absurd one to which those who oppose the constitutionality of a bank charter are reduced.

The next question, then, is—Is a United States Bank expedient—is it the best means? Sir, it is vain to argue this. I will not appeal to the chaos and confusion out of which the last national bank brought order and credit and confidence. I will not appeal to a comparison of the rates of exchange. I will not appeal to the premiums on silver and gold. I will not appeal to the traveller, to the laborer. I will not appeal to the restraint upon an increase of local bank capital, issues, loans, and discounts. I will not appeal to Siam for the uniformity of the circulation of its notes and their value. I will not appeal to the manner in which it conducted all its business relations with the Government—to the uniformity of taxes, or to the exact equality, under its influence, of Government officers and the people, and of Government creditors and debtors; but, sir, I remind my friend from South Carolina, (Mr. Pickens,) of the report, able, clear, and unanswerable, of George McDuffie, his illustrious predecessor, in 1823, to the House of Representatives; and I appeal to the fact that it was the height of the last Administration's wishes but to attain to the perfection of a national bank in organizing its system of local deposite banks! Sir, it is too late in the day now for any man to presume to say, against all experience, delightful and useful, of all times, in peace and in war, with and without a Bank of the United States, that such an institution is not expedient. Sir, I have said that Mr. Van Buren reiterates the miserable demagoguism of his predecessor—he exceeds it in the passage which says:

"The Bank of the United States, with the vast powers conferred on it by Congress, did not, or could not, prevent former and similar embarrassments; nor has the still greater strength it has been said to possess under its present charter enabled it, in the existing emergency, to check other institutions, or even to save itself!"

Here we see a President of the United States, the highest officer on earth, resorting to falsehood itself to catch vulgarly and ignorance! In the first place, it is not true that the Bank of the United States did not or could not prevent former and

similar embarrassments: there never was embarrassment similar to the present—embarrassment so extensive, deeply pervading, and universally following, a long-continued prosperity in trade, and a rich harvest of profound peace. It is true that in 1819 the last national bank did, though like a strong man under an immense burden, stagger under the weight of embarrassments which followed war and the many years' want of a great regulator of currency, but as a strong man—omnipotent to save—it did clear away the wreck—it wrestled with derangements and embarrassments unprecedented, and subdued the task of restoring us to a state of commercial health and prosperity unexampled in the annals of finance and trade. It took a giant to rescue the country from its oppressive difficulties, and a giant that bank proved itself for much good and no mischief! But, sir, the falsehood which I mean here to expose is the base subterfuge of the President in treating a local bank of Pennsylvania as a national—a United States Bank. Had he no other resort than this ever weak and immoral subterfuge of the vanquished wicket—to take up a mere name for a defence, or a shield and buckler? Did Congress charter the State Bank of Pennsylvania, called only by the name of a United States Bank? Had that institution the credit of this Federal Government at its back—has it not all the opposition and hatred of the Federal Executive? Would not any other local or State bank—any one of them which that same Executive has been putting and stimulating to ruin the country—with the same name, "smell as sweet?" Have they done any more to check other institutions or to save themselves? Does the virtue of a national bank consist in a mere "cognomen?" Fie! fie! sir, upon such ad captandum demagoguism in a President of the United States!

Sir, the gentlemen from South Carolina (Mr. Pickens) in like manner says that the Bank of the United States never restored the currency; and, sir, permit me to tell the gentleman that, like the President of the United States, he contradicts himself. In one breath they tell us that the Government credit did every thing and does every thing to insure the soundness and efficiency of banking institutions, and in the next breath they boast that the Pennsylvania bank, without the Government credit, and with the Government opposition, did not, and could not save itself! In one breath they tell us that the Government may "take a beggar from off the streets" (Mr. Calhoun in the Senate), and attribute him with commercial and financial power and credit, may make him a safe and sound banker; and in the next breath they call out to us for help, for postponement of the fourth instalment, for Treasury notes, for indulgence on duty bonds, for the means of assisting a bankrupt Treasury, for the reason that some 80 or 90 local State banks, which Government has been backing with its credit for four years, have suspended specie payment! In one breath they tell us that the Bank of the United States never restored the currency; and in the next they admit that if we continue to take local bank paper, we must have a national bank, to check the local institutions and purify the currency! Sir, it is true that the Government credit does much, it does every thing, when it fortifies and guarantees a national bank. Its credit, organized in that form, is all that is now wanting; but it does nothing but mischief when afforded to individuals or to local corporations. It stimulates to excesses, and is of itself weak to restore an equilibrium—in fact, is the first to suffer from a state of intoxication and delirancy. It requires more help, or its protection, from a national bank, than it can possibly confer upon any other form of fiscal and commercial agency. If a bank of the United States does not tend to restore the currency, why did Mr. Calhoun propose, in 1834, to subvert the banks with such an institution? The Government was then fully divorced from all banks; all that had to be done was to withhold the deposits from them. Now, sir, the Government is married to the banks—has been in Co. with them for years; and now, when a severance cannot be had without violence and disaster, now is the connection to be dissolved! We are told that a United States Bank has never yet encountered a period of war. Certain it is that in no period of war have we ever had such a help in time of need, unless the old Bank of North America, which was a powerful friend during the Revolution, could be so considered. It is said a national bank could not have survived the scenes of 1813-14. True, those scenes were awful enough without such an institution, *non constat* that they would not have been better with one, knowing that such scenes have never occurred whilst a Bank of the United States was in operation. Well may the gentleman safely appeal to all the intervals when there was no such bank, to find scenes which, perhaps, no bank could have encountered; but it is sufficient for us to say, in reply, that it ever encountered all the difficulties it met during its existence; that its existence occupied more than ten times the space of time which its absence filled; and hence the fair inference might be drawn that no such scenes could occur during its existence as those which have occurred in the intervals when it was not in existence, to control causes and effects.

In the third place, sir, I join issue with the gentleman from South Carolina, (Mr. Pickens,) and maintain the proposition that the bank was ever and would be now the best friend of the South.

Sir, no interests in the country are more dependent upon a sound, safe and uniform currency than the interests of agriculture, and, consequently, the interests of the South. The great regulator, fly-wheel, and safety-valve of currency is, as I have shown, a Bank of the United States. It afforded, and is the only means which has ever yet been devised, which has furnished that great amount of circulating medium called "bills of exchange." Many suppose that the most of the circulating medium consists of bank notes, intermixed with a small amount of specie. Not so, sir. What proportion consisted of inland bills of exchange I have not been able accurately to ascertain; but certain it is that all the *le vier* operations of trade are and must be carried on by them. At certain seasons of the year large amounts are wanted by the South, to be transferred to the northeastern cities, with which to purchase importations for consumption; and at other seasons similar amounts are needed by the North, in the South, to purchase the raw materials for manufacture or exportation. The transfer of these heavy amounts must be made by *bills of exchange*. It cannot be conducted by transmitting specie or local bank notes; the cost and insurance and delay of transporting the one, and the discount and risk upon the other, forbid their use for the purposes of transferring funds. The great and leading arteries of trade, then, between the North and the South, were supplied by bills of exchange as the circulating medium, whilst the Bank of the United States was in operation. It had funds in Boston, New York, Philadelphia, and Baltimore, upon which to draw



from New Orleans, Mobile, Charleston, Nashville, Cincinnati; and funds in the latter places upon which to draw from the former. Funds were drawn without transmitting a dollar; the operation was effected simply by changing the pen from one side to the other of the books of the mother bank and its branches. No money was withdrawn from trade in New York; none from trade in New Orleans. The oblong bits of paper called bills of exchange caused convertible bank notes or specie to be paid at either place at sight, and at the rate of one-half of one per cent. This was the simple and beautiful operation; and these bills were the pabulum of trade when the United States Bank was stricken down at a blow by the mace of despotism. What was the consequence? The life-blood was dried up; the arteries were drained; a large proportion of the circulating medium was destroyed. The consequence to the South was ruinous upon a principle, a favorite principle of Mr. Calhoun. He calculates that the circulating medium is, to real estate or property generally in the country, about as *one to thirty*. If so, whenever the circulating medium is reduced one million, the property of the community falls thirty millions in value. It would be frightful and enormous, if the amount of diminution in the value of real estate and other property in the South could be ascertained, in consequence of destroying bills of exchange by refusing to re-charter a national bank. There is, sir, a striking and manifest difference between the property of the North and the South. The property of the North consists of money-capital. The property of the South consists of land and its products, and slaves. It is clear, therefore, that when a large portion of circulating medium is destroyed, they suffer much less than we in the South do. The diminution of circulating medium depresses the price of land, of agricultural products, and of slaves, thirty fold; whereas the money of the North is actually raised in value precisely in the same ratio. Our property will sell for less money—these money will buy more of our property. True, in times like these, when there is a total want of bills of exchange to transfer debts due to the North from the South, they may be embarrassed in the collection of their debts; but, nevertheless, when they are forced to sue us at home for goods purchased in the North, it will always take a double portion of our land and negroes, or of their products, to pay the debts. Besides, they are chiefly the purchasers of our agricultural products, and the carriers of them, and whenever they are oppressed for the want of a circulating medium we are eventually the greatest losers in the prices of those products. This truth is clearly illustrated in these very times, by the fact that the chief losses of the nation have fallen, to the amount of forty millions at least, upon cotton!—notwithstanding that paragraph in the Message which says:

"The difficulties and distresses of the times, though unquestionably great, are limited in their extent, and cannot be regarded as affecting the permanent prosperity of the nation. Arising, in a great degree, from the transactions of foreign and domestic commerce, it is upon them that they have chiefly fallen. The great agricultural interest has, in many parts of the country, suffered comparatively little; and, as if Providence intended to display the munificence of its goodness at the moment of our greatest need, and in direct contrast to the evils occasioned by the waywardness of man, we have been blessed, throughout our extended territory, with a season of general health and of uncommon fruitfulness. The proceeds of our great staples will soon furnish the means of liquidating debts at home and abroad, and contribute equally to the revival of commercial activity and the restoration of commercial credit."

This passage, sir, reminds me of this curious extract, which I found the other day in some newspaper:

"An almanac, published in the year 1730, has the following very remarkable predictions, which have been fulfilled to the very letter:

"By the power to see through the ways of Heaven,  
In one thousand eight hundred and thirty-seven,  
Will the year pass away without any spring,  
And on England's throne shall not sit a king."

It is true, sir, that Providence has displayed its goodness and munificence at the moments always of this country's greatest need; and His infinite goodness will ever, I hope, sustain us, notwithstanding "the evils occasioned by the waywardness of man," and the wickedness of unwise and corrupt rulers. God alone, and the dew He sends upon the ripe and unripe corn and upon the mown hay, can keep us from beggary and want, can supply us with food and raiment; but a sound policy, and wise and virtuous Administration, would turn these blessings of Providence to some account, would establish and fix a sound price upon the abundance of the harvest field! Truly, the year 1837 has been like the times of our trouble; there is a promise of abundant harvest, though there has been no spring-time.

This mighty country, powerful and rich as it is, is hard to kill in its resources, which are almost infinite; but be assured, sir, it is in the kingdom of policy as it is in the kingdom of grace—you must not always strive against God! We must not throw away and abuse the fruits of Providence! Though Heaven has done much for us, the land, the land of the South, groans with the folly and waywardness of man!

The gentleman from South Carolina asks where the capital is located when a Bank of the United States is created? I answer, every where, throughout the whole country, according to the demands and necessities of trade. If we were to charter a bank to-morrow, and locate the mother at Charleston, the branches at New York and Philadelphia would become the principal wings of the institution—that at New York would in fact become the mother. Why? Because the importations are there, the trade there, the revenue is collected there. And, I ask, will not this be the case under any system?—was it not so under the deposit bank system, and will it not be so under a Sub-Treasury system? As certainly as that two-thirds of the revenue of this Government is collected there, and more certainly as that revenue, under the gentleman's favorite system, would accumulate there in specie—there in specie, when specie would be so scarce, by being sponged up by Government, that it would command a premium, and be in fact a greater amount of capital concentrated there, (in New York) than the Government would otherwise have. He asks, if the States of this Union were separate, as in the time of the colonies, would not the exporting States import for themselves? No, sir, they never did import for themselves when they were colonies. A raw-material region, an agricultural country, cannot be also a mercantile and manufacturing country. The facturing, a ship-building and money-capital country. The trade of Virginia was carried on before the Revolution, by English merchants and shipping, and since then by New-England merchants and shipping. True, the English merchants sent their ships directly to our rivers on the Chesapeake, but then there was no coasting trade, which now does the same thing for us to the full extent of our wants and demands.

The gentleman from South Carolina also complains that the Bank of the United States, in 1832, gave the President a sword to bury in the vitals of nullification! Sir, this is a new charge, strange and extraordinary in its character, and coming from an unexpected quarter.

It is a "true bill" against the bank, that it furnished the means of defending the Union in its peril, it will be a new and unheard-of recommendation of it to some, though not to me. I repudiated the doctrines of nullification. I struggled against its principles and practices, and deprecated its effects and tendencies; but, sir, if the war upon South Carolina had come "to the knife," it would have found many a Union man of Virginia fighting in her defence, though they had argued she had her full share of wrong in the quarrel. I should have been one among those who reasoned on one side, and would have fought on the other. No corps of a standing army should ever have crossed Virginia borders, with my consent, to invade a southern sister State. I therefore say, sir, that this charge against the United States Bank is, if true, no recommendation of it to me. Nothing recommends itself to me which cannot be tenable. Be it remembered, but, sir, this charge cannot be tenable. Be it remembered, that the bank itself was then (in 1832) struggling against that same President for its own safety and existence, and that then he was warring against it furiously, upon the ground that it had enticed the political lions against his re-election. I cannot conceive, therefore, upon what grounds it is now accused of furnishing weapons to the hands of its own enemy, and that, too, to destroy some of its own best friends. Among those strongest friends were then counted the Hon. George McDuffie and the Hon. John C. Calhoun! And most strange and unaccountable is it, if this charge be true, either as to the motives of the bank or its necessary effects, that Mr. Calhoun should, so soon after the fall of 1832 as the spring of 1834, propose in the Senate of the United States to recharter this same bloody monster for twelve years!!! The gentleman, sir, must be wrong now, or his honorable and distinguished Senator must have been most unparadoxically and egregiously guilty of a suicidal act of southern policy in 1834.

The gentleman boasts that the people of the South are an old-fashioned people, and he complains that the bank, like Czar Peter, cut the coats of southern village dandies in the fashion! This is a still more grievous charge against the tyranny of that monster, which it seems to be guilty of monstrosities from the most enormous—the plucking of a President's beard, to the most petty—that of clipping the coat-tails of southern dandies! It did, no doubt, affect the social habits, as well as the political, financial, and commercial power of the country. But, sir, this objection, though apparently frivolous, has more in it than strikes us at first. It illustrates the nature and degree of that prejudice which really prevails in many communities, which are not immediately connected with the associations of trade, against that institution.

In many respects, sir, but in none so much as in relation to the improvements of commerce and of the mechanic arts, are the Southern people a half century behind the times in which they live. Noble, generous, liberal-minded, brave, independent, intelligent and sagacious, yet are many of them too metaphysical, and likely—as Mr. Letcher used to say of old Virginia—to die of an abstraction! They admire and cherish old things and ways, and despise, without much reason, improvements in the credit system, just as they do a new lapel or button! They do not enlarge, as I said on a former occasion, their capacities to receive the benefits of any institutions of trade; they do not calculate their losses in the destruction of them when created and existing, but look alone with dissatisfaction to the greater benefits which others receive from improved capacities and enlarged advantages. They claim justly that nature has done the most for them; are content with what nature has done for them, and are only discontented when they behold the art of others, and outstripping their friend nature. They are only wrong, sir, in not improving and assisting their own natural advantages, and in wishing to prevent others from exerting their enterprises, and in making up for natural deficiencies, whilst they are unwilling to exert their own wits and enterprise, and Norfolk tap the Big Bend of the Ohio river, and we shall shortly hear no more complaints about the immense advantages of capital which a Bank of the United States gives to the North. If we sit all the day idle, why shall we complain of miles to take to ourselves, and Baltimore come thousands of miles to take to themselves, by internal improvement, the produce of back countries, which need not be transported as many hundreds of miles to our seaboard? We must have trade before we have capital, and State internal improvements before we can have trade. Trade, sir, trade, will make the South as prosperous and strong as the North; and trade will make the South as fast a friend of a national bank as a national bank is now of the South without trade!

I regret, sir, exceedingly, the remarks of the gentleman from South Carolina in relation to Texas. He says the friends of a Bank of the United States are the enemies of Texas. I beg leave to say, sir, that time will show whether he is any truer, though he may be a much abler, friend to the annexation of that State to this Union than I am. On that subject, as on nullification, I presume, he will find the friends of a national bank divided; but, sir, he will find no one opposed to the annexation of Texas, because favorable to a national bank. But what does this allusion to Texas mean? Is it a political appeal? Is it expected by any quarter that Texas will unite the South upon some leader; and that the South, added to the Loco Foco destructives of the North, and the Executive retinue of New York and Pennsylvania, will bring that leader into power? Sir, let me warn those who entertain it that the hope is vain, and worse than delusive! The South is most opposed in reason and interest to Loco Focoism; and it will be unjust and destructive to the cause of Texas, to make it a hobby of party politics. The restoration of a sound currency here would aid Texas as much as ourselves. Whence has that glorious Republic derived her loans to achieve the battles of her liberty and independence? The South and Southwest have furnished her with arms and men; the North, I presume, has furnished her with money and credit. If her wars still continue, still she will want the benefit of that system here which carried us through the travails of independence; a system of credit; yes, ours was depreciated paper credit!

A Bank of the United States would not only indirectly aid the cause of civil liberty in Texas, by the confidence and credit, safe and sound, it would diffuse universally, but, as I have said, it would prove, at this time especially, the best bulwark of civil liberty in the United States! Sir, I mean all I say. The bank is expedient and necessary; the only question which remains is, is it "proper," that is, congenial with our free insti-

tutions? What has been the practice and tendency of the Executive of this Government for the last eight years? To wield the entire legislation and control of this nation and its destinies, by means of the public money! There is needed, much needed, an interposing stumbling block, or check, between the President and the public purse, now more than ever! When President Jackson removed the deposits, he took them from out of the hands of the law—the of the legislative department. When he put them in the pet banks, he put them in the hands of the Executive; there they have been ever since, in defiance of the law and the Constitution; and now we are asked to yield the constitutional custody and control of Congress over the public money, and to place it in the Briarian hands of a hundred thousand office holders—"the eyes and arms of the Executive!" To what department of this Government does the custody and control of the public money belong? Sir, there is an obscure clause of this Constitution which has ever been overlooked by all of the wisest of its expounders. I mean that sacred clause which reads: "Congress shall have power—

"To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof."

Now, sir, the first clause of this section is the only part of it which is habitually referred to, and is a clause, by the bye, which is not favored generally by strict constructionists, because it is erroneously thought by some to confer indefinite powers. No such thing. The reverse is the case. By marking the latter clause attentively, you will find that there is not a section in the Constitution more jealously restrictive, and especially of Executive power and discretion. It is that clause which General Jackson never read, "that he was to execute the laws and the powers of the Executive as he thought proper." Sir, the Executive has no discretion as to the means of executing its own power even, much less the powers of Congress. The means necessary to execute the "foregoing powers"; that is, the powers of Congress, "and all other powers vested by this Constitution in the Government." Mark the gradation of descent from generals to particulars, "or in any department or officer thereof." Does this not mean Executive powers? All the means necessary to execute all the powers of every department, or officer, are given to Congress! Does the President require means to execute an Executive power even? May he adopt means, however necessary or proper, himself? No! He must apply to the legislative department. Such is the Constitution; yet how perverted, and abused, and trampled on! Sir, I am thus minute in commenting on this clause, so restrictive of Executive power and discretion, because, I repeat, there is no clause of the Constitution which is so much overlooked, and never regarded.

To illustrate its application. The question arose last winter, in the case of Texas—to what department does the power belong to recognize the independence of a people struggling for liberty and for an equal station among the nations of the earth? To my utter surprise, on examining Judge Story's Commentary on the Constitution, I found that he lays it down as a power belonging to the Executive, because he says it is incidental to the power of appointing and receiving ambassadors. He entirely overlooked that clause in the Constitution which clearly vests every incidental and resulting power of the Government in Congress. Thence, sir, is derived the power to collect, to keep, and to pay away, the money of the United States. Congress may appoint a hand, an agent of the law, to do and perform all these duties independent of the Executive; for "Congress may by law vest the appointment of inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments." But the custody and control of the public money have been usurped by the Executive, in which almost all incidental and resulting powers have merged, and have been tamely and supinely yielded by Congress! Sir, I know of no way so wise and so appropriate to reclaim this derelict and important power as that of creating a national corporation, which shall be made the agent and hand of the law, which the Executive shall not touch or control, and which shall be subject only to the legislative will.

The gentleman from South Carolina (Mr. P.) is utterly wrong, then, when he says that to create a bank will be to part with an attribute of sovereignty—to regulate the currency. Sir, it will regain and restore the just and constitutional powers of Congress, and it will be the most complete and efficient check which can be put by law upon Executive absolutism! In this point of view it would become the axis of constitutional liberty! Experience teaches us its weakness as a political engine. It was in favor of with one Administration, the Administration died; it was opposed to the succeeding Administration, and the bank died. Admit it, however, to be as dangerous as it was ever charged with being, is it more so than the substitutes which have been tried and proposed? It may, forsooth, concentrate and unite the money power and the political power of the country and Government. The pet bank system certainly did thus unite them and elect a President, and the Sub-Treasury system is an open and palpable proposition of direct and certain union between the purse and the sword! Such is the consistency of these pretended patriots who war upon a bank as a political monster, and yet go "all for the" money in the hands of the Executive! The bank is more "proper" in this sense than any substitute which its enemies have ever yet proposed.

The gentleman, sir, in good feeling and friendship, advised me not to rely on the letter-writers for a character, but to look rather to enlightened public opinion. I shall take the advice, sir; for, from the billingsgate which has lately been sent forth from the desks in this Hall—[Here Mr. Wise looked significantly at the seat of JOHN H. PRENTISS, a member from New York, the editor of the Freeman's Journal, in that State, and the letter-writer for his own paper]—I am well aware that a character for virtue, honor, and truth, has nothing to expect from the pen of falsehood dipped in the gall of bitterness; and I know not why I should have been warned not to rely on the praise of letter-writers, when I have been made the subject of their constant vituperation. Some of the letter-writers I know to be gentlemen, and the friends of truth more than they are my friends; but I rely not on them, but on enlightened public opinion. My own convictions as to a national bank are not new, and have not been taken up for a party purpose or for a season; they are as old as my public life; my constituents have known them of old, and they are not to be relinquished for the sake of a triumph to myself, or of triumph over an enemy, or for fear of defeat; though, sir, I am confident that they are convictions which will eventually seize upon the minds of all as they have fastened upon mine. I have been for a bank through evil report; and now that I see the great reformer—Expe-



rience—abroad, with scourge in hand to wake up the people to reflection and inquiry; to make them hold up their heads from individual pursuits to attend to the operations of a Government which has put its rude hands deeply into their pockets now, I say, when I see the hope of better times, I shall wait patiently, for the troubling of the waters, for the healing of the people, for their voices to come up as a strong man, for radical relief of the country, its Constitution, its currency, its liberty!

But, to return to the message: I have been drawn off singularly enough to reply to a gentleman, who I thought once would have been one of the last to be found fighting for this Administration. The President next attacks the local banks. They have failed, notwithstanding the Government credit at their back; I admit it, sir, and always thought they would, and so did the Administration. I am excited to feel some sympathy for the pet bank system only by the rank profligacy with which "the party" now denounce their own victims. In his war upon these institutions the President exceeds even Fanny Wright herself. I have one of her books, sir, and I find, I confess, some moderation, something conservative even in her book; but in this message nothing but "destructiveness" is developed. She says—I quote her in contrast with the President—

"And now I will concede, and it is a position I have ever myself assumed, that all things have to be taken successively and in order. But, one thing is to propose measures, and another thing to take a general view of the state of affairs. One thing is to distinguish where we are; another, whether we are to go; and another, how we are to get there. It is by no means necessary to knock down all the chartered monopolies the first fine morning; nor, on any morning, that we should unsettle such as may be judged of real public utility, or of importance to the public defence and safety, at a time, too, when, of all others, the financial affairs of the nation require careful and skilful guardianship. Yet I do think it is not only allowable to look at them, and every morning that we choose; to investigate the nature of their whole structure, examine their foundations, pry into all their hidden passages, back entrances, secret cupboards, traps, and cellars; but, moreover, that it is right and proper, and of urgent necessity, that we should do so. I will not quote the old proverb which says a cat may look at a king—a proverb that is practically true in most countries where there are kings to look at; nor ask why, in this country, the king, which is, *de jure* at least, the people, may not look at the cat—and a cat too that gives him many hard scratches."

Yes, sir, I am for looking at the cat too. The King, *de facto*, however, is the President—and the President too is the cat which has stolen the cheese from the People, the King *de jure*.

But you see, sir, that even Fanny is not for knocking down all the chartered monopolies the first fine morning; nor, on any morning, that we should unsettle such as may be judged of real public utility. But the President and Levi Woodbury both now say the pet banks were corrupt. Sir, I refer to the 9th page of the President's Message, which I have already quoted, and I beg you to hear what Saint Levi says; he is speaking of the little sub-treasuries now in operation, when he says:

"The existing establishments and officers, whenever convenient, would be employed without a double machinery or the organization of a new system of agents. Executive control would be diminished rather than increased by them, because any additional officers will be selected, not by the President alone, or the Treasury Department, as the banks' now are, but virtually by designation by Congress, and the principal incumbents appointed by the Senate. They would also remove all ground for the objection sometimes urged against the former system, that the Executive alone exercises an extensive patronage and great moneyed influence through a host of bank presidents, directors, and stockholders, scattered through every section of the country, and selected without the check or check of either House of Congress in any particular case, and making loans of the public money from considerations merely political or official. A very wide discretion will be thus restricted, and a prolific source of suspicion and imputation of favoritism and partiality be entirely stopped."

"The officers, under the plans proposed, will likewise be amenable exclusively to the General Government, and not be embarrassed, like the officers of the banks, by conflicting duties and interests in respect to the States, nor involved in those collisions, jealousies, and recriminations often attendant on that position."

Angels and ministers of grace defend us! Who would have imagined such as this from Levi? Last spring that Pharisee was brought to the book and sworn upon the Holy Evangelists of Almighty God to tell the truth, the whole truth, and nothing but the truth, about the corruptions and dangerous influences of the deposit banks, and he tried to know nothing. The whole system and concern was "as fair a thing as ever was," and now we see him coming out in the face of his oath, and reporting officially against "a prolific source of suspicion and imputation of favoritism and partiality!" Oh! how he has been gulped at this much even! how much more when he got out—"the Executive alone exercises an extensive patronage and great moneyed influence through a host of bank presidents, directors, and stockholders, scattered through every section of the country," &c. All this, this very charge—this, the gist of it, was made by Peyton and Wise last winter. Levi kept his own conscience; the Globe denied; the minion and pimp, Rouben, bullied and placarded; the President pronounced us liars all the way from Washington to the Hermitage, and said here we ought to be houstonized! And now, oh! all earth and heaven! look here! verily, every charge is confessed by both President and Secretary! What thinks my colleague, (Mr. Garland), the chairman of the committee of investigation, a majority of which reported that there was no agent, no corruption, no political influence; that all was fair, and right republican! Does this not put that majority to the blush?

Never had I, never had my friend Peyton, never shall we again obtain for truth—"which is mighty and will prevail"—such a glorious triumph as this! Sir, I must quote Fanny Wright again. I approve her sentiments cordially when she says:

"But, joking apart, I would ask if, on the part of any set of men, there be either policy or decency in a world whose rule is right, and whose guide is reason, (or which otherwise is without either rule or guide at all.) I would ask, I say, whether, at the point of inquiry at which the public mind has now arrived, there be policy or decency in the attempt to prevent, or even to retard, the investigation of any question whatsoever?"

It is a law of the human mind instinctively to resist injustice and to spurn arbitrary dictation. In America, moreover, such is the law of the State. To cry "silence!" to the voice of public curiosity is here outrage; to induce silence by bribery or enforce it by violence is overt treason. What policy is there or can there be in endeavoring to hide what every body sees, or in making endless turns and tricks, when the public eye is open to them all? There is a mode by which, in this country, all prudence may be secured and all patience commanded. It is simply to tell the truth on all occasions. Never to mystify and never to falsify. To say, such and such is our position. By so much it false; but, in setting it right, let us beware of the leash and the false current. And, so that we hear of dangers really in existence, and not of imaginary ones invented to draw the ship into some new course of error, or to keep her from taking the shortest course, consistent with safety, into the right one, we may be sure that all on board will possess their souls in peace, and wait for salvation, or strain every nerve to aid it, without a murmur or even a hard thought. All above-board and nothing in the dark. Whenever a measure is right, or even when not absolutely right in itself, but only indispensable under existing circumstances, there is always reason to give for it; and let it be given, and given without fear of opposition or evasion of discussion, and the mass of this nation will support it."

Sir, I am no advocate of the pet bank system. I think now what I have always thought of it; though a letter-writer reports me as making terms now with Rouben, between whom and myself my colleague (Mr. Garland) is said to be the internecine. I cannot vote for the Conservative measure; but I cannot agree that our State institutions shall all be knocked down, as Fanny says, at a blow, by the President, after he has used them for all his ambitious and corrupt designs, and after he is forced to cast them off on account of the odium they have incurred by the abuses to which he has perverted them. It is now politic in "the party" to be the first to denounce them—to cry catch thief! catch thief! the loudest, in order to turn pursuit from themselves, who have been the chief of the sinners, the guiltiest of larceny and robbery, and accessory before and after the fact to the guilt of the pet banks!

The Message throughout, sir, is a general and sweeping attack upon the whole credit system; and the gentleman from South Carolina agrees with the President in the Loco Foco tenet that that system is inimical to human liberty. The gentleman (Mr. Pickens) "preaches back insurrection to the Northern laborer," whom he puts upon the footing of a Southern slave! I should hardly think, sir, that he would be heeded by any laboring men of intelligence, and scarcely by a mob, if *to-hold*, if they had any pride of condition, or the least self-respect. He tells us that John Milton was a Loco Foco. I wonder if he was for the Sub-Treasury! Sir, in this, too, the President is clearly departing from "the footsteps of his illustrious predecessor." In Mr. Taney's letter to the Committee of Ways and Means, dated April 15, 1834, he says: (See passages already quoted.)

"Sir, I was much astonished to see the great leader of Loco Focoism in New York, (Mr. E. Moore), shake hands with the gentleman from South Carolina, (Mr. Pickens), after he took his seat, upon the proposed union between Northern laboring men and Southern slaves! I can account for such a union and such congratulations only on the principle that extremes are sure to meet. Not that the laboring men of the North are sure to affiliate with our slaves; but that Loco Focoism is certain to amalgamate with aristocracy as it now does with power—despotic Executive power, irresponsible, and seeking to be unchecked!"

Such were the principles which guided the Administration of General Jackson in selecting the deposit banks, and in regulating them; and, sir, let me do Mr. Taney the justice to say that, however he may have been in error in carrying his principles into practice, he advanced many which were undoubtedly sound and wise, and he seemed to me ever to have been governed by fixed and well-considered principles. He did not appear to adopt a creed merely because it might captivate the popular prejudices; and I do not think that he would have pursued one to extremity if he saw that it would lead to ruin, though it might be "clapped by the crowd." Certain it is that he was General Jackson's favorite Secretary, and he was very far from advancing these alarming appeals to "the poor," to war upon a system which is the best protection of men without capital. To see a poor man assisting to destroy the credit system is at once to remind one of Hogarth's picture of a mob, in which a misguided and frantic wretch is sawing himself down from the top of a high sign-post! Sir, there are two kinds of democracy as to equality among men. The one tends to degrade all men to an equality upon the lowest scale; the other tends to exalt them to an equality upon the highest scale of human excellence. The former strives to pull down all excellencies in systems or in men, and forbids all perfection in either. This is the "Agrarian," which would reduce us to the level of brutes, and which, under the pretence of holding back those who strive to improve their own condition and the moral condition of mankind, to prevent improvement from making differences among men, would, in fact, make industry work for indolence, the vigilant keep guard for the sluggard, give the fruits of enterprise to those who toil not and do not spin, and divide the rewards of wisdom and virtue with ignorance and vice! This kind of democracy is the rankest despotism. It is as unjust and oppressive as it is impracticable and impossible.

Sir, no Government can repress the energies of mind and of moral power. This low, leveling democracy may declare a division of property among men to-morrow; will it be an equal division the next day? No, sir, some will excel others in character, in moral power, in sagacity, in energy, in wisdom and virtue and success; start them even as often as you may, with the profligate, the slothful, the ignorant, the inactive, the careless, the vicious, or the unfortunate, and still "onward," "onward" in advance, will be their course, and all justice yields them the precedence and superiority! Government might as well undertake to "fetter flame with flaxen band, or stop the ocean with the sand," as to put limits by law to the degrees in which one man may, in social life, excel another. The political justice which entitles every man to all the advantages which he can fairly acquire by his merits and the exertion of his moral, physical, and intellectual faculties, is sustained by that other and genuine democracy only which tends to advance and promote human improvement, and to encourage that free emulation and competition which exalt men to an equality on the highest scale of moral, physical, and intellectual excellence! True democracy ever exalts man. It diminishes the power of Government, but it enlarges the moral and social power, and

increases the political privileges of men. It makes man free to pursue his happiness, and allows neither king "one," or king "many," to hinder or molest him; it prevents Government from checking the exertion of his powers to acquire all the good he may, without injury to his neighbor; it prompts each one to aspire and to strive for every excellence, and for the prize of success; it cheers each one in the pursuit, and crowns each one in the attainment of the ends of a virtuous ambition; it tells all men not to stop, to reach forward farther and farther, higher and higher, towards the standard of perfection; and it strikes down the hand which would arrest the march of freedom! It declares in this land that all may strive equally for power and place, for honor and office, for distinction or wealth; and thence is derived the hallowed truth that the sovereignty is in the people!—each is a sovereign in himself—a king to compete with his fellow for equality in acquiring the greatest good, and to make man the fellow of man on the highest elevation! The credit system, sir, supports and is supported by this latter creed of genuine democracy. The credit system is the most potent auxiliary of true republicanism. From it have sprung the inventions of the age, the improvements in mechanic arts and powers which have reformed the world. Whence came the steam engine? From the genius of Fulton. Who was Fulton? A penniless inventor without capital. What would his genius have done without credit? It would have sickened and died in neglect and despair ere it had wrung from the avaricious gripe of a private capitalist the cash—the specie, in time to strike out that Giant Champion of science, and arts, and civilization, and "peace on earth and good-will to man!" How many of the virtuous and enterprising poor could individual capitalists patronize if they would; and how many do they patronize of those they could? A bank has no soul, it is true, but it dispenses infinitely more real charity than that sordid, hoarding, grasping, selfish tyrant you call a capitalist—a Jew! Let the "poor man" choose between them—a credit system, organized by laws which he may partake in making, and which make the credit free for every "poor man" of character; or, that system which leaves the Jews, the Shylocks, called "private capitalists," alone to make the law of trade—a system which patronizes only "the per cent." and knows no law but that of the "auri sacra fames!" The free system of credit is in danger of being destroyed by despotic power—loco-focoism, as mobism ever does, is aiding despotism; and it is left to the virtue and intelligence of "the poor man" to decide which side of the contest he will take—whether with those without capital, and who want credit, against the power of money capital, or with the rich against the poor? The rich now say that the poor are not entitled to credit to enable them to compete with cash for power, and wealth, and honor, and office!!

The banking and credit system destroyed, what is proposed as a substitute? A Government Shylock—a political Jew! No, sir, I will not denounce it before I have examined it. What is it? As yet, sir, we know not what it is; we are left to imagine the worst. If it could be well defined, I would inquire whether it is not liable to the very same objections which have been urged against the Bank of the United States. Of this one fact, sir, I am morally certain—that the present propositions and the views of their advocates in both Houses of Congress, as well as those of the Executive, all tend to the final establishment of a Treasury bank. We are asked to permit the collectors and receivers of the public money to keep it in their custody, to make them its depositories, to collect nothing but specie in payment of the public dues; and we are told openly from one quarter (Mr. Calhoun in the Senate) that there must be a permanent issue of Government paper for currency.

Now, sir, I ask, when you have organized and systematized this plan by law, if it is not a creature—call it by what name you please—which is no more known to the Constitution than a bank corporation? Will this, in fact, not be a corporation by law? I do not pretend to say that, when formed and examined, it will be found to be unconstitutional, but I warn gentlemen who say that a Bank of the United States is unconstitutional, to look well to what they create as a substitute for it, to see whether their substitute is not liable to the same constitutional objections, by their own mode of construction. Are we to be told that the General Government clearly has the power to organize a Treasury Department? Where, whence is such a power derived? Precisely from the same source and by the same deductions that the power to create a national bank is derived—the necessity to execute granted powers, and the propriety of the means to the end. But the constitutional question aside, the question of expediency still remains; would this plan "accomplish the beneficial purpose promised by its advocates?" And "would it not impair the rightful supremacy of the popular will, injure the character and diminish the influence of our political system, and bring into existence a concentrated money power, hostile to the spirit, and threatening the permanency, of our republican institutions?"

Could this system furnish a currency? No one will contend that it could furnish a circulating medium of specie. There is not enough of the precious metals in the world to admit of a circulating medium of specie alone, and it would be an impracticable medium if there was. It never did, and never can, answer any other purpose than that of a basis for currency and of change in small transactions of trade. It can never be the substitute of bills of exchange. It cannot be had for the currency, if it is to be demanded for the public dues. Hence the necessity of a permanent Government issue of paper. Will that become the currency of the country? It depends upon whether it is to be convertible. If convertible into specie, it will never circulate, for the reason that the public debtors will always return it upon the Government to call for the specie to pay the Government. If inconvertible, or Government issues, as the banks do, more paper than it can redeem, the paper will depreciate, or the Government will, at times, be compelled to suspend specie payments precisely as the banks—the Government will become a greater nuisance to the People, and more base and perfidious to them, than the local banks have ever become to the Government. Besides, if the Government issues permanently this paper, it must receive it in payment of the public dues. If it receives it in payment of the public dues, where is the Government's specie to come from to redeem the excess of its paper which may be issued over and above the amount which may be required to meet the demand for paper where-with to pay the public dues? Whether such paper will depreciate, will depend upon the amount Government issues: if it exceeds the demand for paying public dues, the paper must depreciate, as did our old continental money. It does not exceed that demand, what is to become of the great interests of trade—whence the supply of a currency, exchange, and a safe, sound, and uniform circulating medium? If Government

is not to concern itself about supplying a currency, why not pay specie alone, if it is to receive specie alone? But, sir, it is not in the mind of its advocates to make this plan supply a currency. It is to insure the Government interests alone, and to leave the people to take care of themselves. No, not to leave the country to shift for itself—it must destroy the country by destroying its currency. The Government will operate as a great sponge to absorb the specie from the banks, and from its proper places of deposit as a basis of circulating medium. This Sub-Treasury system must inevitably depreciate the local bank notes, and the people's securities of trade; it must leave them to deal in shin-plasters for ever, whilst it deals in hard money. It makes the servant greater than the master, it separates the Government from the people, whilst it is as much their concern as are private affairs; and it makes the interests of the Government conflict with those of the people. It demands of the people specie for Government, while the Government dries up every source whence specie can be drawn. It establishes one currency, the metallic, for the servants, and another, the basest depreciated paper, for the masters. But the money view of this scheme is nothing compared with its political bearings. Has the gentleman from South Carolina (Mr. Pickens) examined the effect of this amendment to collect the Government dues in specie, upon "the great landed interests of the South?" He is sure, he says, that it will make us our own importers. I insist, sir, on the contrary, that it will raise the premium on specie exorbitantly, and that premium will and must raise the tariff. The importer must purchase the specie to pay the duties to Government, and the amount of the premium must be added to the price of the goods, and the consumers, his constituents and mine, must at last pay the piper's, no matter who imports.

But, sir, is this plan "proper?" Is it congenial with the spirit of our institutions? The President says, "It is believed that a considerate and candid investigation of these questions will result in the conviction that the proposed plan is far less liable to objection, on the score of Executive patronage and control, than any bank agency that has been, or can be, devised." This is the very essence of consistency. To charter a national bank will be "to concentrate a moneyed power, hostile to the spirit and threatening the permanency of our republican institutions; but to put the whole of the public money in specie in the hands of a hundred thousand officers of the Government, the Briarian arms of the Executive—the creatures whom the President makes and unmakes at his good will and pleasure—will be a sure way of vindicating the supremacy of the popular will, of preserving the character and influence of our political system, and of diffusing the moneyed power. When, too, it would concentrate about sixteen millions in specie in the hands of a single collector in the city of New York! The Bank of the United States might, forsooth, become a dangerous political monster when united with an Executive. This plan is perfectly harmless and innocent, less liable to objection, on the score of "Executive patronage and control," though it would certainly place in the hands of the President the whole concentrated moneyed power of the Government! This, sir, is too unblushing a demand for more patronage and control; this is almost putting on the imperial purple and the crown in the face of all the people! Oh, no, the President modestly says:

"If a Chief Magistrate may be allowed to speak for himself on such a point, I can truly say, that to me nothing would be more acceptable than the withdrawal from the Executive, to the greatest practicable extent, of all concern in the custody and disbursement of the public revenue: not that I would shrink from any responsibility cast upon me by the duties of my office, but because it is my firm belief that its capacity for usefulness is in no degree promoted by the possession of any patronage not actually necessary to the performance of those duties. But, under our present form of Government, the intervention of the Executive officers in the custody and disbursement of the public money seems to be unavoidable: and before it can be admitted that the influence and power of the Executive would be increased by dispensing with the agency of banks, the nature of that intervention in such an agency must be carefully regarded, and a comparison must be instituted between its extent in the two cases."

Yes, sir, "if he may be allowed to speak for himself on such a point," he speaks boldly enough, when vouching a wish to be deprived of "all concern in the custody and disbursement of the public revenue?"—"not that he would shrink?"—oh, no; he boldly argues to show that all concern ought to be given up to him and his minions! What did Mark Anthony say of Caesar? "Thrice did he refuse the kingly crown." Sir, if nothing would be more acceptable to the President than the withdrawal from the Executive of the immense and irresistible and corrupting influence and patronage which the public money, united with his political power, gives him and the creatures of his will, I, for one, am disposed, gladly eager to gratify his patriotic wishes, I devoutly pray that you will indulge him in a desire, regain the constitutional powers of Congress to keep and control the public revenue, and that you will rekindle the spirit and protect the permanency of our republican institutions by diminishing Executive patronage by every law full means in your power. Now is an auspicious period to do much for our liberties, in imminent danger from this threatening cause of alarm to every watchful and faithful patriot. But no. The President, so far from co-operating in this great work of curbing Executive patronage, asks to be trusted by law with the entire collection, keeping, and disbursement of our revenue; he denounces all banking, petitions for a divorce of the Government from banks, and yet, like Madame Darusmont, is for a union with a *Government bank!* Heretofore, sir, well it might have been said of him, as Loco Foco John Milton says, in *Paradise Regained*, of Satan:

"What have been thy answers, what but dark,  
Ambiguous, and with double sense deluding,  
Which they who asked have seldom understood,  
And not well understood as good not known?  
Whoever, by consulting at thy shrine,  
Returned the vicer, or the more instruct  
To fly or follow what concerned him most,  
And run not woe to his fatal snare?"

But now, sir, the veil is raised—the horrid form is seen—the wicked intent of wedding the money of Government with the political power of the Executive is plainly manifested; and, if the people start not back affrighted and appalled, it will be because

"God hath justly given the nation up  
To thy delusions, justly, since they fell  
Idolatrous!"

## SPEECH OF MR. MASON, OF VIRGINIA.

In the House of Representatives, October 11, 1837.—On the bill "imposing additional duties, as depositories in certain cases, on public officers."

The bill being under consideration—

Mr. MASON said: Agreeing, as I most cordially do, in the several measures which have so far been presented by the Committee of Ways and Means for the consideration of this House, it is with the utmost reluctance that I am now brought to differ with those with whom I have heretofore acted.

This difference, however, I am pleased to consider, is at last but one of mere expediency, and in itself contains nothing which should sever those who are united otherwise in the preservation and support of those great and leading principles which actuate political parties.

Differences of opinion necessarily pertain to deliberation; it is against the constitution of our nature that it should be otherwise: intelligence, reason, and sound judgment are alike hostile to entire unanimity; nor would our representative Government be any thing more than a mere formal acquiescence in the will of some ordained superior, if the doctrine were allowed to hold, that party discipline exacts an unconsidered sanction to every measure which brings a recommendation from the Executive chair.

Such is certainly not the spirit of our institutions; nor should it be the spirit of any party that would act safely and wisely, or even successfully, in the administration of the Government committed to their charge.

Having thus premised, I will proceed at once to state my objections to the bill under consideration.

Those who have brought it in, address its claims to our favor as a measure simply intended to provide for the safe-keeping of the public money. It is said that the former depositories, the State banks, having proved either inadequate to the duties required, or unfaithful to the trust reposed in them in this branch of the public service, it is necessary that Government now should take care of its own interests; and that this will be most effectually done by a return to what is called the legal currency of the country, and by constituting certain fiscal officers of the Government the keepers as well as the disbursers of the public money.

The machinery is certainly very simple; and if the only end to be attained were, in truth, the safe-keeping of the public money, however I might dissent from the expectations of those who have planned its operation, I could not see in it those insuperable objections which impel me now to renounce it against it.

The evils, sir, which we are expected to remedy by some adequate law, lie far deeper in the public mind than any alleged insecurity of the public money—evils for which no remedy is provided by this bill, but which will, in my judgment, be fastened upon the community by its passage. I mean the present degenerate condition of the currency.

What is now the currency of the country? Is it not what it ought to be, but what actually now is the *sale* currency?—the only medium having exchangeable value, by which the business of the country is carried on? It consists entirely, from one end of the Confederacy to the other, of irredeemable bank paper; every payment that is made, every debt that is collected, every transaction of every kind, whether large or small, into which *money* enters, is carried on and effected by paper that has been issued by the State banks, and which they no longer redeem with gold or silver. These metals have passed entirely out of circulation; they form no longer any portion of the *money* of the community; treating money as that only which, for the time being, serves as the symbol of exchange of things having marketable value.

This condition of the currency is the true and great evil of the times; it affects the people in their business precisely in the same manner as it affects the Government in the conduct of its affairs; and there can be no remedy, at all adequate to relieve the Government from its embarrassments, which shall not, at the same time, and to the same extent, relieve the people from theirs.

In considering this subject, as I propose to do, it is unnecessary to go at large into an examination of the causes which have operated to bring about this state of things. I do not know that I am, nor do I at all profess to be, equal to this duty. And yet, were I to attempt it, I should certainly differ very widely from those who trace these causes no farther than to a redundant issue of bank paper. That such issue has been, to a great extent, auxiliary to the present embarrassments, there can be no doubt. But it has been auxiliary only; and I freely admit, that, in my very humble judgment, a well-founded objection to our banking system lies in this very thing—that banks of discount, organized as our American banks are, yield the facilities of credit too readily and amply to the demands of trade, without a power of discrimination between such as arise from the extension or accidental vigor of healthful commerce, and such as have their origin in a wild and gambling spirit of speculation. Commerce requires credit. From the day that man passed in their dealings beyond the first simple stages of barter, credit, in some form, entered into the affairs of trade. Its agency soon came to be understood; and the winds are not more active in circulating the common air, than credit now is, all over the world, in circulating through every land the productions of every soil.

Trade and commerce, then, becoming drunk with prosperity, have drawn too lavishly upon the credit offered them through the banks; or, if you will have it otherwise expressed, the expansible character of bank credit has offered too great temptations to commerce of over-action, and we are now suffering under the consequences of over-action as well on the part of those who use this credit as of those who gave it.

In this reasoning I am borne out by the Message of the President. He says that "our present condition is chiefly to be attributed to over-action in all the departments of business; an over-action deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper, and by other facilities for the acquisition and enlargement of credit."

I have entered into the subject thus far only that I may invite you to a more enlarged view of the difficulties to be met than are presented when our inquiry is confined simply to a consideration of the safest custody that we can provide for that portion of the people's money which is to pass into the public coffers.

My great objections to the measures proposed in this bill are, that they are not at all commensurate with the exigencies of

the times. They do not meet the real difficulty. The bill simply ordains that the Government, after a limited time, will receive nothing but gold and silver in payment of public dues; and will entrust its keeping to its own officers alone. Now, if there were a creative power in our law; if by this simple enactment the bank paper could be driven out of circulation back whence it came, and the precious metals substituted in sufficient quantities to meet the wants of society, as well as the demands of the revenue, the chief ground of my opposition would be at once removed. I can well see, from the experience we have had of the evil tendencies of the banks to excessive issues, (and such, at present, are my decided impressions,) that whenever the currency is placed in a condition to bear the tribute, the true policy of Government may be found to be to exact its dues altogether in coin; and to withhold its revenue, while resting between its collection and its disbursement, from the use of the banks, as a fund to increase their discounts. My reasons for this I will give hereafter, when treating of the proper position which the Government may ultimately assume toward the State banks.

The bill is to operate upon the currency as it now is, for we have not only no guarantee that it will be found in an improved condition at the end of twelve months, (the limited time,) but is susceptible almost of demonstration that one necessary consequence from the proposed law will be to continue the currency in its present debased condition.

The precious metals, all will agree, are now banished from circulation: They are in the country, I grant you, and in sufficient quantities, perhaps, to answer their accustomed duty of circulating in those channels, below the reach of bank paper; but they no longer pass from hand to hand as a medium of exchange. Their former exchangeable value has been converted, by the course of trade to which I have alluded, to a value exclusively marketable; and thus they have fallen back, and are entirely merged in the common and general mass of merchandise. Specie, whether in coin or in bullion, is now merchandise, and not money; and those who require it for any purpose must go into the market and buy it at market rates, as they would do any kind of merchandise whatever. How long, then, is this state of things to continue? How long will this marketable value attach, which detains the coin from its most appropriate function as current money? And by what process can it be restored to circulation?

The answer to the two first inquiries is very simple. Specie will continue to be merchandise so long as there exists any demand for it greater than that which would invite or retain it in circulation. It was driven out of circulation by the demand for exportation, after the business of the country had realized the fact that our exports were insufficient to pay for our imports. The balance must be met, and the precious metals were called out of circulation to answer this new demand. It is a necessary and fundamental law of currency, that where you have two media, of which either answers all the purposes of exchange, and one of them, besides those purposes, will answer another purpose as a subject of trade, the latter will fly at once to meet the new demand, and leave the duties of currency exclusively to its fellow.

So it was between the paper and the specie, when by the exigencies of trade, the latter was suddenly called off to meet the new demand created by the necessity in commerce of extinguishing the balance against our imports. There is no mystery in all this. Imports are to be paid for from two sources alone: by the produce and labor of the importing nation, or by gold and silver; and, whenever the former is found inadequate, the precious metals must make up the deficiency.

Thus stood the country when the banks suspended the payment of specie. They had an agency, and a large agency, I grant you, in bringing that necessity about; pampering, as they did, the pride of commerce. They met all its demands, honored all its drafts, as well in the rage for importation as in those extravagant speculations to which the apparent prosperity of the age gave immediate birth.

But the banks are not alone to blame in this. It is due to the occasion, and will aid us in searching out the true remedy against a recurrence, to admit candidly and fairly that the Government itself saw as little of the mischief that would follow from the extension of the credit as the banks did themselves. It is a part of the history of the times, and should be recorded on the same page, that when the deposits were given to the State banks they were expressly instructed to make them the basis of new incentives to commercial enterprise.

I do not speak this at all, sir, in the spirit of rebuke—far, very far from it. I adduce it only to show that the Government itself, against whom, as some have said, the banks have committed the unpardonable sin, was itself actively instigating them to that very extension, now so zealously condemned. How far the banks might have gone in extending their discounts, upon immense deposits thus cast upon them; without this authoritative hint, none can easily tell. But it is fair and reasonable to infer that this license in advance did not pass unperceived.

Having stated thus the actual condition of the currency, and briefly traced the causes which have led to it; let us inquire next, what will be the probable operation of a law that takes no account of its feeble state, but peremptorily demands, after a given day, that the entire revenue, amounting to some twenty millions of dollars per annum, shall be paid up in gold and silver? One necessary consequence, in my apprehension, would be effectually to place it out of the power of the banks to resume the payment of specie within any reasonable time. How can it be otherwise? They suspended payment because of the new demand for coin, created by the exigencies of trade. They have not yet resumed, because although that demand has certainly diminished, as shown by the rate of foreign exchange, yet there is still demand enough to warn them of the consequences of an attempted resumption before the trade of the country is in a fit condition to bear it. Sir, the country is recovering fast from the violent and sudden convulsion into which it has been lately thrown. It cannot otherwise be, when we consider the immense resources of this vast continent, wielded as they are by a people whose industry and enterprise acknowledge no other limit than the very bounds of the earth. But the Government must keep its hands off—time must be allowed for the system to re-act before any new or additional pressure can be borne.

If the necessities of circulation are not strong enough now to bring specie into general use as part of the currency, because of the existing collateral demand in trade, does it not necessarily follow that any new demand will have an additional effect in retarding that operation?

On create this new demand by the bill under consideration; pass it, and you at once increase the premium that specie already bears over the ordinary currency; you give it increased



value in the market to the extent of such new demand—and to that same extent you postpone the day when it can return into use as a part of the circulating medium. Until that day comes, it is impossible for the banks to pay out specie upon their notes. They never can do so until the demand upon them is reduced to a naked demand for circulation. If I am correct in this reasoning, the best that could be hoped, under the proposed law, would be that it should remain a dead letter upon the statute book.

I think I have shown that we could have no return to a circulation of specie under its auspices; and if this be so, do you believe, does any man believe, that the law could be carried into effect?

What, sir, that the Government alone should be paid in silver and gold, when those who have the payments to make receive nothing but irredeemable paper! How vain and idle it is to expect any such thing. If, by any chance or lucky accident, over-ruling those stern necessities to which all human affairs are subject, the exigency of the times should have passed by before your policy begins, then it might, thus chance-favored, be that the scheme could be carried out. But it becomes us not to legislate upon such improbable contingencies. I want no better evidence of where the Government would be twelve months hence, under the operation of this law, than what is now daily passing before our eyes. There are, it is said, (and I presume at least with an approximation to truth,) now in this country eighty millions of dollars in coined metal. By the existing law, (as there is no bank paper convertible into specie,) Government can now receive nothing but coin in payment of any part of its revenue. I ask confidently, is any part of that revenue so paid? With all this abundance of the precious metals, fully three times as much as we have had at any former period, do we not all know that none whatever is paid into the Treasury from any source of revenue? I mean none, when compared even with the lowest necessity of the public service. The mint, it is true, does furnish a small supply, merely sufficient, if at all, to meet those demands which coin will alone satisfy. But this does not come in any shape of revenue—far from it. It is purchased by Government at market rates, and a premium paid upon every dollar that is brought in. Such is the present state of things, under the operation of a hard money law, while the only money in the country is in irredeemable paper; and such must ever continue to be your condition, under the operation of any laws that you may pass, so long as the money which you require is banished, by whatever cause, from the channels of circulation.

I lay down then this position, and defy any refutation: That the Government must, as a permanent necessity, deal in that currency in which the People deal; it is the law of its creation, and inseparable from its condition. It must receive what the People receive, and pay what they pay—a necessity from which Government cannot escape if it would, and ought not if it could.

I speak of this as a permanent necessity, distinguished from the necessities of immediate want, it is struggling now against this very want, and precisely as any large capitalist might equally do, by using the resources of his credit, to supply the temporary absence of revenue. Have we not just passed a law, authorizing an issue of ten millions of Treasury paper, for this very purpose? I mean for the single purpose of rescuing the Government from the necessity of coming down at once to the irredeemable paper of the banks? And this only to answer the present emergency; for it will certainly follow, unless that medium can be restored, in which alone the Government is allowed to deal, that we must issue at least ten millions more before we return home from the ensuing session. Sir, I went cordially with you in this use of Government credit, and I will do so again should the emergency continue. But I tell you fairly and candidly, and I tell the people too, that this Treasury issue is all that saves the Government now from coming down at once to bank paper. I say this, sir, because your revenue laws, exacting gold and silver, are not and cannot be enforced. If you collect any revenue, it can only be in that very paper, because there is nothing else to pay with.

Suppose, then, your law passed, and the currency remain, as under such policy it inevitably must, in the condition that it now is, what are you to do? If you could enforce the law then, I ask, why do you not do so now?

Why do you not new compel your debtors to go into market and buy specie, in order to replenish the Treasury? So far from this, we have a bill now before us, which it is admitted on all hands must pass, to save the Secretary from the necessity of so idle an attempt. With more than four millions of dollars now due in New York alone, so far from exacting payment, we are about to give further time on all bonds due, and to become due, between this time and the next session of Congress.

I say, then, confidently, pass what law you may, you cannot have your revenues paid in specie, so long as it remains at a premium; and that the very first effect of this law, by creating a new demand, would be to increase the premium, and thus render permanent the very exigencies to which your legislation is now actually yielding.

But take another view of the subject. Suppose the law carried out, what then would follow? The importer, besides all other charges for freight, insurance, duties, &c. is required to pay five or ten per centum for specie to pay the duties. Certainly this latter would be added to the price of the commodity; and thus the whole effect of your policy would be to tax the people to this extent, in order that Government might deal in gold, while they were left to struggle on, unaided, against all the ills of worthless paper money.

My view of the subject, then, is, that by passing this law now, you postpone, to an indefinite period, the resumption of payment by the State banks; that, until they do resume, the law must be inoperative, and the Treasury supplied by loans; or, if enforced, besides creating a new and heavier tax upon all foreign merchandise, the sole effect will be, to enrich the office holders, and all who feed upon the public crib, at the expense of the rest of the community. I know, sir, that this last objection has been scouted as mere slang, as part of a mere "rabble," and unworthy of notice. But I tell you that it has never been met, and that it cannot be overthrown. I do not believe (and that disbelief is founded on the experience of the present day) that such a law could be carried out. But if it were, the host of Government dependents would grow rich under it. They would have money worth five or ten dollars more in the hundred than the money used by the people; and the people would be taxed to the extent of this five or ten dollars in the hundred, to furnish the former with the better currency.

Now, sir, in all this, my sympathies are with the tax payers, and not with the tax gatherers. I go for the interest of those

who are to pay, and not for those who are to receive. I cannot agree to any policy which might, and I believe would, lead to these results. It is unwise, unjust, and unnecessary; and it could not, and ought not, to stand one day after those results are ascertained.

I may express myself strongly, but I do not mean to do so harshly. I see mischief and disaster without end, in any attempt to legislate now, as you would have us do by this bill; and it is to save ourselves from utter defeat and shame, that I beg you to pause with me, and consider the consequences of such attempt.

Let me, before leaving this part of the subject, present another view, which, to my mind, increases the difficulties to be encountered by the proposed law. I have, so far, considered only the demand arising under the accruing revenue, as that which is to retard the resumption of specie payment. But the revenue in arrears, that of which we are to postpone the payment, will come heavily in aid, to increase this demand at the very outset of the new law, to what extent we do not as yet very certainly know; but, reasoning from what we do know, the promise is sufficiently appalling. The duty bonds to be postponed amount, in New York alone, to more than 7,000,000 dollars, computed to January next; and, including the other cities, to more than \$10,000,000; constituting, to such extent, whatever it may be, an obstacle at the outset over and above what is to be encountered in its ordinary course.

I have heard it said, however, that this very demand to be created under the law will have the effect of bringing in specie to meet it; and thus it is alleged that the demand will occasion the supply. I do not deny this in the least degree. There is nothing more certain in every branch of political economy, than that there will be a supply for the demand. But regard for one instant only what this demand is, and the fallacy of the reasoning will appear at once. It is a market demand, which is to produce this supply. It is an increase only of the same demand, which has already banished coin from circulation; now it is purchased for exportation, then it will be purchased for Government, and the effect will be precisely the same in both cases—to give a marketable value to specie as merchandise, in lieu of the exchangeable value, which it would otherwise have as money. None will pretend that, because Government will pay it out again, it will thereby circulate, unless they can find the term circulation fully satisfied in a constant round from the custom-house to the broker, and from the broker to the custom-house.

If it be true then that Government cannot command the precious metals through its revenue until they return back to circulation, the inquiry remains to be answered, how that end is to be attained? I would answer, first, it will be attained even before a very long time, if matters are allowed to remain, as far as Government is concerned, precisely where they now are.

Let us keep our hands off, and the banks will resume as speedily as reviving trade will allow; within what period I will not profess to answer; but their course of dealing since the suspension evinces the strongest purpose to do so, at the earliest practicable day. The Secretary of the Treasury tells us in his report that since the suspension of payment "the policy pursued by most of them has been favorable to an early discharge of their engagements to the Treasury, and to a resumption of specie payments." And again, in proof of that position, he says, speaking of the deposit banks, that "since the 1st of May, their discounts as a whole have been reduced about \$20,388,776; their circulation \$4,991,791; and their public deposits \$15,607,316, while their specie has diminished less than \$3,000,000." Such is the encouraging account which the Secretary himself gives us of these institutions. We have already seen the great reduction in exchange since our session began, evidencing the rapid extinguishment of the foreign debt; and the same manifested by the approaching market for the southern staples. Even the presentation of the bill for an issue of Treasury paper had an effect in bringing down exchange. Putting all these things together, we may safely argue that the evil day is passing by, and all that I urge upon you is to keep hands off, and let very well alone.

The resolution of 1816, now in full force, had the effect, at that day, of bringing about a general resumption of payment by the banks. It will do so again, if its operation be unaffected. I have shown you already the promise under it. But the bill proposes to repeal that resolution, as the first step in the policy of the new law. Then, the attitude of Government towards these institutions was one of encouragement and confidence. It offered inducements to them to resume, and invited back the confidence of the community. The wisdom of that policy was manifested by the result. Now, the very reverse is to be attempted; in lieu of confidence, we present discredit; for encouragement menace destruction. I need not add that the same end cannot be obtained by such opposite means.

But, again, sir, there is in this bill an entire departure from the great and leading principles of the late Administration on the subject of the currency. It looks no further than to a supply of specie for the Government and its dependents. There is no account taken of the more important object, of infusing specie into circulation, for the common use of the people. Then, the great effort was to enlarge the specie basis, by the suppression of small notes. The Government, as the greatest creditor of the banks, sought to effect this by the control incident to its large deposits. The banks were encouraged in every way to co-operate; and the States were appealed to for their aid, in the common duty of a reform in the currency.

Many of them, where there was a bank issue under five dollars, met the appeal at once, by a direct prohibition to that extent.

But, the State of Virginia went farther. She had long since realized the benefits of a specie circulation below five dollars, by a prohibition of all paper under that amount; and on the very first occasion when the charters of her banks would be reached, so recently as during the last winter the prohibition was extended to ten dollars, and to take effect at an early day.

These were the measures then contemplated for the improvement of the currency, and begun to be carried out by the powerful aid of State legislation. Why are they to be abandoned now? It was admitted then, and it is beyond all question true, that specie, either in gold or silver, will not circulate by the side of paper. If experience of this were wanting, it is abundant in Virginia in reference to small notes; as soon as they were expelled by her law, silver took their place. And there is no doubt that, if her policy could be carried out, by the expulsion of all paper under twenty dollars, gold would flow at once into the vacant channels. All this can yet be done by a

simple adherence to the original plan. But your policy is in utter disregard of all such intent.

The great forcing process now in contemplation will work the very reverse of what was then so strenuously urged. It will put all our golden dreams to flight, of the halcyon days of hard money; and the States will be compelled, from sheer necessity, to license once more the very lowest issue of bank paper. Seeing these things as I clearly do in prospect, under the operation of the proposed law, I can have no choice but to raise my voice against it.

As to so much of the bill as constitutes the collectors of the revenue, with the Mint and its branches, depositories of the public money, I have but little to say. It is certainly subject to very strong objections, not the least of which is the very great increase of patronage to which it must give rise; and a patronage of the most dangerous influence, as being so immediately connected with the public money. Neither is this objection at all answered when it is said that the patronage will be less than that exercised in the intercourse between the Government and the deposit banks, because, by the simple substitute of a special for a general deposit, all patronage will be at once taken away, and on the score of safety the difference is incalculable.

Whether I regard, then, the pernicious influence which this bill must exercise upon the currency, if now enacted into law, or the inadequacy of its provisions for the safe keeping of the money, I am equally constrained to withhold my assent. In the first aspect it has never been submitted to the country, and has had very little consideration here. The innovation is too great, the transition too violent from all previous usage, to be thus suddenly met.

The people are too deeply interested in the consequences which may follow, to have this usage changed without the most mature consideration. For myself, sir, I want to go home from this whole subject, *re infecta*. It is a new proposition, presented for the first time in an imposing form by the late Message, and, before adopted, should be well and thoroughly canvassed before the country. The President himself, in proposing it, invites, and the subject is well worthy of, the fullest deliberation.

Let it be discussed, then, as it will be, and as all great public measures ought to be, by the people themselves, in their primary assemblies, and through the press, before it is enacted into law.

No inconvenience can possibly arise from this postponement; first, because the time must necessarily be short, as Congress will be again in session within six weeks from the adjournment; and, secondly, because the whole system proposed is now, under the late orders of the Treasury, in as full and complete operation as if specially ordained by the law under consideration. The Secretary has already adopted it, in the exigency of the occasion, under the discretion given to him by the law organizing the Treasury Department. There is no occasion, then, for this great haste, and there is every reason why we should forbear.

We are told, however, by an honorable member from South Carolina, (Mr. Pickens,) that by our opposition to the present bill we are strengthening the interest of that party which seeks the re-establishment of a national bank. This suggestion, sir, has come from a very remarkable quarter. I do not allude now to the member from South Carolina, but to a distinguished statesman from the same State is the other wing of the Capitol. The Sub-Treasurer, it is said, must be ordained at once, as the only safeguard against the restoration of a great national banking institution; and this vindication seems to be thrown out as a sort of bugbear, to frighten us into instant submission.

Sir, in my humble sphere at home, or in the halls of our State Legislature, my opinions on the subject of a Federal bank need no new confession. I have ever been an uncompromising foe to any such institution. I believe the existence of such a bank is inconsistent with the purity, and dangerous to the safety of popular government. I have ever opposed it in every form on grounds of expediency; and, what is above all, to fix and confirm that opposition, I entertain no doubt whatever that it has no sanction either in the spirit or in the letter of the Constitution. Strongly committed, then, to such opinions, and having uniformly acted up to them in every time of trial—in the removal of the deposits, through the panic era, and the Executive veto—I am not to be frightened from what I have taken as the path of duty by the new-born fears even of so distinguished a proselyte.

I distrust the quarter, sir, whence the denunciation comes. I have no confidence in that counsel which springs from the zeal of recent conversion. Opinions that are hastily taken up are as speedily laid aside, and are worthy of no reliance whatever.

No, sir, in my humble judgment, the danger of recurrence to a national bank is to be looked for in the very opposite quarter—in the immature conception and hurried execution of this Sub-Treasury scheme. I do not mean to predict it, because I would not be understood as disparaging the judgment of those who confide more readily than I do. But suppose they should fail—suppose it should be found impracticable to carry out the new scheme—that the currency should grow worse—that bank paper should continue irredeemable—and the People become wearied out with their rigid exaction of coin from them, while nothing but paper is paid them—I ask you, and I put it to the serious consideration of the country, what remedy would then be found? You could not fall back upon the State banks. They had been just divorced, and common decency would forbid the new espousal. Where then would you find refuge? Why, sir, as was done once before, in the arms of a national bank, and nowhere else.

I am not at all answered in the objections thus advanced, when I am told that my apprehensions of this failure are without foundation. You relied as confidently when the public money was transferred to the State banks, that they would not fail. Every official report, and every State paper, was replete with their commendation. We were told that they were equal to every emergency in the fiscal operations of the Government, and furnished its best and safest reliance. And yet, within two short years, the whole system is denounced as an entire failure. What better assurance can you give us now than you offered then?

Why may not your new scheme fail? I believe that it must, inevitably must, if attempted now. And when it does fail, I can imagine no possible resource left but that which our new convert so earnestly deprecates. I pray you to excuse me, then, if I do not see with his eyes.

Sir, in attempting these Sub-Treasuries now, the Government, if I may so express it, is retreating to the citadel at once, in the great battle with a National Bank. I see nothing but



danger in the attempt. Opinions differ amongst your best and ablest advisers, whether you can now make the position good; and if you do not, there is no escape, no choice, but in unconditional surrender.

One word more, sir, to the honorable member from South Carolina, and to those to whom this portion of his address is directed. I understand him as making an appeal to the Democrats of the North, to rally around this Sub-Treasury scheme, as their surest and safest protection against the opposition of Northern capitalists. He tells them that they are looked upon as the natural allies of the South, because their labor holds the same position to capital in their country, that our slaves hold to their owners at the South.

How these Northern Democrats may relish the doctrines of their newly ally, I need venture no prediction. I doubt whether they can be brought to rally around the standard of a leader who denies them any place, even in the common scale of humanity.

Is it upon principles such as these that the Northern Democracy is invoked to lend their aid to the measures contemplated by this bill? These are they, I presume, who are appealed to in the occasional addresses of certain newspapers, as the "democracy of numbers," contradicting, we find now, from any democracy of men—who hold no place in the thinking, acting part of the community, but are classed as mere dead weight, to be thrown at will into either scale of the political balance.

If there be any such party in our favored land, I thank Heaven it is unknown in the quarter of the country from whence I come. We have there, sir, I am proud to say, as honest and sturdy a race of Democrats as ever the sun shone upon. Of intelligent, thinking, independent, and free men; each doing and acting for himself, in all questions of public interest; having perfect equality of right, and participating to the fullest extent of a free citizen, in the direction and control of all public affairs.

This, sir, is the character of the Democracy with which I am familiar; nor, I apprehend, are our true Northern Democrats of a texture any whit inferior. But I desire my constituents at least to know to what sort of Democracy the merits of this bill are addressed by its friends. Not to intelligent and thinking men, but to a class who are counted only by their numbers, and are estimated to have no influence in public affairs, save as a mass holding a certain position towards capital.

[Mr. PICKENS here asked the floor, and was understood to say, that he did not lay down the proposition as broadly as was stated by Mr. Mason. He meant only to say that the tendency of the institutions at the North was to organize capital, and to make labor tributary to it; and, unless such tendency were checked, would finally reduce labor there to a state of vassalage.]

Having thus given my objections to the passage of any law at this time, which has not for one of its principal objects a reformation of the currency, or, I should more properly say, which will not, by its operation, lead back the banks to a resumption of specie payment, I proceed briefly to suggest what my opinions are of the ultimate attitude which the Government should assume towards these institutions. I have no expectation or belief, notwithstanding the cry which has been raised against the banks, through the press and otherwise; that by any action of this Government these institutions can be destroyed. It is not in your power to do so, sir, if you would; and if attempted by any means, direct or indirect, every effort that you could make would eventuate in defeat. They are created by the States, are incorporated, and have life given to them by their separate law. For their being, they lean upon the States, and are as entirely independent of you as you can ever become of them. Most of the States have a large moneyed interest in their stock, and participate largely in their management by the immediate appointment of directors.

Virginia has an immense fund invested in her banks, the income from which is appropriated to education, to internal improvement, and to other favorite objects of her State policy. Besides all which, the banks of each State furnish to each the entire paper circulation within its borders—a source of profit in which the States themselves largely participate. For good or for ill, then, these banks are so closely interwoven now, in all their relations with State interests, that they cannot be eradicated even by the power upon which they depend for existence.

They enter largely into, and influence, to a great extent, all the elements which affect the trade of the country; and thus, whether you are connected with, or divorced from them, whenever trade or the course of exchange (in which they largely deal,) is deranged or injured, your finances will be immediately affected. You may be divorced from them a *mensa* and *vinculis*; and should a period ever occur again when there is a general suspension of specie payment, your Treasury will be a general suspension of specie payment, precisely as it has stop payment in unison with the banks, precisely as it has done now; and the only difference between you will be, that they will stop payment as a measure of precaution, and you from necessity.

I say then, emphatically, that the present embarrassed condition of the Treasury is not owing to its connection with the banks. You have not now money enough to the credit of the Government, in all the banks north of the Potomac put together, (the quarter where the principal revenue is collected,) to carry on the Government for two weeks. The Treasury is without money, not because the banks have stopped payment, but because its supplies are cut off. Its revenue is stagnant in the hands of its debtors, and not in the vaults of the banks. There is money enough due to you, but you cannot get it in; and so it is precisely with the banks. You and they are both obliged, being operated upon by the same causes, to give time to your debts, and to wait for the reaction of trade, the revival of commerce, before you can again get afloat.

Neither is this reasoning at all weakened by the fact that you have some five or six millions yet on deposit in the Southern and Western States, which is styled "unavailable"—meaning that you cannot command it for use. You cannot command it, simply because you have no use for it in the place where it is. In the Northern and Eastern States, where you had use for money, you have withdrawn it rapidly since the suspension; and so you would have done from those South and West, could you have used the money at the place where it was. Suppose, then, that this money, instead of being on deposit in the banks, was locked up in Sub-Treasuries in gold and silver. Five or six millions of bullion is too large a sum to be suddenly transferred from one quarter of the country to the other, without producing very serious effects upon the trade and business of

those places whence it is taken; and yet you would have no other resource whatever in order to make it "available," but to bring it away in bulk, transporting it at heavy cost across the country, from the place where it was collected to the place where it was wanted.

You could not command a dollar by means of exchange, for the very causes that now make your deposits "unavailable" there, have run up exchange to rather more than the expenses of transportation; and thus that whole fund, even if now in gold and silver, and in Sub-Treasuries to boot, would be just as unavailable to Government, in the present condition of the country, as their deposits are in the banks mentioned. Government would not attempt to bring away the metal. The country would not allow itself to be thus drained; or, if it were done, the very operation would open the people's eyes to the working of the machinery, and all would cry out against it. No, sir; if this "whole unavailable fund" in the South and West were now locked up there in gold and silver, sooner than encounter the cost and risk of transportation, and the clamor that would be raised against it in those States, we should go quietly to work, as we are now doing, and issue Treasury notes to answer in its place, until the restoration of trade to its accustomed channels would allow its being made available, by the use of bills of exchange.

Treating the banks, then, as they certainly are, institutions dependent for their being upon the States alone, and yet exercising so important an influence upon the trade and business of the country, it becomes us next to inquire what is the best and safest relation in which the Government can place itself towards them, to avoid, as far as may be, a recurrence of the evils under which we now labor?

In the first place, I see no *prior necessity*, either as regards the welfare of the Government or the banks, for any connection between them whatsoever. A sudden and violent separation, such as is contemplated by this bill, I have already said would, in my judgment, be impracticable, in the present condition of the country. I believe the transition (from the state of things which such a "divorce" would create) would be to a national bank, as inevitably as from anarchy and confusion a people always seek relief in despotism.

The process of separation must be gradual, after it is commenced; and its commencement must await the entire recovery of trade, accompanied, as such recovery will be, by a sound and healthful currency; that is to say, a currency, so far as it is of paper, convertible into specie at will.

The Government may, I think, under such circumstances, and at such time, confine its receipts to gold and silver, and withhold its revenue, while resting between collection and disbursement, from all use, whether of banks or others.

I am aware that strong objections hold to keeping so much money idle as would remain permanently on hand under any system that may be adopted. But my decided impression is, nevertheless, that the patronage and political influence with which its use by these corporations must be attended, together with the great incentive which it offers to over-dealing, are objections far stronger. And from such inaction of the public money, I should look for another great practical good. It would invite, in the most urgent manner, as a fixed policy, a scale of revenue reduced to the lowest standard of the most economical Administration.

And again, by confining its receipts to gold and silver, the collection of the revenue would exercise a salutary control over the issue of the State banks. It would do so by presenting at their doors, to the extent of that demand, always an inexorable creditor—a curb sadly wanted by the banks in their late career. The receipt by Government of gold and silver only, after the paper medium becomes freely and immediately convertible into coin, presents nothing inconsistent with the position that Government must deal in the same currency in which the people deal, because coin and paper immediately convertible are substantially the same.

But I can see no advantage, and, on the contrary, a fruitful source of mischief, in making Government officers the keepers of the cash. Place about them what guards you may, in the shape of commissioners, inspectors, or whatever else, peculiar to the system, and the mischief will be endless. There is no security in it, and it will involve heavy and unnecessary expense. The chief and overruling objection, however, is the endless source of patronage to which it would give rise. Make the machinery as simple as you may, and open to view, wherever money is, temptation will creep in, and corruption in every form following at its heels. But the money can be safely kept, under the most ample security, and freed from every source of special deposits in political influence, by a simple system of exchange of patronage between the State banks—remaining always in specie, the separate property of the Government, and paid out in kind upon drafts from the Treasury.

I have thus, sir, stated my objections candidly and fairly to this bill. They go more to its peculiar machinery, and to the time at which it is brought forward, than to its general scope, as a measure of State policy in the subject which it is intended to effect. There is no sufficient reason, as I have already declared, satisfactory to my mind at least, why it should be passed now, at the close of a short and hurried session. And I take leave of it, therefore, in the confident hope that this great subject of the relations between bank and State will, at a future day, be presented in such form as will unite those counsels which are now so unhappily divided.

## REMARKS OF MR. RENCHER, OF NORTH CAROLINA.

In the House of Representatives, September 26, 1837.—On the bill to postpone the payment to the States of the fourth instalment of the surplus revenue.

MR. RENCHER said he did not feel as the gentleman from Virginia, (Mr. RICE,) who had just taken his seat, animated with the hope of being able to throw additional light upon the subject now under consideration, but he could not forbear expressing briefly the reasons which induced him to vote against the bill. In doing so, (said Mr. R.) I will not follow the example so repeatedly set me, of wandering into the discussion of other matters, but shall confine myself strictly to the bill now before the committee. I am called upon to surrender up a large amount of money set apart by a former act of Congress for the use of the people I represent. Before I can do so, I must be thoroughly satisfied that it is necessary for the wants of this Government; and, satisfied of that, I should not hesitate to do it, notwithstanding the deposit law. That law was passed for the benefit of the States, and I do not concur with many of my

friends that it created such a contract between the States and this Government as to make it legally binding on us to pay over this money, or incur the charge of violated public faith. But we all concur in this: that the deposit law of 1836, authorizing the distribution of a large amount of public money, created a reasonable expectation on the part of the States that it would be done, unless we were prevented by the necessary wants of the Government. That necessity does not exist; and this bill is not to relieve this Government, but to re-attach to it a large amount of surplus revenue, and to swell again that patronage and power of which it was deprived by the deposit law. It is not the Government, but the party now in power that cannot get along without the political influence of this public money; and I have been struck with the remarkable fact that those gentlemen who have shown most zeal in favor of recalling the fourth instalment were originally opposed to the deposit law. They were then unwilling that the Federal Government should be deprived of this large amount of public patronage, and are now most anxious, under various pretences, to recall it. The deposit law, which has been so much abused, was a most salutary measure: like the quality of mercy, it has blessed both the giver and receiver. While it has cut off from this Government much of its corrupt and dangerous patronage, it has and will enable the States to scatter blessings among their people. Where, let me ask, but for this deposit law, would now be the who's amount of the surplus revenue distributed under that law? Locked up in your broken pot banks, and put down in the Treasury report as unavailable funds.

Permit me now, Mr. Chairman, to call your attention to a brief statement of the financial condition of the Treasury. I will not trouble the committee with a detailed statement in figures. I am willing to take the report of the Secretary of the Treasury himself, the statement made by the gentleman from New York at the head of the Committee of Ways and Means, (Mr. Cambreleng,) or the more elaborate calculations made by the gentleman from Virginia, (Mr. Jones.) These results differ a little, but none of them make the deficiency in the Treasury at the end of the present year to exceed seven millions of dollars.

The report of the Secretary states that, on the 1st of January, 1837, there was set apart, of surplus money in the Treasury, to be distributed under the deposit law, \$37,468,859, including the \$9,367,214, which it is now proposed to recall, and leaving still in the Treasury, on the 1st of January, 1837, \$6,670,137. This balance, with the revenue already received and estimated for the present year, makes an aggregate of \$27,457,319. The appropriations for the same period amount to \$34,733,584. Now, suppose the Administration could expend the whole of the appropriations, which I believe perfectly impossible—prodigal and extravagant as I know them to be, I do not believe it can be done—still, however, there would be a deficiency in the revenue, at the end of the year, of only \$5,276,565. To this add two millions more for the Florida war and the extra session of Congress, and it would make the deficit \$7,276,567. This is the extent of the deficiency; and how, let me ask, are we called on to supply it? What means are we required to place at the disposal of the Administration to meet it? In the first place, we are to give up this fourth instalment, set apart for the benefit of the States, and, in the next place, to authorize the Secretary of the Treasury to issue Treasury notes for twelve millions of dollars, amounting, in all, to \$21,367,214! This immense sum is to be placed at the disposal of the Administration, to meet a deficiency of little more than seven millions! Will the people sustain us in such prodigality? Ought they to do it? We have been called together at a period of unusual disaster; our constituents are ground to the dust by the pressure and embarrassment of the times; and yet we are about to appropriate of their money, and create a debt for them to pay, three times as much as is called for by the real wants of the Government! This sum is double as much as is asked for by the Secretary of the Treasury. Liberal as he is in his demands upon the Treasury, he has not ventured to ask us for more than ten millions. We have been but recently rebuked from high places for granting larger supplies than asked for by the Administration, and shall we, in the very teeth of that rebuke, repeat the offence?

I have spoken, Mr. Chairman, of the bill upon your table, authorizing the Secretary of the Treasury to issue twelve millions of Treasury notes, thereby creating a national debt to that amount. That bill will become a law. Whether you postpone the fourth instalment or not, we must create a national debt to that amount; and gentlemen who have advocated the bill before you on the ground that, unless it pass, you must issue Treasury notes, well know that we shall be forced into the adoption of that measure at all events. And, much as I deprecate a national debt, and opposed as I am to the mal-administration of those in power, I shall feel it due to my country to provide ways and means to enable the Government to discharge its just obligations to the people.

You are urged to recall upwards of nine millions of dollars from the States to meet a deficiency in the revenue of something more than seven; and, as soon as you do so, you will be immediately told that this money due the States is locked up in broken banks, and cannot be made available to the Government, and you must therefore pass the Treasury note bill to meet the wants of the Government. Such has been the action in the other branch of the Legislature, and such will be the action here.

And now, sir, let us inquire what amount of public money is asked for during the first year of President Van Buren's administration. The receipts into the Treasury have been stated at \$27,457,319. The bill before you proposes to recall from the States upwards of nine millions of dollars, and the other bill upon your table, authorizing the Secretary to create a public debt, by the issue of Treasury notes, for twelve millions more, making an aggregate of \$48,824,833! These are stupendous facts, which cannot be denied. In the very first year of this Administration, professing exclusive attachment for the people, we are asked for upwards of forty-eight millions of dollars for its support. The gentleman from Massachusetts, (Mr. Adams,) was on port. The gentleman from Massachusetts, charged with prodigality at the head of the Government, was charged with public money and extravagance in the expenditure of public money; and upon that charge was driven from office that Administration, during its but, be it remembered that it expended but little more than the whole term of four years, the first year of this Administration. The sum asked for during the first year of this Administration. Is this the retrenchment and reform promised to the people?

I know it will be said, in reply to this statement, and said with truth, that much of the money due the States under the fourth instalment is deposited in State banks having suspended specie payment, and cannot, therefore, be made available to

this Government. But this, to my mind, constitutes a strong argument against this bill. The whole amount may be made available to the States. No State in the Union could refuse to take the notes of its own banks in payment of its distributive share of the fourth instalment. For myself, I would scorn to ask any other paymaster than the banks of my own State. When the banks of a State held more upon deposit than the distributive share of that State, those banks could pay that excess to other States, whose banks did not hold upon deposit an amount equal to the distributive shares of those States. In this way, the operation might be made favorable to the banks, the States, and the people. It may be said that the banks having an excess would not be able to pass this excess to a sister State. How, then, let me ask, would they be able to pay the whole amount to this Government, demanded, as it would be, in specie, if you pass this bill? If unable to pay a part, they would be less able to pay the whole; and if the whole were demanded of the banks, what would be its effect upon the people? A sudden contraction by the banks would be the inevitable consequence. They would be compelled to call in their debts; and, instead of relieving the people, for which we have been invoked, we should but augment their sufferings, and aid in their bankruptcy and ruin.

Mr. R. argued at length in favor of allowing the fourth instalment to be paid to the States by the deposit banks, and of authorizing the temporary issue of Treasury notes for the immediate relief of the Government. Why (said Mr. R.) are we called on to adopt any measure of relief at this time? It is because you are compelled to postpone the collection of custom-house bonds till another year, and because the channels of revenue from the public domain have been blocked up by your specie circular. If no more mail experiment be performed upon our currency, we may expect better times; worse they cannot be. Commerce will again revive, and the specie circular repealed. The revenue from the public lands will again swell your Treasury. To this may be added a large amount of custom-house bonds postponed for collection till the next year. The revenue, therefore, for the next year, must be large, and will enable the Administration, in a year or two, at furthest, to pay off these Treasury notes without recalling any part of the money distributed among the States. All that is wanting is the practice of more economy in our expenditures, and I trust we are prepared to do it. Let us not preach economy to the people, while we practice prodigality towards the Government.

And now, Mr. Chairman, I have a word or two to address to my Southern friends on this subject. You and I come from a quarter of the Union who have always received a stipend's portion of the favors of this Government. In the scramble, therefore, carried on for the public money, the South has always stood aloof, because she believed many of the expenditures unauthorized by the Constitution. Under the deposit law, however, we are entitled to our proportionable share of the surplus revenue, and, for once, I am determined to hold on to it. The bill, it is true, purports to be a postponement of the fourth instalment; but the gentleman from Maine (Mr. Smith), with his accustomed frankness, tells you in his friends' intent it to be a repeal. Pass that bill, and the fourth instalment is gone from you, and you will never recover it. The public Treasury may again become full to overflowing, but no part of it will ever be applied to return to the States this equitable apportionment. It will be squandered as it has heretofore been squandered, in unequal, extravagant, and unauthorized expenditures, upon splendid edifices, new fortifications unequalled by the public service, light-houses, creeks, harbors, and exploring expeditions. What, sir, has been the history of this Government for the last four or five years, but one of the most wanton profligacy? The friends of the Administration are responsible to the country for these extravagant and unauthorized uses of the public money. They have a decided majority in both branches of Congress, and were, therefore, able at all times to check this extravagance. Look at the expedition which they are now fitting out at great expense for the purposes of exploration and scientific research. At a time when the Government is said to be bankrupt, and we are called upon to create a national debt to meet its wants, and while every breeze which has blown for the last four months from the North and the South has brought complaints of unexampled distress among the people, this Administration has been expending millions for the purposes of research and discovery! The gentleman from Massachusetts, (Mr. Adams), when at the head of the Government, in his great zeal for science and internal improvement, in his annual message to Congress, says:

"In inviting the attention of Congress to the subject of internal improvement upon a view thus enlarged, it is not my design to recommend the equipment of an expedition for circumnavigating the globe for purposes of scientific research and inquiry. We have objects of more useful inquiry nearer home, and to which our cares may be more beneficially applied."

What the gentleman from Massachusetts considered too extravagant for his purposes, this Administration is carrying out to the very letter. Let us reform these abuses, reduce our expenditures, and bring back the Government to its ancient republican simplicity. This is the relief which the people have a right to expect at our hands.

I have but one word more, and I am done. Frequent allusion has been made in the course of this debate to the financial system recommended for our adoption in the Message of the President. He admits that the experiment performed by his illustrious predecessor, of making the State banks the fiscal agents of the Government, has signally failed. The failure has brought disaster upon the country, and we are now invited to another experiment upon the liberties of the people, by establishing a Government bank; for this Sub-Treasury system is nothing more nor less than a Government bank, for the exclusive benefit of the Government and its officers. It may furnish them with a sound metallic currency, but it will inevitably leave for the people nothing but the paper currency, commonly called "rag money." It will add to the Executive Department still more dangerous and alarming powers, and place at the will and disposal of the President a thousand more Executive officers armed with the whole revenue of the country! Sir, I trust we are to have no such experiments. The people of this country are sick even unto death, both of experiments and experimenters. Lacerated and bleeding at every pore, they tremble at the thought of being again placed under an exhausted receiver, to be operated upon by political quacks. Afflicted as they are, and afflicted as they have been by those in power, they yet prefer to

"Bear those ills they have Than fly to others that they know not of."

## SPEECH OF MR. SIBLEY, OF NEW YORK,

In the House of Representatives, September 22, 1837.—

The bill to postpone the fourth instalment of the payment to the States being under consideration.

MR. SIBLEY of New York, said: Mr. Chairman: If, on presenting myself to the committee upon the present occasion, I should say that they who sent me here were directly and deeply interested in the question now under consideration, I should but put forth a common yet a sufficient apology for detaining the committee by such remarks as I should offer. If to this I add the expression of my deep conviction, that the decision of this question involves the faith and honor of the Federal Government, for good or for evil, I shall perhaps have said enough to justify the most humble member of this body in contributing to the prolongation of a debate which has already occupied the committee so many days.

In what he had to say upon this question, he would confine himself, Mr. Sibley remarked, as strictly as possible, to the subject immediately before the committee. It was his intention to avoid all agitation of the exciting political topics which characterize the party divisions of the day, and which, suitable as they may be for discussion elsewhere, do not come properly within the range of the question now before the committee.

And he remarked that he had yet another conciliatory assurance to make in the commencement of his remarks. It was not his intention to invite the committee to thread again that worse than Cretan labyrinth, as it seemed to be viewed by some minds, the Treasury report. After so many honorable gentlemen had tried every possible process of dissimulation by which they might have hoped to extract the true spirit of that document, Mr. Sumner said he certainly could not pretend to an acquaintance with any financial alchemy, by which its supposed meaning could be precipitated. So far from this was the fact, he found himself constrained to make a confession, which might, perhaps, seem a humiliating one, that he was among that large and unfortunate class, composed alike of the political friends and opponents of the Secretary, who had been free to avow their inability to understand that report. True was it that he had tasked the best powers of his mind, and applied much patient and anxious study to the document, and yet, like most other gentlemen on that floor, he remained in painful and perplexing doubt whether he accurately comprehended the meaning of its author, or understood the actual condition of the public Treasury. For himself, he would not say—it did not become him to say—that this was the fault of the Secretary. This he could hardly do, after the high and unqualified eulogium pronounced upon that functionary by the honorable member from New Hampshire (Mr. Atherton.) That gentleman, in his speech of yesterday, had exhibited the honorable Secretary of the Treasury, before he left his native State, as the very focus of all learning, forensic, judicial, and political. Having thus concentrated all oriental light, and then removed it from its candlestick in the east to this Capitol, Mr. S. was surprised to hear that nothing remained behind save those *ignis fatui*, which the honorable gentleman assured us had recently beguiled the good people of that benighted region from the "true democratic course."

In view of all this, Mr. Sibley said he had not left him the poor consolation of being able to attribute the obscurities in which his own mind had been involved by the report, to any want of illumination at its source. He would not say that no light shone through the pages of that document, but he must be permitted to remark that, if such light there was, "the darkness comprehendeth it not."

Mr. S. went on to say, that much industrious ability had been displayed by gentlemen who had preceded him in attempts to illustrate a document which ought to be so plain that "the who runs may read." The gratitude of the committee was certainly due—his own was cheerfully tendered—to those distinguished members, for their efforts to disentangle the committee from the perplexities thrown around them; and yet, sir, (he remarked,) notwithstanding the toil and talent which have been lavished in all those calculations, and in the formation of those statistical tables, by way of elucidation of the report, that document seems absolutely to mock investigation; and we, sir, remain much in the condition of those metaphysicians whom Milton has so graphically described as ever reasoning on, "Finding no end—in wandering mazes lost."

It had occurred to Mr. S. in the course of the debate, as quite possible that the curiosity which impels highly gifted and inquisitive minds to pursue with eagerness deep and mysterious subjects, may have led some gentlemen to overlook the more obvious and important questions for our decision, in their search after the obscure and less essential.

This question had been treated as if the Federal Government were alone interested in a just decision; and the inquiry had been chiefly confined to its means and convenience. Gentlemen seemed to have overlooked the important fact that there were other parties not represented here, who have a deep stake in this matter—the sovereign States of this Union.

Sir, (continued Mr. S.) what questions naturally arise in the mind of every honorable and ingenious man, who is called to act upon the rights and interests of others? The first great question always, or always should be, what are the relative obligations and duties of the respective parties, and how will the proposed measure comport with good faith and fair dealing? Duties and responsibilities being ascertained, means and convenience are made to conform to them. But, instead of adopting this rule of conduct, are we not setting ourselves to the task of proving that it is not convenient to do what is required of us, and thus naturally and imperceptibly gliding into the conviction that we are not bound to do it? States and nations are theoretically supposed to be exemplars of the highest systems of moral justice. And does it become them, in their intercourse with each other, to adopt a lower standard of action than that maintained by individuals in carrying on the general business of life?

Mr. S. insisted that the first and great question for the House to decide, as a co-ordinate branch of the Federal Government, was this: What are the obligations resting upon Congress, in the relation which it holds to the several States, for the payment of the fourth instalment, under the deposit act of 1836? Has our past action raised just and reasonable expectations on the part of the States that this money would be paid; and have those expectations led to important arrangements by the States, deeply and seriously affecting the interests of the people? If so, then have obligations and duties been imposed upon us

which could not be disregarded without violating the faith of the Federal Government, and fixing a stain upon the national honor. That our position in this matter might be clearly seen, it would only be necessary to recur to the law of Congress for regulating the deposits of the public money, passed on the 23d of June, 1836, and to the action of that statute, consequent upon that law. By the 13th section of that statute, Congress declared that all the money which should be in the Treasury of the United States on the 1st of January, 1837, (reserving the sum of \$5,000,000,) should be deposited with such of the States (in proportion to their representation) as would agree to receive the same, and pledge its faith for the safe keeping and repayment of the money, in instalments not exceeding thirty thousand dollars per month, upon thirty days' previous notice. The sum being in the Treasury on that day was directed and required by the law to be so deposited, in four equal instalments, on the first days of January, April, July, and October, 1837.

Under this law it became the duty of the Secretary to ascertain the amount of money in the Treasury on the 1st day of July, 1837, and to communicate that amount, together with the law which appropriated and fixed the destination of the money, to the several States, as an entire proposition for their acceptance or rejection. This duty was performed by that officer, as appears by a communication made by him to Congress in January, 1837, in which he says: "I seize the earliest occasion to inform Congress of the measures adopted by this Department since the 1st instant, in compliance with the 13th section of the act regulating the deposits of the public money."

"The balance in the Treasury on that day, which was subject to be apportioned among the several States, has, on the principles of the act, as construed by the Attorney General, and explained in my last annual report, been ascertained to be \$37,468,889 97."

"The division of this money in detail among the several States may be seen in the document annexed, (marked A.)"

That document, continued Mr. S. shows the distributive portion accruing to my own State (New York) to be \$5,352,694 28.

It had been said, by the friends of this bill, that the law of June, 1836, did not propose to deposit a sum certain. The maxim that that is certain which may be rendered certain, is a sufficient answer to such an objection. Besides, the sum designated by the law was actually rendered certain in the manner contemplated by the act, as appears by the statement of the officer charged with that duty.

The proposition, then, made by the Federal Government on the one part to the Government of the State of New York (equally independent, and as competent to contract) of the other part, was, in substance, this: We agree to deposit with you, for your use, the sum of \$5,352,694 28, in quarter-yearly instalments, if you will agree to receive that sum and safely to keep and repay it, when duly demanded, by instalments not exceeding thirty thousand dollars each, upon thirty days' previous notice for each instalment.

What was the response of New York to this proposition? Did she say that she would receive, safely keep, and return any fractional part of the stipulated sum—as one-half, or three-fourths? No, sir! (said Mr. S.) She accepted your proposition, and your whole proposition, in all its parts and proportions. You tendered her an entire contract, the essence of which were, the amount to be deposited, the times of deposit, and the terms and conditions of re-payment. She closed with you upon that contract, in all its length and breadth, and has never assented to change or modification. In January, '37, the Senate and Assembly of that State, representing its sovereignty, "struck hands" with this Federal Government, and pledged, in solemn form, its faith, and the honor of its people, for the performance of those terms, which, being accepted, drew after them reciprocal obligations of faith and duty on your part. Did New York place reliance upon that faith? Judge of her confidence by her conduct. Mindful of your interests, and her own obligations, she made prompt provision by law for the safe investment of every dollar of the money you had so proffered for her acceptance.

In full reliance on your fidelity to engagements, she apportioned the entire sum among her people, and sent out her loan officers into the several counties to pay over the amount actually received, and to issue authorized and official certificates for the payment of the balance. These officers have performed their duty. They have lent the whole five millions, and for the security of its re-payment have taken bonds and mortgages. And while we are here debating whether this last instalment (amounting to nearly a million and a half of dollars, appropriated to the State of New York by the act of 1836, and actually in the Treasury of the United States last January,) be now any where in existence, the mortgages of the landholders of that great State are duly executed and recorded, for securing the "safe-keeping and employment" of that identical money, according to the terms and conditions of your contract!

There exists, then, (continued Mr. S.) a contract, compact, or agreement—call it what you will—deliberately formed between independent sovereigns, under all the sanctions and solemnities used and approved by the high contracting parties, each of which has entered upon the execution of the contract, and assumed all the liabilities contemplated by it. It is now proposed by one party to this agreement, without the consent of the other, to set at naught some of its essential provisions. This, it is urged, may be lawfully done, because our engagements are not upheld by a valid consideration; and the genius of the old common law is invoked and thrust between this Government and its just accountabilities. Sir, it will be time enough for the Federal Government to seek refuge behind the narrow and technical rules of the common law when she acknowledges its jurisdiction over her, and consents to become a party litigant before our judicial tribunals, and yields obedience to their mandates. But while she stands aloof from all these, a law unto herself and a fountain of law unto others, it does not become her to entrench herself behind the defences of a system to which she does not acknowledge subjection.

But the duty enforced upon the opponents of the bill now before the committee, the duty, namely, of arguing the question involved in this debate, as if in a court of common law, must, Mr. S. presumed, be performed, whether humiliating or not. This difficulty of a want of consideration had been thrown as a stumbling-block in the path of the committee, and it should be his purpose to remove it, if possible. That there may not be any misapprehension about the import of terms, it might be proper in the first place to inquire what is meant by "want of consideration?" What is that essential element of a contract, the presence of which is necessary to give it vitality? It is presumed that the word is not used by gentlemen supporting the bill in its



broader and more general signification, as the inducement or motive of human action, but in its strict technical sense, as the pecuniary advantage requisite to the legal validity of a contract, as contradistinguished from a nude pact. To illustrate the meaning of the term, in this application of it, Mr. S. would not quote himself, but would resort to the unequivocal and authoritative language of the highest judicial tribunal.

[Here Mr. S. read authorities, showing that, if the performance of an agreement between two parties might involve hazard, service, or expenditure, to one party, and pecuniary advantage to the other, such agreement contained a valid legal consideration; the slightest degree of pecuniary advantage being sufficient to create such consideration.]

Mr. S. then proceeded. Applying these plain principles to the arrangement which was entered into between the General Government and the States, can any one fail to perceive that it contained all the attributes of a strictly legal and technical contract? What were the facts? The Federal Government found itself the owner of an immense surplus, scattered among innumerable local banks, of limited capitals, and some perhaps of doubtful responsibility. These corporations, prompted by the semi-authoritative encouragement of the late Secretary of the Treasury, and stimulated by the desire of gain, were flooding the country with issues, and bloating it with a seeming prosperity. In this state of things it was deemed wise and prudent (and so it undoubtedly was) to withdraw our immense revenues from these questionable depositories, and place them where they would be safely and securely kept and returned, when wanted, upon the prescribed terms. Sir, did not this condition of things present the strongest possible inducements for the new arrangement? Is not the safe-keeping and prompt return of your immense treasures a direct pecuniary advantage to this Government? Let the groans which have issued from the "white house" and from the head of your financial department—let the bills which burden your table, and the scenes in which we are now now engaged answer the question. Sir, had your revenues been deposited as they were collected with the States, instead of being poured into the laps of your "pets," to be by them distributed in largesses to their pets, we should have been spared this black list of millions upon millions of "unavailable funds," a list, it may be remarked, which would have been vastly augmented but for that very law which we now hear stigmatized as a nude pact.

Such were some of the pecuniary advantages which, according to Mr. S. the Government had derived from her participation in this contract. But, continued he, turn to the States: Take New York, for example. Did she not encounter pecuniary "hazards" when she assumed the responsibility of the "safe keeping and repayment" of upwards of five millions of your money? Are you quite sure that she will sustain no loss when the time comes for gathering in and paying back this immense sum? Did not New York perform a valuable "service" to this Government when she took upon herself the duty of safely investing so large a share of your surplus revenue? And has she not already made large "expenditures" in performing this service—in legislation, the payment of officers, investigating titles, recording securities, and in various other forms which cannot be estimated? I would not be surprised, sir, were the aggregate expense to the Government and people of my State, consequent upon the execution of their part of this contract, to amount to \$200,000. And it should be observed that no additional charges of this nature would be required upon the payment of the money now proposed to be withheld, the investment of it having always been made, so that, so far as New York is concerned, beneficial uses could alone flow from the payment of the instalment now due.

Mr. S. had dwelt at such length upon this dry subject, with the hope (a presumptuous one, he feared) of disembarassing the subsequent debates upon the bill of a needless difficulty which had hitherto greatly encumbered and retarded their progress.

He (Mr. S.) would task the patience of the committee while he attempted to convert some other positions assumed by the friends of the bill, which seemed to him equally untenable with that already considered.

It is insisted by gentlemen (said Mr. S.) who do not seem quite prepared to regard the engagement of this Government as an absolute nullity, that the bill only proposes to effect in one way what, by the express terms of the contract, might be done in another. "If," say these gentlemen, "we can withdraw the money actually deposited with the States, why may we not withhold that which remains in our hands? It cannot make any difference with the States, and they can have no objection." If he (Mr. S.) had succeeded in proving the binding force of the contract, then even strict constructionists must see that they had no more power to alter or modify, than to revoke or rescind, an entire contract, without the consent of all the parties in interest. Was the sovereignty of the State of New York represented on this floor, and consenting to this course, no objection would then exist to the proposed new arrangement. But no right appertains to the representatives of portions of that State, in this House, to negotiate for a new bargain. They did not come here clothed with that power. It belongs to the Legislature of the State of New York, in Senate and Assembly convened, to whom alone it is delegated.

But the proposed change is not by any means immaterial to the People of that State. True, Congress may recall the money deposited, but how? Look at your statute! Thirty thousand dollars is the utmost that can be withdrawn in thirty days. If the bill on the table becomes a law, upwards of \$1,300,000 are withheld. Now, pay over that sum, then withdraw all the law permits, and, by the interest on the balance, a calculation might be made of the immateriality of this measure to his constituents. Besides, what security have they that as soon as you have determined to withhold what is due to them, the pressing necessities of this Government may not impose upon it the painful duty of recalling a portion of the deposits? Mr. S. had no confidence—he could not have any confidence—that an Administration, whose appetite for money had not been gorged upon forty millions a year, would stay its hand until it had clutched every dollar within its reach.

He called the attention of the committee to the condition of the country—to the fact that contracts had been made between the States and their people; between citizen and citizen; that public works had been undertaken, laborers employed, systems of improvement and education undertaken or expanded, and the manifold affairs of men arranged upon the basis of the deposit law. Was it wise or just? Was it not cruel and perfidious to throw derangement, disappointment, and confusion, into all those relations of society? The country was stag-

gering under revolutions. Ought it to be stricken again, without allowing it time to rally and stand erect?

It had been said that none of these disappointments, or derangements, could reach the people of New York, because their expectations were to be met from their own treasury.

It was true that the financial head of that Government had resolved, during the recess of the Legislature—as if the passage of this bill had been predetermined—to put forth its resources in such an emergency. But, what funds does that officer propose to substitute for the money which the Federal Government had engaged to deposit in his hands? The revenues of the Erie and Champlain canals, of course. These are the ready resort in all cases when money is wanted for any purpose. Those funds ought to be dedicated, he could almost say consecrated, to the perfection of that system of internal improvement, devised for New York by her immortal statesman, and prosecuted by the energies of her people, until it had placed that State upon the proud eminence she holds among her sisters of the Republic. In a certain contingency, not unlikely to happen, these funds might be required to complete the enlargement of the Erie canal; a work already begun, and in the rapid completion of which western New York, particularly, had a deep interest. The sooner that work was done the sooner would the prices of transportation upon it be reduced; and as the cost of transportation was chiefly borne by the producer, every farmer throughout the extended region which sends its productions to the seaboard, upon that great channel of trade, had a direct interest in the question here pending.

The friends of the New York canals would never have consented, upon the direct proposition, to the distribution of nearly a million and a half of her canal funds, amongst all the towns in that State; and they cannot, consistently, vote for a bill which must, if it becomes a law, produce the same result.

That money, if it shall be required for the purposes of the canals, can only be recalled by a vote of the Representatives from all parts of the State. When that question arises, antagonist interests may come along with it, and the restoration of the money, so scattered throughout the State, might encounter serious, if not successful, resistance. In the latter event, the deficiency could only be supplied by continuing, or increasing, the high tolls of the Erie canal.

Mr. S. represented a district almost exclusively agricultural, bordering upon the Erie canal; and it was his forecast of the possible consequences of this measure upon interests confided, in some degree, to his care, that had overcome an almost invincible reluctance to throw himself upon the indulgence of the committee.

He would not grope in the thick darkness of the report of the Secretary of the Treasury find out by it whether he had the funds to pay the fourth instalment. These funds were in the Treasury on the first day of January last, for we had his official statement of the fact. Being in the Treasury, they were solemnly set apart and appropriated to the States by Congress, and it could not be admitted that they had been applied to other uses without implying maladministration in that Department.

But, if your engagements cannot be otherwise fulfilled, suppose you retrench some of your enormous and useless expenditures, and cut down the extravagant salaries of some of your officers? Such a course, whilst it preserved your honor untarnished, would be one step, at least, towards that system of "retrenchment and reform" so loudly vaunted by the late Administration, and would harmonize with those lessons of economy so gravely read to the people by the Executive head of this. Duty and consistency unite in demanding that this Government should begin to give the sanction of its example to its precepts. It had dealt out quite enough paper currency of that sort; and it was high time that the promises were redeemed in the precious metals.

Mr. S. concluded by repeating his conviction that the bill could not pass without a violation of plighted faith, and that the Federal Government was bound to fulfil its engagements to the States, not only by the stern rules of the common law, but by the higher precepts of moral equity and the immutable principles of justice.

## SPEECH OF MR. JOHNSON, OF MARYLAND,

In the House of Representatives, October 12, 1837.—The bill imposing additional duties, as depositories in certain cases, on public officers, being under consideration.

After Mr. POPE, of Kentucky, who had addressed the Chair, had taken his seat, and had yielded, being exhausted, to Mr. WM. COST JOHNSON, of Maryland,

MR. JOHNSON rose and addressed the committee as follows: Mr. Chairman, I return to the honorable member from Kentucky (Mr. Pope) my thanks for yielding the floor to me before he has completed his remarks. After having spoken for four hours, his physical energies have yielded before the rich abundance of his mind is exhausted on this interesting question. I feel (said Mr. J.) how perilous my situation is in attempting to follow the learned and distinguished member who has just taken his seat. At this late hour, too, when the committee have been so long in session, I am strongly apprehensive that I may not compensate them for any portion of their attention. I must, therefore, throw myself upon their magnanimity. But before I enter upon the subject under discussion, I feel it a duty which I owe to myself and to others, to give a passing notice to an observation which fell from the honorable member who last addressed the committee.

The honorable member remarked, in the course of his observations, in substance, that the friends of the Administration, or some of them, had said that the Opposition had, a few years ago, made charges against the Post Office Department, and, among others, his friend, the late Postmaster General; and that the Administration sacrificed some of the members of that Department (at least the chief clerk) to the avenging deity of the relentless Opposition. I do not for one moment suppose (said Mr. J.) that the honorable gentleman purposed any personal application of his remarks to any particular member of the Opposition, but spoke of the Opposition as a party. But having been a member of the twenty-third Congress, when the administration of the Post Office Department was made a subject of special examination, and the report upon that examination was submitted to this House, I felt it my duty to take an humble part in a debate in this hall in relation to the abuses committed in that Department. And my name having been

thrown before the public in connection with that discussion, and with a collision with the late Postmaster General and his son, I feel warranted in now alluding to it, from what has been said, and in giving an explanation which circumstances at the time rendered it impossible for me to do.

When a bill was under discussion in this House giving, as I thought, increased patronage to that Department, I took occasion to oppose its passage, and to animadvert upon the corrupt practices which were proved to exist in it. A spirit of intimidation then still lingered in this hall, and clearly manifested itself, I thought, on the night of that discussion; for, during that session, a member had been waylaid on the street and attacked for words spoken in debate; and but shortly before, other members had been beset and assaulted. I saw, or thought I saw, that there were members willing to place themselves between the officers of Government and the members of this House, who wished to scrutinize their official conduct. I was soon left alone on one side in that exciting discussion, and, fancying I saw its result in advance, took the distinct ground, when dangers were spoken but none used, that I was willing and ready to hold myself responsible to any member of this House, or to any officer of Government, who might imagine himself aggrieved by my strictures. That was the position I assumed—perhaps rashly—but still it was the position. The next morning, in this Capitol, and before I entered this hall, I received a laconic note from the Postmaster General, by a gentleman whom I had never seen before, but whose bearing convinced me that he was a gentleman. There was no threat written in it, but, from its peculiar brevity, I regarded it as a threat; so did two honorable gentlemen of this House to whom I submitted it. I felt it to be my duty to give it a very short answer. Soon after, I received a challenge from the son of the Postmaster General—a gentleman whom I have never seen in my life. I accepted it. By the advice, I apprehend, of others, it was withdrawn. Rumor reached my ear that I was to receive some two or three more, and was to be caned by I know not how many. Under such circumstances, I would neither explain, nor authorize any friend to explain in my name, as an honorable friend in this hall will well remember. The system of interrogatories I dislike at best; but, according to my sense of propriety, I can never bring myself to answer them when they are blended with even the shadow of a threat.

But now that the late Postmaster General is no more, and the restraining circumstances of the affair passed away, I embrace the opportunity which the remarks of the honorable member have afforded me, to say, in my place, that I never designed to charge the Postmaster General with peculation, though I was unwilling to except him from the charge (of which I had proof enough to convince my judgment) that it did exist at that time in the Department. I deem it due to myself, due to those whom he has left behind him, his relations and friends—and the honorable member as one of those friends—to say, that I had no proof that he was corrupt, nor do I believe that he was a corrupt man, in the moral or legal sense of the term. The most that I meant to say was, that when corruption was proved to exist in a department, the censure should fall with the heaviest force upon the head of that department, if he did not suspend the guilty subordinate.

But I dismiss this subject, now and finally, and will attempt to approach that immediately under debate.

Mr. Chairman, (said Mr. J.) when Sir Walter Scott was asked why it was that he had not written the Life of the Emperor Napoleon in one instead of three volumes, he answered, because he had not time! And if I should trespass upon the kind indulgence of the committee a little longer than it may think judicious, I beg the committee to receive in advance, as my apology, that I have not had time to investigate, in all its bearings, the important subject before us, and to arrange my reflections in perspicuous brevity, which is the best proof I know of a familiar knowledge of a subject.

Day and night have we been occupied in this hall, for weeks past, without hardly taking respite for sleep, in investigating the important bills which have been crowded upon our attention; with not even time to eat with comfort, and with scarcely a spare hour to read the budgets daily placed on our desks, or to spend in examining books of knowledge, or be occupied in quiet reflection.

The experienced debaters, and the learned members of this House, may easily surmount such obstacles; but the humble member who claims your indulgence feels them with the strongest and almost overpowering force. Notwithstanding such embarrassing considerations, I am unwilling to give a silent vote on the bill before the committee, but will assent, as briefly as I can, the reasons why I shall give a negative voice.

We have been assembled, Mr. Chairman, in extraordinary session, and have already acted on some extraordinary bills. But the most extraordinary ever presented to the consideration of this House, with an earnest and specious hope of being received with favor, is the bill now under debate. A bill of no less a nature, in my judgment, than one calculated, if passed, to obliterate some of the brightest features in our Constitution; to annul in its operation almost all the statutes which so carefully guard the mode of receiving and disbursing the public revenue. In one word, a bill to take from the representatives of the people all supervision and control of the public moneys, and to place in the Executive hand, which now has control over the Army and the Navy, the appointment of an almost illimitable number of public officers, and the command of the militia when in the actual service of the United States—to place in the same hand, to receive and to pay out, without scarcely a check or restraint, all the public money of the nation.

The request from the Executive to be possessed of such delicate and enormous power greatly surprised me; to find the representatives of sovereign States tamely acquiescing, completely astonished me; to find it advocated on this floor by some of the representatives of the people, who, under the Constitution, are the purse-creating and the purse holding power, has awakened into alarm every hidden apprehension of my mind.

What proofs of superior knowledge and superior usefulness has the Executive given, to warrant a surrender of power to its discretion? Has it shown, from the prudent exercise of powers delegated to it by the Constitution and the laws, that, to promote the interest of the nation, its powers should be amplified and new authorities delegated? That, to promote the interest of the people, you must abandon your trust and your duty, and give almost unlimited discretion to the Executive will? That the Executive will better administer your duties than the conjoint wisdom of the Representatives of the people? Or does the President even place his request upon the pretext that, by your surrendering into his hands all control over the money of the people, it will give them relief in their present distress, and



25th CONG...1st Sess.

Making public officers depositories—Mr. Johnson.

H. of Reps.

equalize the exchanges and currency of the country? Even this plausible argument is not offered, but is distinctly repudiated in the Executive Message. No argument of this sort is offered; and yet you are asked to make the surrender simply to gratify the Executive pleasure. But, Mr. Chairman, I would not care how strong the reasons might be that could be assigned; if they were ten times as strong as any I could imagine, I never can be guilty of violating, by voting for such a measure, the whole genius and spirit of the Constitution—the essence of every republican Constitution in every representative Government. So far from the Executive exhibiting superior sagacity and prudence in regulating the financial operations of the Government, it has shown itself most conspicuously inefficient to discharge the duties required by the existing laws, and those which it has assumed, in violation of both law and usage. I have not even a shadow of doubt in my mind, that all the embarrassments in our country, in the currency, and in business of every kind, are in a chief degree chargeable to the Executive of the last four years.

To justify this allegation, I am constrained to allude briefly to the past, but shall take only a rapid glance at circumstances that have transpired, as that ground has been most ably occupied by members who have preceded me in this debate. When, Mr. Chairman, did any country present as great a degree of prosperity as this nation did at the time that General Jackson commenced his unrelenting hostility to the late Bank of the United States? What country on earth possessed a better currency than this did at that time? What country afforded such a reduced rate of exchanges? Where was labor better rewarded? Where was industry better recompensed? Search the inhabitable globe for a parallel, and you will search in vain. Where was an institution better organized and conducted, and its paper more readily received in every part of the United States, if not in every part of the world, by people of every pursuit, from the centre to the remotest borders of the Union, than the paper of the Bank of the United States? It had realized more than had been predicted by its most ardent advocates in 1816. It had been chiefly instrumental in effecting and maintaining, for nearly twenty years, what I regard to be the great desideratum, in a country where agriculture, planting, manufactures, and commerce lean upon and support each other—a convertible paper currency—bank paper converted at the will of the holder into gold and silver. Such was the state of the currency four years ago. Bank paper was not only convertible into silver at the counter of the bank that issued it, but was convertible every where in the interior at the counters of retail merchants, who were always glad to exchange their silver for bank notes, which better suited their purposes for transmission. Peace and plenty gladdened the whole land; content and cheerfulness were found in the most humble cottage as well as in the more costly edifice; a prospect of universal prosperity was then presented, on which the mind loved to dwell. I will not expatiate upon it, but content myself with a simple narration.

General Jackson, in the plenitude of his power and unparalleled popularity, had forced, by his system of proscription, most of the officers of the Government to become political partisans. To be an active partisan, to gain government, was a *sine qua non* with him. The political armor was put on, and each saw written on it, "This is the road to Byzantium." The president of a northern branch of the United States Bank had displeased some active partisan, and the mother bank refused to dismiss the honest and independent head of the branch; that partisan infused the venom of his feelings into the bosom of General Jackson. Threat after threat was made, in the President's messages, against the United States Bank. A better currency was promised the people, if they would unite with the Executive in destroying that institution. That promise had a charm in it, as all persons are anxious to better their condition; and all believe, however preposterous, that their condition can be improved. But still an honest and upright Congress refused to lend itself to the malignant purposes of the Executive, or to gratify his sycophantic will. Congress was in favor of renewing the charter of the bank. The Executive veto nullified the will of the representatives of the States and the people. Congress refused to gratify the will of the Executive in ordering the Government depositories to be removed from the Bank of the United States, where the law had placed them; but he, with ruthless hand, seized upon the public treasure, as Caesar had done before him, and parcelled out the money of the people among a host of State institutions, which he now testifies are the most unprincipled and profligate in the annals of history.

Those institutions were urged by the Secretary of the Treasury to discount most liberally upon the deposits of the Government; and, as slaves always most readily obey the first orders of a new master, they not only discounted paper offered to them, but in many cases invited customers. Congress altered the standard of gold, and reduced its value. (I rejoice that I had the honor to vote against that bill.) Europeans sent their gold here to be coined, and then ordered it home again. The Neapolitan and French indemnities were adjusted, and imported in gold. This was hailed as the millennium of the golden age, and General Jackson was told by his flatterers, and believed it, that he had at last discovered the Philosopher's Stone. Jaundiced-eyed and near-sighted politicians, whose minds cannot realize causes and effects, or discriminate between true and abiding causes, thought that they had really worked a specie miracle; and the General himself read his valedictory, "still harping" on the monster bank, and congratulating himself and the country on the experiment which he had tried in his humble efforts to improve, as he said he had, the currency of our country. But I am fast in my chronology: there is one other remarkable event which I wish to allude to. Before General Jackson retired from office, a distinguished Senator, who had aided much in building up the golden image which he wished all to fall down and worship, made a political prediction, that if the people of the West would co-operate with him in destroying the Bank of the United States, they would see, in violation of all the laws which govern fluids or solids, gold flow up the Mississippi. They believed, and looked with anxious hope, but looked in vain. He conceived the expedient whilst Congress was in session, but revealed it, perhaps to few, lingered until Congress had adjourned, and then, "solitary and alone," he thought he would set the golden stream in motion. Congress ordered the Secretary of the Treasury to receive the notes of specie-paying banks, and to pay out gold or silver in payment of public dues. The alchemical operation was to be effected by a disregard of the law; and the Secretary of the Treasury was ordered to issue his famous proclamation, demanding nothing but gold or silver for public lands. The prediction was realized: gold

and silver flowed up the valley and over the mountains, but flowed in steamboats and stages; flowed to the land offices and to the banks of deposit, but never into the pockets of the working people of the West.

This last act broke the glittering dream, and the veil of Mokhanna fell to the ground. Convertible paper and gold were no longer synonymous. Government, which should have been the last, was the first to make the distinction. Gold and silver were of once more valuable—for the article most in demand in this country is land; and the Government is the largest (because it is the greatest proprietor) and cheapest seller, and can control the market value. Thousands daily purchase public land, and of course thousands were forced to procure specie. It soon became an article of merchandise, to be bought in the market, rather than a medium of exchange. The banks found their paper returned upon them, and their specie almost exhausted, and wisely suspended specie payments; and the deposit banks were the very first to set the example. Confidence became impaired; the banks had been pressed by those who held their notes, and they, in turn, called on their debtors, and the debtors of the banks called on all who owed them; thus the pressure pressed the whole round of the circle of trade and business. Panic, dismay, confusion, and bankruptcy, followed in quick and fatal succession. The Government could not escape the consequences of its measures, and suspended specie payments.

The last Congress, foreseeing the evil consequences of the specie circular of the Treasury Department, passed a bill rescinding that order. General Jackson treated it with contempt, placed it in his pocket, and retired to the Hermitage, denouncing the insolence of Congress in sending a bill to him which questioned the wisdom of any measure which he had ordered. Mr. Van Buren, who succeeded to the Presidency, was urged most earnestly to rescind that circular, but he refused. When he saw, as he ought to have seen, its evil tendency, he should have yielded to the counsel of honest and practical men. I will here say that, whilst I believe that the evils of that measure might have been in some degree softened if Mr. Van Buren had rescinded the order after the 4th of March, I do not think that it would have prevented a suspension of specie payments. Much of the silver would have been drawn from the West to the Atlantic and to the Southern cities, and would have, in some degree, relieved them; but that would have forced a suspension of specie payments by the Western and Southwestern banks, which would have been quickly followed by the banks of the commercial and large cities. When silver is at a premium, it is impossible, in the nature of things, for the paper of any bank to remain long in circulation, or for any bank to throw out its paper to any useful extent to the people, an I redeem it with the precious metals.

From this train of measures and circumstances I trace the causes of the suspension of specie payments by all the banks, the great confusion and embarrassment in business of every kind, the distresses and bankruptcies which occurred, and the confusion which has overwhelmed both the people and the Government. From such measures you can trace consequences with the same unerring accuracy as the human eye can mark the path of the desolating whirlwind.

Amid this disastrous crisis, the President issued his proclamation convening Congress, which he had positively refused to do a few weeks before. We assembled, some of us with hope, some with apprehension, though all equally anxious to know what measures would be recommended, and what position the Executive would assume. Some thought that the President would recommend the Sub-Treasury system; others, a retrieval of the State banks; whilst others hoped (at least I did) that he would throw himself upon the advice of Congress. This was really my belief, as well as my hope. His appointment of Mr. Polk at the head of the War Department had inspired me with some hope of better things. No man, save one, who had been born either south or west of Pennsylvania, held a place in the Cabinet. And the appointment of a second, and one so highly worthy and eminently qualified, was, I thought, the harbinger of some salutary changes. So first-rate men are in office, I care not from what quarter they are taken, or where may be their birth-place. But I do maintain that every prominent place should be filled by high-minded and efficient gentlemen, who understand their duties, and are prompt to discharge them. I came here with no pledged hostility to his administration, and personally, I had a very high regard for the President. My situation here is peculiar. I have been elected by the aid of both parties. If I were to consult the feelings of a majority of the persons who voted for me, rather than the opinions of a majority of the voters of the district, I would pass in my course. But when intrusted with a public duty, I do not feel at liberty to be governed by feelings of personal predilection or antipathy. I feel bound to take a more expansive view of the whole district and the nation.

When we assembled here, speculation was at once hushed by the receipt of the President's Message; and I must confess I was greatly disappointed. I had read his famous letter to Mr. Sherrod Williams, in which he considered the State banks as Government depositories, and said how admirably the system worked—where he denounced the United States Bank, and promised to tread in the footsteps of his illustrious predecessor. I thought all this was the mere electioneering language of the day, and that, when once in office, he would make himself the President of the people, and not of a party. All my expectations were disappointed; for almost the first thing he informed the representatives of the people whom he had called together—who assembled here fresh and warm from the midst of the people—was, that if they should dare to pass a bill to establish a United States Bank, he would be a lion in their path; that he was armed with a veto power, and would assuredly use it. Such language is unprecedented in the history of this or any other country. The President, in his inaugural address, informed the people that if a particular measure should be passed by Congress, he would use the veto. I thought that unnecessary and uncalled for, but supposed it was designed for southern effect. A veto in that case would be unnecessary; nor did Mr. Van Buren, or any one else, suppose that he would ever be called on to redeem his pledge; for Mr. Chairman, whenever the Congress of the United States shall so far forget their compact with Maryland as to violate private property in the District of Columbia, your jurisdiction will end, and that of Maryland will begin, over all that part of the ten miles square north of the southern bank of the Potomac river. I may go farther: that moment that this House shall contain a majority of members who will be so reckless as to vote for the abolition of slavery in the District of

Columbia, the annunciation of that majority by the Chair will be the sounding of the death-knell of the Union.

Before Mr. Van Buren is six months in office, before a single bill or resolution has been sent to him for his signature, he has voluntarily, gratuitously, stepped out of the line of his duty, to inform Congress that upon at least two measures he will use his veto. I have a hostility to the veto power, and can never be reconciled to its use. The framers of our Constitution placed it in the hands of the Executive under the fallacious belief that it was the weakest of the co-ordinate branches of Government. Sir, the framers of the Constitution and the authors of the Federalist were mistaken. The Executive is more powerful than all the other branches put together. All power is fast consolidating in the Executive hands; and the Executive history for the last four years is sufficient to justify the remark, without any further proof. They thought it harmless, because they found it obsolete in England, though existing in the English Constitution.

The Government of the United States is the last in the world which should tolerate the veto power. There may be some plausibility for it in the State Constitutions, which secure to the people the right to elect both branches of the Legislature; for there both branches may be moved, in a greater or less degree, by the same commotion or popular impulse. But even in the Constitution of my own State, where the Senate is not elected by the people, the Executive is denied the veto power; the Constitution says that the Governor shall sign the laws. And it has been judicially decided by our highest courts, that laws which have passed the General Assembly, or both Houses of the Legislature, are valid without the signature of the Governor; and that is almost the only feature in the Maryland Constitution, which, I think, could not be changed for the better; and in the Federal Government, also, every useful caution exists in framing laws, without the existence of the oppressive veto power in the Executive. In our Government, part representative, part confederative, no law can be enacted without its first receiving the sanction of the representatives of the people; or, in other words, a majority of the people in their aggregate capacity, without distinction of States, control in this House. In the confederate branch, where the sovereign States are equal, a majority of those States must give sanction to every bill. What greater safeguard can there be to liberty than to require first the concurrence of a majority of the people, and then a majority of the States, to every measure of public utility? Every restraint beyond this is actual, real oppression. I regard the abuse of delegated power to be as obnoxious to censure as the usurpation of power; and an Executive places itself within the range of that censure, when it arrogantly uses, or presumptuously threatens, the veto. It is to awe free and fearless deliberation, by suspending the sword of Damocles over the heads of nervous politicians, in this hall or the other.

Historians inform us that with all his vices, "Nero never attempted any thing against the jurisdiction of the Senate."

Marcus Aurelius, though armed with the imperial tribunician (co-senate) prerogative, said, in alluding to the Senate, "It is more proper that I should submit to the opinion of so many and such friends, than that so many and such friends should follow my will."

An able writer says, "It was by adding the tribunician power (*intercedere velare*) to the military, in their own persons, that the Roman Emperors consummated the ruin of the Republic." "It was by this mode," says Tacitus, "that Augustus found means, without the name of King or Dictator, to make himself superior to the legislative and executive powers of the Commonwealth."

If the Romans lost their liberty by the union of the military and the veto power in the same hands, how can it be preserved in this nation, when you unite in the same hands which have now the military and veto, the power of the purse, which you propose to do by the bill now on your table—a power which Augustus never possessed.

But in these modern days, a President is called a Roman patriot, who freely uses this detested instrument of tyranny; though Pliny boasts, in panegyricizing Trajan, "that the Emperor never allowed himself to annul or prevent the execution of the Senate's decrees."

I will not dwell longer on this subject than to say that, as it was by the use of the veto that Louis XVI lost his head—so may the next American who shall use it lose his personal popularity.

But the President has thought fit to read to Congress a lecture upon constitutional law, and gravely tells us that a Bank of the United States would be unconstitutional. Yes, sir, he would fain convince us that the Constitution was in his keeping, and that he will not let the rude hands of the representatives of the people profane it. Mr. Chairman, how much crime has been committed, how much blood has been shed, by fanaticism, under the pretext of serving the cause of religion! How much usurpation and tyranny have been practised, upon the pretence of saving the Constitution and serving the people? Let history answer—for every volume can answer, from the creation of the world to the present moment. Who is this mighty expounder of the Constitution? Is he the venerable and glorious man who presided over the deliberations of the Convention that formed that sacred instrument? Or is he the wise and distinguished individual whose pen gave it form and proportion, and who has been emphatically called the Father of the Constitution? No, sir, he is not. But he is Martin Van Buren, of Kinderhook. The same individual who informed the nation, in his inaugural address, on the east front of the Capitol, that he was the first President elected who had not participated in the patriotic struggles of the Revolution; who thought it proper to say, for the information, perhaps of the times present, that he was born since those ancient days. He is the first and chief of the modern expounders of the Constitution. Yes, sir, even Amos Kendall, an officer not of the Constitution, but of the law, says that he is a limb—yes, sir, the right arm, I suppose—of the Executive body, and has dared to read a homily to the courts upon their duties and the Constitution. It is time, for the dignity of this House and the nation, that such insolence and effrontery should be frowned down, if not punished. But I will leave these distinguished personages for a moment, and allude to others. There is another class of politicians in this House, who have been thrown into ecstasies because Mr. Van Buren says that, as he construes the Constitution, Congress cannot create a United States Bank. They call themselves the true State rights Old Dominion Republican Democrats of the Jeffersonian school, and quote the name of that patriot for every purpose, numberless times, in every speech with which they favor this House. My mind is in doubt whether such displays should be treated gravely or lightly.

Gentlemen seem to speak as if no one had read and understood Mr. Jefferson's writings but themselves, and quote slips from, and fragments of, his letters written some fifty years ago, before the existence of a United States Bank. I have been amused to see the dreadful wariare of words carried on among the Southern State rights politicians, who dispute upon subtleties too refined to be perceived by my mental vision. One descends upon constitutional law, and all eagerly listen, in hope to hear some idea which may impinge against something which Mr. Jefferson may have loosely written or said, believing it will be his political destruction at home. Quick as thought, a messenger is sent to the library, to produce a letter or conversation of Mr. Jefferson. The orator ends, and another begins with anticipated victory joyously illuminating his features, and his Southern friend is handled without gloves or mercy. But with that propensity for long speaking, which is so remarkable in the South, where all are imaginative children of the Sun, and where all possess the *copia verborum* in an eminent degree, he soon runs foul of some other opinion of Mr. Jefferson, or some other and foreign subject. Yes; and another more Mercury-footed page is posted, to tell the first to be swift. Then another State Rights Jeffersonian Old Dominion true Republican Democrat rises, and with the merciless vengeance of a Samson, he routs and vanquishes the political Philistines before him, behind him, and around him, horse, foot, and dragons. These gentlemen regard it high treason, verily, to differ in the minutest particular from Mr. Jefferson. What a bombastic Englishman once said of Homer, they think true of Jefferson—

Read Homer once, and you can read no more,  
For all books else appear so mean, so poor,  
Verse will seem prose; but still persist and read,  
And Homer will be all the books you need.

They regard it heresy, beyond the benefit of clergy, if any man dare speak, think, or breathe, without producing the authority of Mr. Jefferson; and he is read out of the State rights party. They call to my mind an anecdote which occurred in my own State on the death of Alexander Hamilton, in the best days of Maryland hospitality, before she was governed, as she now is, by uncles and aunts, who are all united by either affinity or propinquity, who fill all places, and hold the reins of Government in their feeble and effeminate grasp—for Maryland is pretty much like the rest of the Southern States. They have all been, for the last ten years, like so many barrels of frozen cider—the spirit has not escaped, but it has become concentrated; some of them now show signs of reanimation, and enlivening feelings are beginning to pervade them; and we may hope that even "Rip Van Winkle" (North Carolina) will in time open his wondering eyes. But to my anecdote. The news reached a coterie of thoroughgoing Federalists, who were dining on the Eastern Shore of Maryland, where wine and wit were flowing in equal streams; all expressed, in general exclamation, their bitter sorrow; all, save one, became earnest and eloquent in speaking of the powers of that great man's mind—the great services he had rendered to the country, and the heavy loss which the nation had sustained, and how much they lamented it. At length, Thomas Bailey, the brother of the Attorney General of Maryland, who was remarkable for a high order of intellect, it when he would venture to exercise it, setting down his empty wine glass, said to his bevy of friends, that he had listened to the expressions of grief which the sad news had called from them, but he felt that his grief was greater than theirs, because his loss was greater in the death of Hamilton; for, as long as Hamilton lived, (said he) he had never been put to the labor and trouble of investigating questions for himself, and that, as Hamilton was dead, he now, alas, would be forced to the dire necessity of thinking for himself.

I could but think, since this discussion has commenced, if Mr. Jefferson had not left behind him some two volumes of State Papers, one volume of Correspondence, and his Notes on Virginia, how awfully annoyed some of the Virginia politicians would be, if driven, like Tom Bailey, to think for themselves. What would these gentlemen do if the *point d'appui* of their political lever were destroyed?

An able member from Virginia informed us, last night, that he considered Mr. Jefferson the polar star that directed his course. Suppose we draw imagination from around the figure, and examine it by the test of real life. Will a traveller always keep his eye on the polar star? If he should direct his gaze continually that way in his journey, he will soon find that stars would add to his comfort; he would next find that the white bear and the wandering Indian would be the only living things about him; and the next step he would find himself plunging into Symmes's arctic hole. Will the prudent and skillful mariner look alone at the north star, in directing his vessel's way over the trackless ocean? At times, he is forced to look at other fixed, or less beautiful, luminaries, and finds them equally true and useful. Yes, sir, astronomy and navigation teach him to point his glass, at times, to all the bright stars in the zodiac, and the power of human reason makes them subservient to its control.

So I should fain think the practical American statesman should view every star in the firmament; or, to quit the figure, should read all that has been written by the wise and the good, and then dare to think for himself.

When Jefferson embarked in the glorious cause of the Revolution, did he take Solon or Lycurgus, Sidney or Hampden, for his model of greatness? Did he take Locke or Milton as the text-books of his creed? No, sir, he did not. He read all that patriots had written; he read deeply the volumes of human nature; and then, sir, he dipped his pen into his own mind, and wrote the immortal Declaration of Independence. He had no model; daring to think and to act for himself, he made himself great as he was.

We are in Committee of the Whole on the state of the Union; and I am unwilling, as an American citizen, to sit silently and hear Mr. Jefferson's name quoted, to effect every narrow and selfish purpose. His name is the property of the whole nation, and is not placed in the hands of a few southern politicians. Mr. Jefferson had faults, as all men have; but Mr. Jefferson was a man of enlarged and expansive mind. And if any supernatural power could resuscitate his body with the magic wand of one of old, as we read in solemn history, and present him living before us, he would rebuke his friends for using his name, as it has been, on many occasions.

Mr. Jefferson doubted, before the first Bank of the United States was established, whether it was constitutional to establish such an institution. But did he advise General Washington to put his veto upon it? No, sir. He cautions him against using the veto—he urges him to respect the representatives of the people. This he did in the last sentence of his letter to General

Washington, in 1791. He says: "It must be added, however, that, unless the President's mind, on a view of every thing which is urged for and against this bill, is totally clear that it is unauthorized by the Constitution; if the *pro* and *con* hang so even as to balance his judgment, a just respect for the wisdom of the Legislature would naturally decide the balance in favor of their opinion."

Such is the manly language of a great mind; and I wish, for the interest of the country, that his modern friends knew how to appreciate it. He recommends no veto, but cautions the President against it. He advises the President to respect the Legislature. This is the language of a true Democrat. A Democrat is he who will think for himself, vote for himself, speak for himself, and obey the laws and decisions of the tribunals of the country. A man who puts on the blind-bridle of party, and allows himself to be caparisoned with party trammels, is not a Democrat—he is half a vassal. A Democrat must be a free thinker and a free talker—a free and fearless political actor.

Whilst Mr. Jefferson spoke and wrote freely his sentiments, he knew how to respect the opinions of others. He respected the Constitution and obeyed the laws. When the Bank of the United States was established, he acquiesced in deference and with cheerfulness. And in 1804, after he was elected to the Presidency, he signed a bill authorizing the bank to establish branches in the Territories. If he had not surrendered his first opinion, he placed himself in the attitude of being guilty of base perjury in sanctioning the measure; and I would not venture to give utterance to the opinion I would entertain of the man who would bring such a charge against him.

It was but last night, whilst listening to an able member from the Old Dominion, who was quoting Jefferson against the Bank of the United States, that I turned to a learned friend from Virginia, by whom I was sitting, and said that I really believed that if Mr. Jefferson was on this floor, and saw the distresses of the country, he would be first and warmest to advocate a United States Bank. My friend remarked that I appreciated justly Mr. Jefferson's character; for he had heard a few days ago, a distinguished gentleman, who was a neighbor of Mr. Jefferson, assert that Mr. Jefferson had said that, if the State bank system was to be tolerated, the only way to control it, and to give a good currency, was to have a Bank of the United States. But this fact has been alluded to by the able gentlemen who preceded me (Mr. Pope). That he said so, I have not the smallest doubt. Your Supreme Court, last winter, decided that the State banks were constitutional. Then, if Mr. Jefferson's opinions are to be quoted, they would be in favor of a United States Bank.

But these very gentlemen, who wish to chain down Mr. Jefferson's opinions to the narrow views on all subjects, will find themselves in an awkward predicament at the next session. I predict, Mr. Chairman, that they will then quote Mr. Jefferson as the greatest latitudinarian who ever filled the Presidential Chair.

When the question of the annexation of Texas to the Union shall come up, as I expect it will next winter, these gentlemen will quote Mr. Jefferson as a precedent; because he recommended the purchase of Louisiana.

Mr. Jefferson has admitted that that purchase was made without any authority being given in the Constitution. But still he recommended it, and signed the bill. Sir, he acted wisely; he acted as a philosophic statesman should have acted. There are occasionally and rarely great national emergencies, which no framers of a Constitution can foresee. Those emergencies must be met, and acted upon promptly. This was one of them. In such a case, all public functionaries are justified in adopting their course to the circumstances. Whilst they venerate the Constitution, they are required by duty to obey what must be the sense, not of party, but of the whole nation in the emergency, and adopt such measures as will meet the wishes of the present generation, and which they are convinced will meet with the approbation of all posterity. Such occurrences are but seldom presented, but still they do sometimes occur. And Mr. Madison said truly, in his able report upon the Virginia resolutions of 1793, that "as the Constitution is above the law, so are the people above the Constitution." That maxim should be received with caution, to be sanctioned only when the people desire a change in the organic law, or when great national exigencies arise, such as I have alluded to.

Some of these Southern constitutional lawyers seem to revel in denunciations against the Bank of the United States—not only some of the Virginia politicians, but the able member from South Carolina, (Mr. Pickens), who sprang into the front rank in this debate. Some new light has illumined his path. I thought, if any State in the Bank of the United States, it was South Carolina. If the people have erred in sustaining the bank, South Carolina has incited that error, for all of her great men have advocated it. In 1816, seven out of eight of her representatives voted for the charter of the United States Bank. Yes, sir, Messrs. Calhoun, Chappell, Edwards, Huger, King, Lowndes, Middleton, Pickens, Taylor, and Woodward; and Mr. Mayratt stood "solitary and alone" against it. But the onward path of modern genius can demonstrate that all these men were ignorant of the Constitution and their duties.

"We think our fathers fools, so wise we grow.  
Our wisest sons, no doubt, will think us so."

Yes, sir, Mr. Calhoun, who was a southern fixed star, has, by some inscrutable phenomena of nature, by some undiscoverable law of attraction, wandered from his station, and is now in the northern polar hemisphere; or, rather, is now a planet revolving around, by attraction and repulsion, the Executive centre. Sir, I grieve at the sudden transition, because I like Mr. Calhoun personally. But he has made himself a living warning to the opinions I have expressed, how dangerous it is for any free-thinking and generous man, whether in public or private life, to pin his faith to the skirts of any man. Mr. Calhoun's political life has been most strangely erratic. If I should wish to find an argument in favor of the Bank of the United States, I would read his speech made in 1816; if I wished to find a confirmation of those opinions, I would read his speech made in the twenty-third Congress; if I wished to find an argument against the bank, I would read his recent speech made in the twenty-fifth Congress; if I wished to find an argument in favor of the tariff, I would read his speech made in 1816; if I would wish to find an argument against the tariff, I would read at least a dozen speeches which he has made within the last four years; if I wished to find an argument in favor of forts and fortifications, I would read his report made when he was Secretary of War; if I wished to find an argument against forts and fortifications, I would read his speech delivered in

the twenty-third Congress; if I wished to gain proof that he was friendly to the tariff and internal improvements, I would ask for it from the gentleman of Pennsylvania, who, some ten or twelve years ago, urged his name for the Presidency, and I would be answered that they urged his claims because they thought him ultra on those subjects; if I wished to find arguments against that system, they would be found in every speech which he has delivered on any subject whatever for the last six years. Let the generous and chivalric young men of the South follow such a polar fixed star, and they will find, when too late to retrieve their standing and usefulness, that they had been following an *ignis fatuus*, which had been leading them from swamp to bog, from bog to glen, from glen to morass, and finally left them in a cypress swamp of the most impenetrable darkness. He may be quoted for any political opinion, as a distinguished judge once said Coke's reports could be quoted for any legal opinion. I had rather at once cut my political jugular, than follow such a star; for if I did not, the people would soon do it for me, and I regard suicide preferable to public execution. I was aroused at the gallant bearing of my chivalrous friend from South Carolina (Mr. Pickens) when he took the lead, conscious of his right and ability to lead in this debate; it proved to my mind that his Southern feeling still animated his bosom. I thought it seemed cruel, though it was just, when he required the clerk, with his strong voice, to read out the names of those who had voted for and against General Gordon's proposition a few years ago. I thought that that was, to his new allies, "the most unkindest cut of all." I was then seated in the chair on the Clerk's platform, which is now occupied by the honorable Senator from Massachusetts, Mr. Webster, (Mr. J. pointed in the direction of the Clerk's seat,) philosophizing and surveying the effect it would have on many countenances, and perceived, as some names were pronounced, their faces would crimson; others would blanch; some twisted on their chairs, whilst others left the hall, as old Proteus once quitted an unpleasant theatrical hall; whilst in some old and hardened sinners, who had long and often offended, not an eye would wink, or a muscle move, or a single feature change. They seemed to look as if they were conscious that they were past all forgiveness, and had made up their minds to look with more composure upon their past acts, than upon the enormity of those which they fully expected to perpetrate; whilst I heard, or thought I heard, several voices involuntarily exclaim, "expunge the journal." That gentleman, (Mr. Pickens,) whilst he is advocating in his able speeches, State rights, is, at the same time, supporting a measure which is the very definition of consolidation. The whole reasoning amounts to this: because Congress has not the power to establish a bank, therefore Congress must surrender into the hands of the Executive all power over the public money.

Whilst I regard a Virginian or South Carolinian, who will act upon the principles of his ancestors, and dare think for himself, as one of the noblest beings in creation, I regard that different Lithpian race, who are seven months children, always talking about the Constitution and never reading it, who ride about with saddlebags and the revised code, and shout "Constitution and Jefferson" at every court-house and cross road, as the unsafe guides in the world; and if they should happen to be such lawyers as "rare Ben Johnson" describes, I would warn the people to beware of them who

"Give forked counsel: take provoking gold  
On either hand, and shut it up;  
No rise, so grave, of so perple's a tongue,  
And loud without, that would not wag, nor scarce  
Lie still without a foe."

There may be no other class of Southern politicians who are worse constitutional advisers. They are those of more standing at the bar, who are called great special pleaders—the true greer-bag zany, who know all the arts of filing a declaration, or framing a demurrer—who can at once analyze in their minds all the dry maxims of the black letter, and the liguum vite terms of the law—who know how to make thin distinctions, and can quibble on the point of a cambric needle. Such men I would counsel with upon a contingent remainder or executory devise; but they are not such men as I would select as my guides to expound the Constitution on this floor, or to make them my archetypes as philosophical statesmen. Hair-splitting distinctions prove, they think, superior wisdom; and they will beautify them with rich diction and elegant manner, and leave you in a perfect paradise of ecstasy, figures and flowers. Mr. Chairman, these are safer and better guides. Let those who wish to understand the Constitution, read the debates of the Convention which framed that instrument—read the debates in the State Conventions which adopted it—read the Federalists and Chief Justice Marshall's decisions upon it: let him do this, and then he will dare to think for himself, and will know something about it. And in this reading he may learn that Mr. Jefferson was not in this country at the time of the formation of the Constitution, but was Minister in France. As a politician, Mr. Jefferson was superior to Mr. Madison; as an expounder of the Constitution, I regard him as inferior.

Can any one doubt that, had Mr. Van Buren recommended the establishment of a United States Bank, chartered with cautious and well-guarded restraints, it would have been passed by this Congress, and that in less than six months every solvent bank would resume specie payments, and the overwhelming misery and distresses of the people would have changed into a brighter and more prosperous aspect? I do not doubt it. Had Mr. Van Buren said that he had been disappointed in the new experiment, as all of his friends had been; that it was the part of wisdom now to adopt the old and well tried policy of his predecessors, a policy which had acted well; if then some of his friends here had opposed it, he could have held up the example of Madison, and been sustained by the nation. Madison's name would have outweighed a host of modern politicians. When Mr. Madison stood alone in his vote in the last Virginia Convention, against all the rest, an able American writer said that he would sooner have taken Mr. Madison, to be right than all the rest put together. As much as I admired his wisdom, I could not say that much. But Mr. Van Buren's course has been called a firm one; and a distinguished Senator, now in my eye, (Mr. Webster,) said, in a speech which I heard with great pleasure, in another quarter of this Capitol, that, after reading Mr. Van Buren's Message, and finding that he was really tracking the footsteps of the late President, he would not charge him with a want of firmness. I differ with that distinguished gentleman, and many others who have used the same language in this and the other end of the Capitol. I will not call it, at the same time, timidity, but I will call it rashness. The brave Roman, who sent his gallant son at the head of an army, cautioned him as much against rashness as he did against



cowardice. "The mean of true courage," said he, "lies between the extremes of cowardice and rashness." It is a proof of an absence of moral courage for any man to persist in wrong because his friends urge him to do so. Mr. Van Buren had an opportunity of showing moral fortitude in an eminent degree; for it does require no small degree of moral courage for a man to gently chide, softly to rebuke, a ruinous career of his friend. Had Mr. Van Buren said to his friends that he had believed in the experiment as they had done, but he and they had been disappointed; it had overwhelmed the whole land in misery and distress; his supporters as well as his opponents were beggared by it; that he felt it his duty to abandon the scheme which had so signally failed, and he had determined, for the good of the nation, to go back to the well-beaten path in which Washington and Madison, and all the other Presidents, trod—he might have lost here and there a friend, but he would have gained a hundred for one; he would have proved himself worthy of the office which he holds, proved himself of true and generous courage, and would have been placed by the side of the amiable and patriotic Madison. But what does he do? When the popular frenzy was highest against a bank, Mr. Van Buren, in an evil hour, committed himself against the bank, supporting the pet bank system, which would succeed; because General Jackson had sworn in his wrath that it should succeed. But it failed—exploded—blowing up the Treasury as well as the banks; and the People were ruined. Mr. Van Buren was in a dilemma, and could not go for a United States Bank, and preserve his consistency; and had not magnanimity of feeling to confess error, repent, and ask forgiveness of the thousands and tens of thousands whom he had helped to ruin. What was he to do in this emergency, as Congress had been called in the panic of the moment? He was pledged to go in the footsteps of the late President, and there were no footsteps. Mr. Van Buren was at fault, sadly at fault. A fast runner was posted to the Hermitage, two letters are quickly written by General Jackson, published in the Globe, and thus footsteps are made where none were before. Never did Tiberius reign with as much awful terror as when he retired from Rome and went to his gloomy and secluded hermitage, and sent his authoritative and bloody edicts to a slavish and affrighted Senate.

One or two gentlemen have thrown out, during the discussion on this bill, or the one which was acted on a few days ago, a delicate intimation that the expediency of the bank might be more clear to their minds if the Constitution were altered so as to express distinctly that Congress should have power to establish a bank. Of such allusions I think as Lowndes said in 1816, when he was requested by a member to move an amendment to the Constitution to authorize Congress to establish a bank. Lowndes said that he had two objections to doing so: one was, that he thought such an amendment would not be adopted; and the second was, that he thought the power already existed in the Constitution.

Mr. Chairman, I do not profess to be a constitutional lawyer. I have read some law, if it is true, but have never practised in the courts. I have been admitted to practise in the court at the base of this Capitol, as a great many other unworthy lawyers have been admitted. I studied law in Virginia, under the most distinguished jurist of that State—a personal and political friend of Mr. Jefferson. I was taught to believe that it was the duty of a lawyer to respect the Constitution and the laws; that the Constitution had authorized courts armed with power to decide litigated questions; that from the inferior courts there was a right to appeal to the higher, and that the decision of the Supreme Court of the United States was final, and its powers were broadly and clearly written in the Constitution; that if the Supreme Court were to decide a question or principle, which did not suit the popular taste, the decision still was final; but the People had a remedy in two ways, pointed out by the Constitution, by which Congress and the States should not alter the decision, but could alter the Constitution, as they have on some occasions altered that instrument. This was the doctrine which I was taught; this is the doctrine which all my reading and reflection have since confirmed.

The Supreme Court has said that it will not decide political questions; but that same court has twice said that the constitutionality of the bank was a legal question, and has twice decided it to be constitutional. The decisions of that court have, in every case, been acquiesced in by the people of the whole nation. General Washington, who presided over the Convention which framed the Constitution; Mr. Madison, who was most prominent in framing it; Alexander Hamilton, who, in intellect, was second to no man in the nation; have given their sanction to a bank. The Congress of 1791, which chartered the first United States Bank, voted two to one in favor of it—ayes 39, noes 20. The greater portion of the members of that Congress, who were in the Convention which framed the Constitution voted for it. Every President has given it his sanction: Washington, J. Adams, Jefferson, Madison, Monroe, J. Q. Adams, Jackson—for the latter, in one of his messages, said he would condescend to write a charter, if Congress would meanly ask him to do so; every President, save Martin Van Buren; and even he signed a memorial to have a bank established at Albany. The man who would raise his voice against this overwhelming authority, I will respect more for his pertinacity and obduracy of opinion than for his dispassionate judgment.

We are told by metaphysicians that nothing is so difficult to prove as self-evident propositions. And I regard the right of Congress to establish a national bank as being so decidedly clear as to require no necessity for any argument on that subject.

The President says that against a United States Bank the sentiments of the people are "deliberately fixed." How does he know that? What spirit of divination does he possess, to know whether the people always think with him? He has charged against the pet bank system; he was for it three months ago; his message contains his palinodia. May not the people, who changed against the bank in hopes of bettering their condition, change for it now, to bring themselves where they were, rather than be beggared and miserably? If they should be convinced that it will improve their present distressed situation, they will very quickly change. Self-interest is a powerful lever; and the President and his friends, by their acts, have induced the people to look to it. The people will not ruin themselves because Mr. Van Buren has held out false hopes, false lights, by which they have been wrecked; they will come back, and denounce and quit all crude experiments.

But, when the committee of New York merchants told Mr. Van Buren of the dreadful distress in that city, he did not believe it; he thought it all panic. The recent elections ought to be a gentle warning. But no man is so blind as he who will not see; and I am half disposed to believe that some politicians do not yet know that the gold experiment has failed.

The expediency of a bank presents a very different proposition.

We can often, Mr. Chairman, look into the future by the lights of the past. And the past furnishes to my mind the most conclusive evidence that a United States Bank is highly, almost indispensably, necessary, to promote the rapid and uniform prosperity of the nation. Without money, no business can prosper; and without a convertible currency, and a near uniformity of exchanges, the prosperity of all business is in a great degree paralyzed. Whilst the inequality of exchanges in a depreciated currency will secure wealth to the brokers and money exchangers, in the same degree will it diminish the profits of the farmer and the mechanic, of the merchant and the man of useful enterprise.

Whenever we have had a United States Bank, we have had every where a convertible, redeemable currency, by which the value of property could be clearly estimated; whenever we have not had a Bank of the United States, we have had a stoppage of specie payments, distress, and individual ruin. If we are to judge of effects by causes, what can be more convincing and conclusive? When the Bank of the United States was in existence, exchanges from New Orleans to New York were never more than one per cent. often at par, and sometimes, from one city to the other, above par. There was then but a reasonable and useful number of State banks.

How are the exchanges now? We can sometimes judge of great things by small. A friend sent me a hundred dollar note, a few days ago, on a bank in Florida, which he had been trying to pass off, but could not. I went to a broker, and he offered me seventy-five dollars in District paper for the hundred dollars on the Florida bank. I offered him the note for eighty-five dollars, and he refused it. I called on the Delegate from Florida to know whether the bank was good. He informed me that it was perfectly solvent, and as good as any bank in the world; that its paper passed freely in Florida. Then a man who owes a debt of seventy-five dollars in this city, who may reside in Florida, will have to pay one hundred dollars in paper, which he takes at par at home, to liquidate his liability in this city. Such is the discount at but one-half the extent of our nation. If my mind had ever doubted on the subject of the expediency of a United States Bank, this single circumstance would have removed every doubt. The Government has disconnected itself from the currency, and all things are in confusion, and I fear will remain so until we have what was appropriately called, yesterday, by my eloquent friend from New York (Mr. Hoffman,) the balance-wheel of a United States Bank. I have travelled almost in every part of the Union with United States Bank paper, and never met with an individual in my life who did not prefer receiving it to specie. But the condition of our exchanges has been enlarged upon by several gentlemen, and with great force by the able member who preceded me; and I will not consume the time of the committee on that branch of the subject.

I had intended to offer some considerations upon, first, the right of the Government to create and establish a good and sound currency for the people, and a safe and salutary mode of exchange; and, secondly, the duty of the Federal Government to exercise that power; but I have been anticipated by the able member from Winchester (Mr. Mason,) who made an argument upon this subject, clear and lucid; one which has been unanswerable, because it is unanswerable. He showed the evils which would be inflicted on the people by establishing one currency for the Government and another for the people. He proved the close affinity of both, and their relative duties and responsibilities. I will only ask in addition, Mr. Chairman, that if the Government will not exercise any control over, and feel no obligation to regulate, the currency and the medium of exchanges, for what purpose was this federal alliance formed? Why was it that the States gave up to the General Government the whole control over commerce, if that Government will not adopt means for carrying on that commerce with a currency uniform, or as nearly so as human wisdom can devise? Why have they made the sacrifice of solage and surrender of so great a portion of their sovereignty, as to be denied the right to regulate commerce between the neighboring States and foreign nations, if the General Government will take no step to promote this interchange? What other consideration could they receive for this immense surrender of State sovereignty, but that the Government would extend its paternal care to effect a good currency and safe and easy exchanges? But the President, with a profound ignorance of both the spirit and the intention of the Constitution, has told us that the people might as well expect the Government to aid in the transportation of their merchandise, as to cause or establish a good system of exchanges. It is the first time that an American President has uttered such a sentiment of disregard to an injured people; and I trust that their indignation will make it the last. If this is to be the established doctrine and policy of the Government, each State will, or might as well, stand in the relation of separate and distinct nations; for each will bear the same relation to the other, so far as currency is concerned, as Canada does to the United States, or the different nations of Europe do to each other. And the quicker they resume the power over commerce, the better will it be for their interest and happiness.

The miserable bunglers of the Executive, who have attempted to regulate and improve the currency, have not yet discovered that they are totally ignorant of the subject, and have failed in their experiments; and even now feel disposed, like a bewildered pilot, to let the ship of state float at the mercy of the winds and the waves, in hopes of reaching a safe point which their pretended skill could not attain, or leap into the long-boat and desert the crew.

The President, after writing us a long message containing many maxims of sound policy, many long sentences of sophisms, much plausibility, and more bad reasoning, finally hands us over, by way of recommendation, to his Secretary of the Treasury, for the details of his new schemes and untried experiment. I will use this occasion to express my utter abhorrence of the long essays which are annually given by our Executive to the representatives of the people and the States. The Executive seems to think it his duty to send us a long lecture upon our public duties, and assumes as much importance as if he were a professor lecturing a class of sophomores upon the principles of philosophy, and schooling us in the line of our duty.

The King (or now the Queen) of England and the King of France send their messages or speeches to the Parliament or the Chamber of Deputies, of about a span's length, simply saying that the nation is at peace with the world, the King is thankful for the supplies granted; and that he will take pleasure in carrying out such measures as the Parliament or Chambers may

think proper to promote the interests of the nation. If either the King of England or the King of France were to threaten a veto, neither would hold his crown a month, if he would escape with his head. I think it ought to be an impeachable offence for any Executive officer of Government to send a message or communication to Congress longer than a column of an ordinary newspaper, unless, after that space, statistics and tabular exhibits should require more.

The Secretary of the Treasury has sent us a volume of eighty-eight large pages, laying off his subject, like the monster in grave history, into "seven heads and ten horns." I have read it by candlelight, and by daylight; and in groping through it for a clear idea, I could not find one! Now and then you will find a beggarly thought enshrouded in a whole mist and cloud of words. But his thoughts and ideas are like the arts of the cuttle-fish, which, naturalists inform us, when pursued, throws out, as quick as magic, a dark liquid, which embarrasses and bewilders its pursuers, whilst it escapes from pursuit, amid its own self-created darkness. You pursue his thoughts, but in the pursuit you are lost in darkness. If the Secretary of the Treasury is a man of delicate and refined feelings, I would not have suffered the perturbation of mind which he must have endured, whilst he was thinking of and writing that report, for all the public money which he has handled for the last four years. I could never fully realize to my mind the description which Milton has given one of his heroes, who was confused and disappointed, until I read the Secretary of the Treasury's report. Milton describes a personage who attempted a great reform, not perhaps, in currency, but in civil government;—(and in quoting Milton, I do not wish to interfere with the criticisms of my eloquent friend from New York, (Mr. Hoffman,) and my no less able friend from South Carolina, (Mr. Pickens,) who have rendered him, by their able review, of such questionable authority.) This reformer was disappointed, as the Secretary has been, and was humbled from his high estate; and "nine times the space which measures day and night to mortal man," he lay "confounded, though immortal." And if that immortal personage could not recover his faculties for nine days, amidst the ruin around him, why should we be surprised that it should take Mr. Woodbury, who is only mortal, nine times nine days to regain his, amid the distress and ruin which he has created? In good sooth; I have no doubt that he was confounded whilst writing. Indeed, I am satisfied that he had not regained any of his faculties, save his "modest assurance," when he asked Congress to give him these powers, and to make him, according to his will and judgment, the sole receiver and disbursing officer of the public moneys.

And here, Mr. Chairman, I will claim the kind attention of the committee whilst I say a few words in relation to the Treasury Department, and the bill under consideration granting it additional (I might say unlimited) powers. I feel conscious, Mr. Chairman, that whatever I may say will have little weight in this House or with the nation; but I should be happy if I could flatter myself that any thought which I may express would awaken reflection in the mind of any member of this House, or any citizen not a member. The day was, Mr. Chairman, when a public officer thought himself an officer of the country and responsible to the laws. Things have changed. Now, every officer, however important or insignificant, considers himself an Executive officer, and responsible to the Executive. This modern doctrine has obtained, and therefore I must consider the bill in relation to modern usage and construction. Still, I will offer my protest against the construction. It might be more curious than profitable to account for this transition of custom and construction. Perhaps it may be found in the fact, that, as General Jackson had overwhelming popularity, and rewarded most liberally his partisan friends, each who felt anxious to be promoted thought that, by placing himself under the Executive wing and will, he would be sooner rewarded for his servility; and Congress, under the zeal of party feeling, thought that their friend and chief could not err—that the President "could do no wrong"—and therefore acquiesced. Whilst I know this to be the prevailing construction in this House and out of it, still I will venture, perhaps with temerity, to express my disagreement.

The Secretary of the Treasury is an officer not known in the Constitution. Then, under the Constitution, he can claim no powers. He has been created by law, and to that law he should look for not only his existence as an officer of the Government, but for the powers and duties which have been assigned to him. And he should look to all the laws (and not to the Executive) which assign him duties, for the quantity and discretion of duty which may be imposed upon him to discharge. He is not to look to the nominating power for his authority of action, but to the creating power. The law brings him into being, and the law alone rightfully prescribes his power of action. The Executive might have exercised the constitutional negative at the time of his creation; but it gave its sanction to the law, and in that sanction it yielded its acquiescence to all the powers of the Secretary of the Treasury which run with and are contained in the law of his creation, and to the subsequent laws which enlarge or restrain his sphere of duty. A question of great interest might here naturally arise, whether the powers granted by the Constitution and those granted by the laws should be decided by a common rule of interpretation. I have not the time now, if I possessed the ability, to make an argument upon the true rules of construction of both the Constitution and the laws. I will content myself for the present by quoting a rule laid down by Mr. Madison, in a letter to Mr. Ingersoll, in 1831. "A constitution," says Mr. Madison, "being derived from a superior authority (or to the laws) is to be expounded and obeyed, not controlled or overruled by the subordinate authority of a Legislature. A law, on the other hand, resting on no higher authority than that possessed by every successive Legislature, its expediency as well as its meaning is within the scope of the latter." If this rule is correct, the Secretary of the Treasury should direct his eye to Congress in the discharge of his official duties, and not make himself, as he has made himself, or allowed himself to be made, the simple instrument in the Executive hands.

Those who urge that the President has entire control over the Secretary of the Treasury, because he has the power under the Constitution to nominate to office, run into error; and, in order to make their construction more plausible, assume (what is not the fact) that the Secretary is a mere subordinate auxiliary officer of the Executive department; that the President is not only responsible for his own acts, but is responsible for the acts of all officers of Government whom he may nominate; and being responsible, they maintain, for the acts of the Secretary of the Treasury, he has a right to control the actions of the Secretary, and to assume, in the Secretary's stead, the entire re-



responsibility of the Secretary's acts. The President, I humbly conceive, has the mere right to nominate (or he may suspend) a person to discharge the duties of the office of Secretary of the Treasury; the Senate, a co-ordinate branch of the Executive, guards the appointing power, have a right to confirm or to reject the nominee. This gives no power to either to control the actions of the Secretary. But it is the law that throws dignity and duties around the Secretary, and the law assigns his powers and his obligations. For the fidelity of discharging his duties, he becomes responsible neither to the nominating nor the appointing power, but he becomes only responsible himself to the law; and for an infraction of the law, or malfeasance in office, he is amenable to the law, and answerable before tribunals adequate to pronounce decision of acquittal or condemnation for all his official acts. The President may nominate—Congress can abolish. If the modern doctrine is correct, as has been assumed, that the right of the President to nominate to office carries with it a right to control the acts of the Secretary, then the President, who has Legislative power as well as Executive duties to perform, (for no law can be passed without the signature of the President,) can, by a parity of reasoning, not only interpret and control, and arrest the operation of the law which he has signed, (as has been done,) but he can set the Constitution at defiance, and find his justification, not in the sanctions of that instrument, or in the written law of the land, but by assuming the responsibility of outraging both—seek his justification in making an appeal, not to the tribunals of the country, but to the American people, to countenance his attack upon the institutions of the country, upon the co-ordinate departments of Government—for assuming sole Executive and Legislative power—and for arrogating uncontrolled power over the Secretary of the Treasury and the currency and money of the Government. When the representatives of the people of the several States framed the Constitution, they assigned the President his duties, and required him in the discharge of those official duties, to make his conduct quadrate with that instrument; nowhere recognising his right to control a public officer in the discharge of his legal duties; nowhere recognising his right, in justification of an infraction of the Constitution and the laws, to appeal to the people, in order to gain their sympathy or contempt, their forgiveness or their censure. Every usurper appeals to the people; Caesar appealed to the people; so did Cromwell and Bonaparte; all deceived the confidence of the people, and each trampled upon their liberties. A candidate for office may appeal to the people—a public officer should appeal to the law; and if the law will not suit the people, they can order their representatives to alter it. Whether these views are correct or not, they are still the sentiments I entertain; and, holding them, I am free to give them utterance, for I believe this to be a time when every representative of the people should think audibly.

The law of September 11, 1793, entitled "An act to establish the Treasury Department," declares, in the first section, "That there shall be a Department of the Treasury, a Secretary of the Treasury, a Comptroller, an Auditor, a Treasurer, a Register," &c.

"Sec. 3. It shall be the duty of the Comptroller to superintend the adjustment and preservation of the public accounts; to examine all accounts settled by the Auditor, and certify the balances arising thereon to the Register; to countersign all warrants drawn by the Secretary of the Treasury, which shall be warranted by law; to report to the Secretary the official forms of all papers to be issued in the different offices for collecting the public revenue, and the manner and form of keeping and stating the accounts of the several persons employed therein. He shall, moreover, provide for the regular and punctual payment of all moneys which may be collected," &c.

"Sec. 4. That it shall be the duty of the Treasurer to receive and keep the moneys of the United States, and to disburse the same upon warrants drawn by the Secretary of the Treasury, countersigned by the Comptroller, recorded by the Register, and not otherwise. He shall take receipts for all moneys paid by him, and all receipts for moneys received by him shall be endorsed upon warrants signed by the Secretary of the Treasury; without which warrant, no signed, no acknowledgment of money received into the public Treasury shall be valid. And the said Treasurer shall render his account to the Comptroller quarterly, (or oftener, if required,) and shall transmit a copy thereof, when settled, to the Secretary of the Treasury. He shall, moreover, on the third day of every session of Congress, lay before the Senate and House of Representatives fair and accurate copies of all accounts by him, from time to time, rendered to and settled with the Comptroller, as aforesaid; as also a true and perfect account of the state of the Treasury. He shall at all times submit to the Secretary of the Treasury and the Comptroller, or either of them, the inspection of the moneys in his hands; and shall, prior to the entering upon the duties of his office, give bond, with sufficient security, to be approved by the Secretary of the Treasury and Comptroller, in the sum of one hundred and fifty thousand dollars, payable to the United States, with condition for the faithful performance of the duties of his office, and for the fidelity of the persons to be by him employed; which bond shall be lodged in the office of the Comptroller of the Treasury of the United States."

Section 5 assigns the duties of the Auditor.

Section 6 of the Register.

Sec. 8. That no person appointed to any office instituted by this act, shall, directly or indirectly, be concerned or interested in carrying on the business of trade or commerce; or be owner, in whole or in part, of any sea vessel; or purchase, by himself, or another in trust for him, any public lands or other public property; or be concerned in the purchase or disposal of any public securities of any State or of the United States; or take, or apply to his own use, any emolument or gain for negotiating or transacting any business with said Department, other than shall be allowed by law. And if any person shall offend against any of the prohibitions of this act, he shall be deemed guilty of a high crime and misdemeanor, and forfeit to the United States the penalty of three thousand dollars, and shall, upon conviction, be removed from office, and for ever thereafter be incapable of holding any office under the United States," &c.

In 1817, March 3, four Auditors were created, and one Comptroller, additional; and the restraints upon each officer are as great as in the law of 1793.

I cannot, Mr. Chairman, but pause here for a moment to admire the great wisdom and foresight of the wise framers of these statutes in guarding the public moneys of the people, by the variety of officers which they have created to be guards and checks upon each other. They knew the frailty of human nature, and its impotency to resist the seductive influence of

temptation. By these statutes, we find that even the Secretary of the Treasury could not touch one dollar of the public money; that he had as little control over it as any other officer of the Government.

By the extracts from the statutes which I have read, it will be perceived that the same law which created the Secretary of the Treasury, created co-ordinate, and, I maintain, co-equal officers of that Department, who are as independent of the Secretary of the Treasury as they are independent of the Secretary of War; who are as independent of the President as they are independent of each other. They are not to look to any power but the law, and that they are to obey. The Treasurer is required to give a large bond. To whom? to the Secretary of the Treasury? No, sir, to the nation. Then he is responsible to the nation, and not to the Secretary. The co-ordinate officers, the Comptrollers, the Auditors, the Treasurer, and the Register, hold no responsibility to the Secretary; Congress have appointed them guards upon the public money and upon the Secretary of the Treasury; and I fondly hope that they will so regard themselves. Rumor has reached my ear, upon the wings of the wind, that some officers have been considered too honestly faithful to the law, and would not bend to advice from a particular direction. It will be understood where I wish it to be, when I say to them, be firm and faithful to the law and your duty. I will say to those officers in Washington and out of it, whether I know them or not, whether they are Conservatives, Whigs, or Van Buren men, as long as they are faithful to the laws, and firmly resolved to do their duty, I beg them to consider me as their friend. Let them do their duty to the people and the laws, and, if persecution should assail them, I care not how dark the cloud, how fearful the storm, so long as I have a place on this floor, I will raise my humble voice in their defence.

But, to examine for a moment the bill on your table. What does the Committee of Ways and Means propose by that bill? In a bill of ten little sections, to blot out from your statute book all the many laws which created, regulated, restricted, and restrained the Secretary of the Treasury; and to destroy the enactments of our forefathers, which so cautiously guarded the public moneys of the people. To destroy the power, or to surrender it, of the Congress of the United States over the revenues of the nation, and to place it all in the hands and under the control of the Secretary of the Treasury.

This is not all; the bill proposes more: it proposes to give to the Secretary, singly and alone, not only power over the money of the nation, but it also invests him with legislative powers. It proposes in the very first section, after saying that "the collectors of the customs," "postmasters," &c. shall be "receivers" and "fiscal agents," that they shall be governed "by any regulation of the Treasury Department" "which in its wisdom it may think necessary," &c. In the fourth section, after saying that the receiving officers of the revenues "may be allowed any necessary additional expenses for clerks, fire-proof chests or vaults, (as if the keeper of the key of a vault could not have the same ready access to it as he would have to his own private bureau,) or other necessary expense of safe-keeping, transferring, and disbursing said moneys—all such expenses, of every character, to be first expressly authorized by the Secretary of the Treasury, whose direction upon all the above subjects, by way of regulation and otherwise, are to be strictly followed by all the said officers."

In the fifth section, he has the power to "appoint special agents as occasion may require, with such reasonable compensation as he may allow;" and no report are to be made, in all cases, as the Secretary, in his discretion, shall direct."

I ask your candid mind if it is in the power of language to give more absolute and unqualified power over the money of the nation, and over every officer who is to receive or pay it, than is given by this bill to the Secretary of the Treasury? Can such a measure ever receive the sanction of a majority of the representatives of freedom? That such a bill should be received in this House, without exciting the strongest feelings of indignation, surprises me. That this House should patiently allow any committee to ask them, without prompt resentment, to surrender their rights, and the rights of those whom they represent, to the spirit of its independence. Even the slavish members of a Turkish divan would rebel against such a measure. If the Representatives of the People abandon their interests on this floor, I have greatly mistaken the genius and character of my countrymen, if they will not quickly abandon them. I use this language in no spirit of censure or threat, but in prophecy.

We have wandered beyond our reckoning; we have been floating in an unknown sea; and our pilots are ignorant of the sea, the winds, and the stars. This they have proved; but still they call on us to trust to them, although they have run us aground; they promise to run on another tack, and say they can escape the reefs and the breakers. They are in a fog, but are still determined to rush recklessly on, instead of using the anchor, and run the ship of state they know not where.

It is a good, a safe maxim with the merchants—I hope and trust it will become the maxim with the farmers and the mechanics—never to trust those twice, who have deceived them once. I was in the panic session of the twenty-third Congress, one of the youngest (I know the humblest) members on this floor. When the rash, now all know the ruinous, experiment was proposed, almost the entire Executive party predicted that it was the commencement of a golden era—that every mechanic would have all his pockets filled with gold. I might read extracts from fifty speeches to prove this assertion, if it were necessary. I could read extracts from fifty speeches, made by the opponents of that measure, to prove that they predicted all the dire effects which the whole nation are now groaning under, if that visionary scheme should be adopted.

What were then promises on the one side have proved as deceptive as what were then predictions on the other is now and reality. If the half-starved children, and the haggard looks of their miserable mothers and agonized fathers, which we all have left behind us in our districts, be not sufficient proof of the fact, it is to be found in the evidence of the fact that the President has convoked us at this unseasonable and unusual period. When I saw then around me the grave and experienced, the learned and practical men, discussing the whole policy of our currency and our Government, I felt too distrustful of my ability, though confident in my judgment, to participate in that debate. But when I have seen that experiment fail, and the same men who urged it press upon us another—an experiment which I believe will make the rich poor, and the poor miserable—I am unwilling to be a silent voter; and, however limited my range of thought and ability, I am still resolved to speak the

inmost feelings of my mind, if this speech were to be my last; for diffidence in this crisis I do not regard a virtue.

What is the character of our currency now? What is the character of our exchanges? What, let me ask you, is the condition of our people? Miserable beyond description or parallel. What were the people promised, if they would go against the United States Bank, and so for the humbug experiment? They were promised all that imagination could throw out to eager hope. The farmer was told that the Bank of the United States checked his energies, and caused a failure in his wheat crops; the mechanic was told that he would never be a rich man as long as there was a United States Bank; the merchant was told that exchanges would be improved if he would but aid in destroying the monster; the professional man was led to believe that he would never have a patient, or a client, or a marital rite to perform, if he did not join in the cry against Nick Biddle and the bank. All were promised, and too many believed, that, if they would war against the monster bank, the whole land would flow in gold and silver; that the imagination of the travelling Spaniard through South America would be changed from conceit to vivid and tangible reality; that the houses would be covered with gold and silver; that the trees would bear ambrosial fruits of vegetable gold; that the whole nation would be an El Dorado and a specie paradise; that all might voluptuously live without working, and be rich without industry. This picture was delightful to the imagination, and it required the sternest philosophy to resist its captivating influence. For who, Mr. Chairman, would labor for wealth, if he can gain it by idleness?

The People were promised the same national and individual blessings which a notorious reformer in England once promised his followers and believers. He said:

"There shall be, in England, seven half-penny loaves sold for a penny; the three-hooped pot shall have ten hoops; and I will make it felony to drink small beer: all the realm shall be in common."

"Away, burn all the records of the realm."

The last part of this promise is the first which has been kept. The Constitution enjoins upon each House of Congress to keep a journal of records. The Senate have expunged their record. I would to Heaven, for the honor and fame of the nation, that, after expunging, they had burnt the record, so that the infamy of the act might have been consumed with the record!

Sir, you have falsified all your predictions and your promises to the People, and still you have the temerity to ask them to go with you in another crude and untried experiment, which shows upon its face a delusive hope and a ruinous consequence. Sir, you claim to be the poor man's only friend, and you have brought the poor man to poverty and to ruin.

You are consulting your own ambitious aggrandizement at the expense of the misery and suffering of the People. With consciousness of error, you still persist in wrong. You first induced the People to wage with you a war upon the United States Bank, and promised them better times and more prosperities; you have not realized the hopes you awakened. You now tell the People to wage a war against all banks—and the very pots upon which you relied as your instruments to effect a better currency. Yes, sir, you have done all this; and now, by your Executive's recommendation, you wish to create a universal bankrupt law. The honorable chairman of the Committee of the Judiciary has creditably to himself, and—I return him my acknowledgments—to the committee, informed you that he is not prepared at this time and at this session to obey the Executive will in that request. Yet the Senate's committee have reported a bill to annihilate the banks of this District—a step, I suppose, preparatory to a general bankrupt law.

(Here Mr. Johnson was informed, by a voice from behind him, that the chairman of the committee of the Senate (Mr. Grundy) had asked leave that morning in the Senate to be relieved from the consideration of the Executive request, to establish a general bankrupt law against the banks.)

Mr. J. said: I return my thanks to the voice which I hear, and to the honorable member from whom it proceeded, for the information which he has given me; I was not apprized of it before. I regard it as an omen of better things; I congratulate this House, I congratulate the country, upon the fact, that, as pliant as the Senate have been, they have not been so reckless of the public interest as to go with the Executive in all his mad and violent projects. I have now, for almost the first time, some hope that there is a redeeming spirit in this House to check and oppose some of the crude and ruinous measures of the Executive; and I feel animated with fresh and enlivening sentiments. But, sir, to resume the entangled thread of my discourse.

You found it popular with the public taste to go against the United States Bank. But, remember, when you got the People to go with you, you promised a better currency, and a better system of exchanges; you promised them gold for bank notes, and prosperity in their business for what you called bank oppression. The scheme took well on the start, but failed in those results; and now, because you deceived the People once, you would fan believe that you can make them think that it is now the State bank—your pots—that have caused all this misery and suffering. You are really, now, attempting a bold experiment on human credulity. Sir, you seem to revel instead of sympathizing in the distresses of human beings; you first deceive, and hope to make atonement by misleading. You think, because you got popular feeling against the United States Bank, you can now direct it against State banks, against all banks. If that fails, then to direct it against all rich men, and adopt the levelling, the agrarian system.

Sir, when I read, in my early youth, Rochefoucault's maxims (although he seemed to understand the human heart as though he had made it,) I marked with my pencil at the time, as wrong and impossible, the maxim where he says, "that there is something in the desires of our friends which does not please us." Although I read Dean Swift's parable of it, who was well read in the secret impulses of human action, still I doubted. He describes it better in verse—

"From Rochefoucault his maxims drew  
From Nature, I believe them true;  
This maxim, more than all the rest,  
Too base 'tis thought for human breast—  
That, in the distresses of our friends,  
We first consult our private ends;  
And Nature, kindly bent to ease us,  
Points out some circumstance to please us."

Sir, I begin to doubt, and am almost inclined to believe, that in the unsophisticated thoughts of less experienced life I was

wrong—when I have seen and witnessed the great excitement which was brought to bear in the public mind against the late Bank of the United States, how completely politicians succeeded in elevating themselves by destroying that institution; although, in its destruction, their friends, as well as their opponents, were whelmed in the same common distress and ruin. Whether some of these same politicians have not looked on the general ruin and misery with complacency, and at least consoled themselves that, as the first experiment acted politically (if not financially) well, they could now turn the indignation of the people from themselves against the State banks; and if that should result as the first experiment has terminated, and the people should still suffer distress, that they would say to them, to complete the glorious reform in our currency and money affairs, the people must go one step further, and it will be but one step, and direct their indignation against every rich man; and that there is no freedom where there is not an equal distribution of property; that, to be free, we must have the agrarian loco foco feeling to triumph; that—

"All the realm shall be in common."

Sir, every feeling of my nature startles at such a monstrous doctrine. The doctrine is avowed by few, but many are acting in the way to cause such a result. It will fail, I predict. I know it will fail. There is too much honor and integrity in the composition of the American character ever to allow such a doctrine to prevail. There is too much honesty and worth with the unspurring portion of our farmers and mechanics to suffer such sentiments to obtain a place in any honest bosom. I believe that one-half of those politicians who talk so much about the poor are their worst enemies; I judge so, because their measures are not calculated to aid, but to oppress, the indigent. Professions of patriotism have become trite and stale. I judge, and would urge the whole nation to judge, of public men, not by their professions, but by their acts; it is the safest test. The public distresses of the people will force them to adopt it. You have touched the most sensitive nerve in the American system. You have touched the pocket nerve, and it communicates directly to the thinking faculties of the mind. "Of all rebellions," said Lord Bacon, "those of the belly are the worst."

The attempt to draw a distinction between the rich and the poor, which is so often hinted at in the message, is delusive, because it is false. The President alludes to the people and to the poor to gain their favor, but recommends nothing to relieve their embarrassments. If he turns his eye at all to the sufferings of the people, it is a mere sidelong look that falls upon them

"As cold as the moonbeam on the barren heath."

He will not carry their produce to market, or think about their exchanges. The Emperor of China ploughs a furrow every year, in respect to agriculture. The President might have written one line in his message in favor of that interest. And get politicians talk about the poor—the laboring men—the very men who have suffered the most by their pretended friendship.

We hear the terms of "the poor" and "the aristocrats" used in every public place and in every public document. These epithets are unjust when applied to the people. We have no such distinctive classes; and those politicians who denounce the honest man who has made a competent fortune by honest industry and frugality as an aristocrat, are themselves the worst sort of aristocrats.

As General Foy, in the French Chamber of Deputies, was enlarging with much earnestness in a discussion in the Chamber, and had just used the word aristocracy, a voice from one of the ministers asked him to define it. "Aristocracy," he replied at once, and quickly—"Aristocracy, in the nineteenth century, is the league, the coalition, of those who wish to consume without producing, live without working, occupy all public places without being competent to fill them, seize upon all honors without meriting them; that is Aristocracy."

This I regard as a true and practical definition of the word. It is as just as it was happy. There is no such class in this country as the poor, if you will exclude the tenants of the almshouses. Every man in this country, who works at daily labor, gains wealth enough to secure him all the comforts of life, and many of its luxuries; is well fed and well clothed; and has, at the end of the year, spare money, and feels properly as proud and as independent as any man in the nation. He knows that, whilst he is one of the people, he is part of the Government; that his voice is felt and obeyed as much as if he had millions. He knows that, whilst he has to labor hard, the laws will protect him in his rights, and in the possession of the rewards of his industry.

The laws of our country, of every State in the Union, prevent a large accumulation of wealth in the hands of the few. The accumulation of one generation is divided with the descendants in the next. All that is wanted to acquire wealth is stability in wise laws to regulate the currency. Repeated fluctuations and changes, such as our rulers have produced, cause want of confidence, and finally distress. Confidence causes credit; and a system of credit, when controlled within cautious limits, adds to individual enterprise, which augments the wealth of the nation. Credit is the poor man's capital; and by it, in a moral point of view, the nation is benefited; for every individual is more anxious to preserve the rectitude of his integrity and honesty, when he knows that, by doing so, it may advance his wealth and prosperity. The rich man of last year is the poor man this year, and the poor man this year is the rich man next year; so the changes go round the circle, from year to year, from generation to generation. From some knowledge of the people of the United States, I do not hesitate to give it as my opinion, that, of the many who possess great wealth, a larger number of them have started from humble means, and have been the architects of their own fortunes, than those who have derived it from paternal inheritance.

By the laws of descent of the States, it is impossible that any family or class of individuals ever can accumulate so much wealth as to be enabled to oppress any portion of the people. Public functionaries that are wise should be cautious in availing themselves against any class in the community, when the interests of all are so naturally dependent upon each other, and are knit together like the web of the spider's web, so that whatever touches or deranges a part must be felt at the most remote and attenuated extremities. They should hold out, by establishing a safe and convertible currency and wise regulations of law, inducements and facilities to the needy industrious to accumulate property; and in this way to give a stimulus to industry; for it is not in the amount of specie which may be in a nation that you alone are to judge of its prosperity and its wealth; a

better criterion is its productive industry. A man who acquires property accumulates wealth; and who he has done this, he can soon convert it into money. The man who has but a hundred dollars, will find that at six per cent. it would support him with the necessities of life for a month; but if he were to expend it in Government lands, at a dollar and a quarter an acre, and apply his labor upon those lands, the production would not only support him and his family, but the surplus of his production would enable him annually to increase his wealth. But he must have either the capital in money, or the capital gained by his credit; for, if there is neither capital nor credit in the country, to allow him to establish himself, he must be for ever poor and miserable. Then I maintain that, to promote the prosperity of the poor, you must supply them with the facilities of acquiring either capital or credit, or rather of both. And this brings me to an important part of our inquiries and our duties: Whether a nation can prosper without a sound and abundant convertible circulating medium? whether gold and silver alone will be sufficient to promote that prosperity? and whether the poor would be benefited by the destruction of all banking institutions? Not having had time to arrange a regular and systematized argument, I will offer a few considerations in relation to these several propositions, without speaking of each separately, and care but little in what order I may take them up, and I may speak of each in conjunction. No member on this floor has said that there is more than eighty millions of dollars in this country in gold and silver. The easiest way of arguing this question is by the Yankee mode of asking a question. That question is, how will the people be enabled to pay off all their debts, which amount to many thousand millions, with only eighty millions of specie, if you force by your policy bank paper from circulation? For the Constitution authorizes every creditor to exact specie, (if he is unfeeling enough to do so,) as your law authorizes the Secretary of the Treasury to exact specie, when the banks cease to redeem their paper.

We can form some idea of the amount of debts which are owed by the people from the President's Message. He says: "At the commencement of the year 1834, the banking capital of the United States, including that of the national bank then existing, amounted to about two hundred millions of dollars; the bank notes then in circulation (about ninety-five millions; and the loans and discounts of the banks to three hundred and twenty-four millions. Between that time and the 1st of January, 1836, being the latest period to which accurate accounts have been received, our banking capital was increased to more than two hundred and forty-one millions; their paper circulation to more than one hundred and forty millions; and the loans and discounts to more than four hundred and forty-seven millions. To this vast increase are to be added the many millions of credit," &c. Then, according to the President's own showing, the people owe the banks nearly eight hundred millions of dollars, to say nothing of the immense amount which is owing between merchant and dealer, between farmer and mechanic, and I should not be exorbitant if I were to say it amounts to at least ten times that sum. Then, suppose you would carry out your hard money experiment, what would it lead to? The Government exacts its dues in gold and silver, and requires the deposit banks and the people to pay it in gold and silver; the banks which have made loans, as all have, call on the importing merchants to pay them in gold and silver; the importing merchant calls on the retailing merchant to pay him in gold and silver; the interior merchant calls on the farmer, and the farmer calls on the mechanic. Cannot all see the impossibility of paying more than ten hundred millions of debts with eighty millions of gold and silver? There is not gold enough in the world to pay the debts of the people of this nation. But suppose, purlindly, you press on with your schemes: Look any member of this floor, if any of his constituents were to owe a debt, say one thousand dollars, and he possessed of property to the amount of ten thousand dollars, if it would not require the whole property he possessed, if it were to become a general policy to pay in gold and silver, to sell for one thousand dollars? So far from this policy having the tendency to benefit the poor, it will, in its results, if it be not arrested, make the rich poor; and the poor man, who is forced to pay all his debts in gold and silver, will find himself beggared, if not incarcerated in the jail of his country. That is the paradise of suffering and misery which such a measure will lead him to; and if he follows such counsellors as we have had for the last three years, he should prepare his mind and body to endure poverty and suffering. "It is in these countries," says an able writer, "only, where labor is well rewarded, and where the mass of the people are placed in a situation to accumulate wealth, that they acquire a stake in the hedge, and are, in consequence, made to feel a direct personal interest in the support of all those great fundamental principles essential to the existence of society, which they otherwise regard either with indifference or aversion, and which the slightest provocation is sufficient to induce them to attack."

But these statesmen who ride in their English carriages, with white servants in livery, who all feed upon the public crib, say that the people are too voluptuous; they have too many luxuries; that they are too extravagant, and that their rulers are determined to bring them down to princely simplicity; that they must be brought down to the economy of the pastoral ages, and Republican simplicity, which we read of in books of olden times; to the hard-money days of Lycurgus, when a man was regarded a patriot, if he not only would covet, but if he would steal, his neighbor's property, without being detected in the theft; when their bread was made of acorns, and the skins of wild beasts furnished them with raiment. Or are we to be brought down to later days, the days when cocoa-seeds were received in part of South America for a currency? That had more plausibility about it, for the holder of that currency could convert it into an article of food, which was no small improvement upon Lycurgus's system.

Example has more effect than precept; and he who wishes to reform a society, must first reform himself; and if the President and his Secretary would start the fisher, they might advise with better hope of success. Let the President dress him self in sackcloth, and his Secretary in the skins of wild beasts, and borrow a dress from Keokuk or Black Hawk, who are now in the city, and start out as missionaries to proselyte the people, and they will soon find how many converts they will make. The first district which they would enter, would be the district which I have the honor to represent on this floor. Let them approach some settlement of industrious Friends or German farmers—the former they would first reach in about ten miles from this place. The President would enlarge upon the advantages of his system, and finally hand the listening crowd over to his faithful squire, who would show, by statistics, what would be

saved to the nation if no luxuries were imported from abroad, and how much less their merchants' and tailors' bills would be if they adopted his attire—to banish broadcloths and merino shawls. We can well conjecture, Mr. Chairman, that the women, if they said nothing, would look inexpressible things; and I can imagine some such man as Roger Brook, a resident of Montgomery, who is a man of reading and a wit, replying to the President, and saying that his costume and the Secretary's were unique and peculiar; that he belonged to a society that but seldom changed good habits; that he liked to read of such attire in the Bible, but could not say that he was at that moment prepared to adopt it. Although they are remarkable for treating both invited and stranger guests with great hospitality, he would play off Van Burenism upon Van himself, and say to him, as a delinquent debtor once said to a dunning creditor, Friend, call next week, and — then I will tell you when you can call again.

But we have had some of these currencies in our own country, or something very much like them. In the democratic simplicity of the trappers of the Rocky Mountains at this time, they use pel instead of bank notes, and pay their debts in the skins of beavers, otter, or racoons. Before the purchase of Louisiana, and until 1804, deer skins were a legal tender, by the laws of all Upper Louisiana, at forty cents a pound. Our forefathers, in their Republican simplicity, made fish oil, cotton and tobacco, a legal tender; and you cannot now open an old statute book, of either Virginia or Maryland, that has not tobacco so often written in it, that it really smells of the indigenous weed. In Maryland, by the law of 1783, tobacco was made a legal tender at a penny a pound, and Indian corn at twenty pence a bushel. Whilst in Virginia, in 1618, tobacco was made a legal tender at 3s. per pound; and in 1620, the "young" and beautiful "women who were shipped by the Virginia Company in England to that colony to be married to the residents, the price on each was a hundred pounds of tobacco; though, when the article was scarce, as much as a hundred and fifty pounds was paid."

This kind of currency is very elegantly described in the sixteenth number of Salmagundi, where it represents that "the lady of a Southern planter will lay out the whole annual produce of a rice plantation in silver and in gold muslins, lace veils, and new liveries; carry a hoghead of tobacco on her head, and trail a bale of sea island cotton at her heels; while a lady of Boston or Salem will wrap herself up in the nett proceeds of a cargo of whale oil, and tie on her hat with a quinté of codfish!" I do not believe that any of my constituents wish to go back to the tobacco experiment of their ancestors; many of them raise most excellent tobacco, and some like to utilize their senses with it; but none, I believe, are anxious to have their dues paid in it: they would prefer the miserable currency which you have now afflicted them with. I know by how frail a tenure I hold the attention of the committee; but as it has favored me with its attention, I am emboldened to proceed a little further, and will attempt to illustrate the positions honestly thrown out in my remarks—the necessity of the Government to establish, by wise regulations, a currency for the people; and the absolute impossibility of the advance of the people in its usual and rapid strides to wealth, to greatness, and to power, without an abundant and good currency. I will not go into a discussion of metaphysics and abstractions, as one-half of the political economists do, who write long and labored books to find out whether gold and silver is properly money or not; whether it is a merchantable commodity, and ought to be sold as any other production of labor; whether bank paper is a good and safe representative of value, or whether it may be worn out and more quickly consumed than the precious metals. I will leave these discussions to those who have a taste for them. I am in the Congress of the United States, and feel that it is my duty to act upon circumstances around me; to look at the past, and try to do the best I can for the future. Close refinements may suit the purpose of the learned lawyer, and abstract metaphysics may suit the man of recondite lore; but practical utility, I think, will best suit an American legislator.

I will take the liberty of reading an extract or two from the little volume I hold in my hand. It is about half the size of the report of the Secretary of the Treasury, and contains, in my poor judgment, more sound maxims of usefulness to the laboring class than all the messages and reports, and speeches, too, which have been written by the Presidents and Secretaries, and their friends, for the last four years. I am sorry to discover that it is not to be found in any of the libraries in this Capitol; and whilst I am making a miscellaneous speech, I will use this occasion to say, that I am sorry for the American taste that they buy up every large volume of romance that is published, whilst pamphlets of solid information are neglected. In England it is different; nothing is quicker bought and read there than political essays and statistical tracts. We have not a taste for statistics, and nothing is more important for a public man. The volume which I will read from is one that was sent to me by a travelled friend from Edinburgh. It was written by J. R. McCulloch, and is entitled "An Essay on the Circumstances which determine the Rate of Wages, and the Condition of the Laboring Classes." The first section is headed, "Rate of wages in any given country at any particular period, determined on the magnitude of the fund or capital appropriated to the payment of wages, compared with the number of laborers." He says: "The capital of a country consists of all that portion of produce of industry existing in it which can be made directly available, either to the support of human existence, or to the facilitating of production. But the portion of capital to which it is now necessary to advert consists of the food, clothes, and other articles required for the use and consumption of the laborer. This portion forms the fund out of which their wages must be wholly paid. We shall err if we suppose that the capital of a country depends on advantageousness of situation, richness of soil, or extent of territory. These, undoubtedly, are circumstances of very great importance, and must have a powerful influence in determining the rate at which a people advance in the career of wealth and civilization. But it is obviously not on these circumstances, but on the actual amount of the accumulated produce of previous labor, or of capital devoted to the payment of wages, in the possession of a country, at any given period, that its power of supporting and employing laborers must entirely depend. A fertile soil affords the means of rapidly increasing capital; but that is not all. Before that soil can be cultivated, capital must be provided for the support of the laborers employed upon it, just as it must be by providing for the support of those engaged in manufactures, or in any other department of industry."

It is a necessary consequence to this principle, that the amount of subsistence falling to each laborer, or the rate of



wages, must depend on the proportion which the whole capital bears to the whole amount of the laboring population. If the amount of capital is increased, without a corresponding increase taking place in the population, a larger share of such capital will fall to each individual, or the rate of wages will be increased. And if, on the other hand, population is increased faster than capital, a less share will be appropriated to each individual, or the rate of wages will be reduced."

"So long as capital and population continue to march abreast or to increase or diminish in the same proportion, so long will the rate of wages, and consequently the condition of the laborers, continue unaffected; and it is only when the proportion of capital to population varies, when it is either increased or diminished, that the rate of wages sustains a corresponding advance or diminution. The well-being and comfort of the laboring classes are therefore essentially dependent on the relation which their increase bears to the increase of the capital that is to feed and employ them. If they increase faster than capital, their wages will be reduced; and if they increase slower, they will be augmented. In fact, there are no means whatever by which the command of the laboring class over the necessities and conveniences of life can be enlarged, other than by accelerating the increase of capital as compared with population, or by retarding the increase of population as compared with capital; and every scheme of improving the condition of the laborer, which is not bottomed on this principle, or which has not an increase of the ratio of capital to population for its object, must be completely nugatory and ineffectual."

Such are the views, not of a man who wishes to be returned to Congress upon some popular prejudice, who aspires to a secretaryship, or a foreign mission, or to the Presidency, but one who writes for the benefit of mankind, and is willing to meet his reward in the approbation of a benefited and grateful posterity. If I may venture to illustrate his views, in this country we have now some eight or ten hundred millions of circulating medium, which is received, and gladly received, by all who have debts to collect, as money. If you adopt the advice offered, and destroy our banking institutions, you reduce the circulating medium to the amount of the specie in the nation, which has been computed at eighty millions; but I do not believe that it is much more than half that amount. Then you will have a currency or circulating medium which, if you were to divide it among the people, would give each individual some three or four dollars. The effects would be, that those who work for a dollar a day now, would have their wages reduced to some ten or twelve cents per day; for, instead of increasing the capital with the increase of the population, you reduce the capital to about five per cent of what it is now, whilst the population of the country increases about five per cent. every year. Or you would have to raise the value of money more than a thousand per cent. and say that a dime shall in future pass for a dollar, an eagle for a hundred dollars. I will read another extract from his second chapter, exhibiting the "Comparative increase of capital and population." "It is not possible to obtain," he says, "any precisely accurate estimate of the absolute quantity of capital in a country at different periods; but the capacity of that capital to feed and employ laborers, and the rate of its increase, may, notwithstanding, be learned with sufficient accuracy for our purpose, by referring to the progress of population. It is clear, from the statements already made, that the inhabitants of a country, supposing them to have the same, or about the same, command of the necessities and conveniences of life, cannot increase without a corresponding increase of capital. Whenever, therefore, we find the people of a country increasing without any, or with but very little, variation taking place in their condition, we may conclude that the capital of the country is increasing in the same or very near the same proportion. Now, it has been established beyond all question, that the population of several of the States of North America has, after making due allowance for immigrants, continued to double, for a century past, in so short a period as twenty, or at most twenty-five years; and as the quantity of necessities and conveniences falling to the share of an inhabitant of the United States has not been materially increased or diminished during the last century, this increase of population is a proof that the capital of the country has advanced in a corresponding ratio. But, in all old settled countries, the increase of capital, and consequently, of population, is much lower. The population of Scotland, for example, is supposed to have amounted to 1,030,000 in 1700; and as it amounted to 2,135,000 in 1820, it would follow, on the principle already stated, that the capital of the country had redoubled about one hundred and twenty years to double. In like manner, the population of England and Wales amounted to 6,064,000 in 1740, and to 12,256,000 in 1821, showing that the population, and therefore, the capital of that country, applicable to the support of man, or the supply of food, clothes, and other articles necessary for the support of human life, had doubled in about eighty years."

"The effects which the different rates at which capital and population advance in different countries have on the condition of their inhabitants, may be exemplified in a very striking manner, by comparing the rate of increase and the actual state of the people of Great Britain, with the rate of increase and the actual state of the people of Ireland. It is certainly true, and there has been a considerable increase in the capital of Ireland during the last hundred years; though no one in the least acquainted with the progress of the different parts of the empire, has ever supposed that this increase has borne the proportion either of a third, or even a fourth, to the increase of capital in England and Scotland during the same period. But the increase of population in Ireland, as compared with its increase in Britain, has been widely different from the increase in the capital of the two countries, or in their means of employing people, supporting them in a state of comfort and respectability. According to the tables given in the Parliamentary reports, the population of Great Britain amounted, in 1720, to 8,955,000, and in 1821 it amounted to 14,391,000, having a little more than doubled in the course of the century; while, from the same reports, it appears that the population of Ireland, whose capital had increased in so inferior a proportion to that of Britain, amounted to very little more than two millions in 1731, and to very near seven millions in 1821; having nearly quadrupled in less time than the population of Britain took to double."

He further says:

"All the witnesses examined by the committee of the House of Commons, on 'the employment of the poor of Ireland,' in 1823, concur in representing their numbers as excessive, and their condition as wretched in the extreme. Their cabins, which are of the most miserable description, are utterly unprovided with any thing that can be called furniture. In many

families there are no such things as bed clothes. The children, in extensive districts of Munster, and the other provinces, have not a single rag to cover their nakedness; and, whenever the potato crop becomes even in a slight degree deficient, the scourge of famine and disease is felt in every corner of the country. The Right Honorable Maurice Fitzgerald, M. P. mentions that 'he had known the peasantry of Kerry quit their houses in search of employment, offering to work for the meagre subsistence that could be obtained, for two pence per day; in short, for any thing that would purchase food enough to keep them alive for the ensuing twenty-four hours.'"

I will read but one line more and then lay down this useful volume. He says, "that while the average market price of a day's labor in England may be taken at from 20d. to 2s. it cannot be taken at more than 5d. in Ireland."

These undoubted historical facts are so conclusive to my mind, that I will not attempt to enlarge upon what seems so convincing to the reflecting understanding, further than to say that they first convince us that you are not to judge of the prosperity of a nation by its rapid increase of population; but if capital does not advance side by side with population, misery and poverty will be the inevitable consequence, and that the poor will be the first and most numerous sufferers; that capital advanced in England with its population, and wealth and comfort followed in its train; population rapidly increased in Ireland, whilst capital lagged behind, and misery and wretchedness now scourge that people. Then carry out the President's views, and those of the Secretary: after first destroying the United States Bank, then destroying the State banks, by your bankrupt scheme; destroy capital; destroy credit, which the President says has been carried too far, and should be checked. Do all this, and the poor man sees his fate read in the history of Ireland. Their distresses are great beyond description; their means of support the most scanty; and the Irishman said truly, as he said wittily, that the first mouthful of bread he ever ate was a potato; yes, sir, the potato is his meat and his bread, and often he is without it. Carry out your system, and the cheapest food, which is the potato, will be that which the poor of this country will be forced to live upon. They will not be able to buy a barrel of flour or a barrel of pork.

Bank credit, individual confidence, and the credit system, have been the chief currency of our nation for fifty years. Never has any nation prospered as this nation has in so short a period. But now the President tells us and the People that the Government must cut loose from the community; that they have traded on borrowed capital; and have carried the credit system too far. Such language would be ungenerous from that source, if in all respects true. Who did most to adopt measures which brought about these results? You destroyed the United States Bank, and at least tacitly invited the States to fill the vacuum of that institution by making banks of their own. You told these State banks to discount liberally. The People, believing that all was true which you told them, increased their business; the farmer bought more land, the mechanic employed more journeymen. Each went in debt, believing, if your promises of a better currency would be realized, that he could not only meet his liabilities but enlarge his means. Your promises were not realized; and now he meets with Executive denunciation for trusting that very Executive. Is not this ungenerous? Is it not cruel? It is a very refinement in cruelty which a fallen angel might envy.

The President, in his Message, has written, as I have spoken, about a great many things; among others, he tells us that England has over-traded, and all Europe felt embarrassments as we feel them.

It is often true, (and the President's Message proves it,) as Lord Brougham has well said, that philosophers have been led into an error, not uncommon in many departments of science, and in none more frequent than in politics—the mistake of the occasion for the cause, and of a collateral effect for a principle of causation. Sir, it is true that there have been, and are, embarrassments in the moneyed arrangements of Europe; but did it originate there? No, sir. I have an interesting pamphlet before me, written very recently, and translated from the French, which I cannot trespass upon the time of the committee to read extracts from. But it shows, by the most conclusive demonstration, that the first cause of our distresses was the warfare upon the bank and the currency by General Jackson in this country; and that so clearly allied is the whole commercial world with this nation that embarrassments in this country are felt, and will be in a greater or less degree, by every Power of Europe with whom we trade. Civilization and commerce have made the human family, so far as trade is concerned, as one people, and you cannot affect the interest of one without affecting the business of all.

This connection and this dependence have been the result of the credit system, which has been so much denounced, and which has been enlarged upon in the Executive Message. I have listened to speeches on this floor, in which whole pages of the Gongo plan have been adopted; yes, sir, the whole anti-bank plan. The little States of the Germanic provinces have been alluded to, to show that by individual banks the interest of the People and the Nation could be promoted. Sir, statesmen and political economists run into error in receiving the theories of abstract writers. Practical judgment knows how to receive or to eschew maxims of writers which apply to a particular nation in a particular condition. The provinces of Germany are small; the line of business is defined. Our nation is as yet new, and immensely expansive. What may be wise in a little State in the centre of Europe may not be wise in a large State in an immense hemisphere.

But I deny that any of the Germanic provinces have gained their wealth or their prosperity by the simple gold money system, by excluding the whole foundations of the credit system. And, in support of this opinion, I will read one sentence from the first volume of Lord Brougham's admirable work on the Colonial Policy of European Nations: "Credit has contributed to the astonishing increase of the Dutch settlements, so much wanted in all other colonies." To sustain this opinion, I will read an extract from Thornton, on Paper Credit, showing that paper credit has been a great cause of the prosperity of Holland. He says, "the extent of the circulating medium of Holland is deserving of notice. Besides the great circulation of bank notes and receipts, Government paper and bills of exchange, (which latter are without doubt a part of the circulating paper of every trading country, although they circulate more slowly than the other parts,) the system of colonial credit must have always thrown into the market a very large portion of circulating paper." Then, sir, when it is thus shown that the Germanic States and Holland owe their prosperity to the paper system and to credit, they will no longer be quoted against both.

If there is one man on earth who knows when to use the credit system, it is a German, whether he is in Europe or America, because he is a close calculator of number one. If he finds, after making his estimates, that he can easily repay, he will then borrow money at six per cent. when he has convinced his mind that he will make eight, or ten, or twelve, upon its judicious use. They do not want the Executive, or any one else, to tell them how to make their estimates; they are the safest calculators in the world.

Some gentlemen here, from the South, have advocated this measure and the views of the Executive—to destroy the banking system of our country, to disconnect Government from the banks, and to restrain the credit policy of the nation. I have, it is true, travelled much through the South, the West, and the North. I have read much of all, and reflected anxiously on their separate and blended interests; still I do not feel sufficient confidence in myself to dissent too rashly from some of the opinions which I have heard of members, who take, with an air of confidence, the interest of their respective regions of the country under their own protection. I cannot, however, restrain the expression of my doubts that the interest of the South will be promoted by these measures; I honestly believe that there is no part of the Union where capital is in such demand, and credit so much required, as in the South—the cotton-growing regions. It may be true that, in some of the old Southern States—in South Carolina, for instance, where capital is somewhat fixed and established—those who receive large patrimonial possessions, with hands upon them to work them, and money to carry them on, may do well in any vicissitude of our policy, but less advantageously upon the new than the old system. But even that favored portion of the population of the States of the South is comparatively but a small portion. The great mass of the cotton-growers are men who have moderate means, and are forced to extend their credit. They may have a few thousand dollars and a few negroes. After they shall have purchased a plantation, they will find their funds exhausted, and that they must resort to credit to get their establishment into profitable operation; and this is more especially the case of the Southwestern States. An editor in Mississippi, some time ago, said that that State did not owe less than ten millions of dollars for negroes; in other words, for laboring capital. Now, require that State to pay ten millions in specie, and you would have to sell at least one fourth of the State to make the amount; and that is the most extensive cotton growing State in the Southern country.

Sir, I maintain that this very productive labor, as it has been called—the slave labor of the South—is strictly and truly more of capital than labor. I could quote Lord Brougham and the reasoning of Senator Tracy, to sustain the opinion, but I will not read from either; for I have not time to discuss before this almost exhausted committee, nor is it important for my present purpose. But, to come to the middle, the grain growing and agricultural States; how few of the number of their inhabitants have been left farmers, and utensils, and money, sufficient to carry on the whole of the paraphernalia of farming operations? Nine out of ten have to purchase farms, and to gain credit for their personal property, in order to carry them on with prosperity. "A farm," says Senator Tracy, "is a real manufactory;" "a field is a real utensil, or, if you please, a store of first materials;" to set it into profitable motion, you must have capital, or credit to gain capital, in order to make it useful or profitable.

But if we were, as it is our duty, to turn our eyes and inquiry farther north, where manufactures and farming go hand in hand together; a manufacturer builds his factory, but finds that his ability will not be sufficient to purchase all of the raw material to be worked up into useful and profitable fabrics. He must either gain credit, or at once dismiss his hands, and abandon his useful enterprise; these hands must work in some other and new employment, for a quarter of a dollar a day, instead of gaining a dollar, if the head of the factory could not have obtained credit. Thus, your system will prostrate the man of some capital, and throw out of employment the man who has but a useful trade.

But how can you carry on commerce between man and man without a sound convertible currency, without immense loss to both the consumer and producer? Tracy has truly said that "commerce and society are one and the same thing;" he has said in another place, "commerce is the whole of society, as labor is the whole of riches." The internal commerce among the States and the people of the States is vastly greater than its foreign commerce, and requires some circulating medium to represent value. There is not gold and silver enough for this purpose: then you are forced to have either a convertible or inconvertible paper currency, or make the productions of labor a currency. You had a convertible paper currency, the best in the world, and the nation was happy and prosperous. You taught the people to be dissatisfied with it, and to aid you in destroying it; and they are now afflicted with an inconvertible depreciating currency. To restore the former prosperity, you must restore the former currency.

You tell the people to banish from use small notes; and your measures force the People to countenance their existence. We had a good currency in Maryland a few years ago. That State prohibited the circulation of notes under five dollars, and I believe but one bank under their charters could issue notes of a less denomination. Public necessity has been made paramount to the law and the policy of the State, and every corporation, and almost every individual in business, feels himself authorized to become a banker, and to fill the State with notes of the fractional parts of a dollar. This was the case in all the States, as now, when the first Bank of the United States was destroyed. I have in my possession a relic of those days—a note of the denomination of "ten cents," which a friend sent me from Virginia, on the "Farmers, Mechanics, and Merchants' Bank" of "Charleston, Jefferson county, Virginia," issued "November 2d, 1815," and signed "William Brown, cashier." I have another precious relic of past days, when there was no United States Bank. It is printed on coarse, stiff paper, and designates "No. 27, 418" for "fifteen shillings." According to an act of the General Assembly of Pennsylvania, passed the thirteenth year of the reign of His Majesty George the Third, dated the first day of October, 1773, signed Thos. Leech, William Griffin, James Stephens; and on the back of the note is written, "To counterfeiter, is DEATH." I am as much opposed to the circulation of small notes, and as much in favor of a sound and abundant specie basis, and specie circulation, as any gentleman on this floor. Hence it is that I am in favor of such measures as will effect the desirable result—measures that have been tried; not the chimerical schemes of fanciful politicians.

From the genius and character of our people, spread as they



are from the east many thousand miles west, filling all the intermediate country, of every variety of production, from almost the polar region of the North to the land of the sugar cane and perennial verdure, it is impossible to carry on free interchange and trade, without immense loss to the people, without a better currency than we have at this time. I have no doubt if a United States Bank were established, with a capital of thirty or forty millions of dollars, to issue no notes of a less denomination than ten dollars, its notes to be received in payment of Government dues, and the notes of all banks that shall resume specie payments within a given period; that, after a limited period, neither the Government nor the bank should receive notes of any bank that issued notes less than five dollars, and, after a farther period, of ten—you would gradually have withdrawn all the small notes; confidence would be restored, and the people would once more see and handle specie. The operation would be gradual, and create no alarm or embarrassment, or derangement in business. Whatever might be the character of the State Banks, they would find it to their interest to conform to these regulations; for the receivability of their notes by the Government and the bank would induce them to call in all their small notes; for those banks could not prosper whose notes would be continually returning upon them as so on ash thrown into circulation, as the notes of every bank would that were not received by the Government and the bank and its branches.

At any rate, this is the conclusion to which my mind, after anxious research and reflection, has attained. By such a course, we would enable the People gradually to extricate themselves from their difficulties, and the nation, now and in future time, would be benefited.

But we have been told, by a distinguished member from Virginia, (Mr. ROBERTSON,) that we are not legislating for posterity, but for ourselves; and that posterity will legislate for itself. This is not the first time I have heard of the remark being made in a legislative assembly, though not by Thomas Jefferson. But there is authority and very high authority for it—the authority of Sir Hugh Boyle Roch. Barrington, in his Personal Sketches, mentions, that a debate arose in the Irish House of Commons, on the vote of a grant which was recommended by Sir John Parnell, Chancellor of the Exchequer, as one not likely to be felt burdensome for many years to come. It was observed, in reply, that the House had no just right to load posterity with a weighty debt, for what could in no degree operate to their advantage. Sir Hugh, eager to defend the measures of Government, immediately rose, and in a few words put forward the most unanswerable argument which human ingenuity could possibly devise. "What! Mr. Speaker," said he, "and so we are to beggar ourselves for fear of vexing posterity! Now, I would ask the honorable gentleman, and this still honorable House, why we should put ourselves out of the way to do any thing for posterity—for, what has posterity done for us?"

Sir Hugh, perceiving, upon taking his seat, that there were many smiling, and not being conscious that he had said any thing out of the way, concluded that the House had mistaken him. He therefore rose and begged leave to explain, as he apprehended that gentlemen had entirely mistaken his words. He assured the House "that by posterity he did not at all mean our ancestors, but those who were to come immediately after them."

Such reasoning may have effect on some minds, but it can have none on mine. That an American Congress shall not shape their measures to benefit posterity, is a sentiment I can never subscribe to. There is an instinct in all animated nature, to protect its offspring. The most timid animal that is not endowed with reason will peril its existence to protect its young. What huntsman has not seen the skittish pheasant change its nature at times, at his sudden approach, and, crying warning to its affrighted brood, flutter before his footsteps, with its rich plumage expanded, as if to challenge his deadly aim! And what generous huntsman has not paused, in harmless admiration, till the fond mother could make an adroit retreat to its secure brood! Is it possible for the day ever to arrive when the House of Representatives will have become so metamorphosed as to forget all instinct of nature, all duty of reason, as to look singly at the selfish interest of themselves, without consulting their duty to posterity? No, sir, it is not possible; the laws of human nature will never be so changed.

I cannot but allude to a remark made by the gentleman from South Carolina, (Mr. PICKENS.) He expatiated, as the Message has, upon the banking system of this country and England, and said that England had over-traded and over-banked.

I could but picture in my mind that the gentleman from South Carolina was in the British House of Commons, addressing that body with the same earnest and impassioned strain to change its policy, to destroy its bank, and no narrow down its credit system to the standard of his judgment. I could fancy to my mind the whole House giving him profound attention, and admiring his eloquence, if they doubted the wisdom of his views; and that, after he had concluded, some veteran statesman would approach him in terms of friendly gratulation, and privately admonish him, before he made another speech on those subjects, that he should lock himself up in an abundant library, and neither give nor receive a visit until he had thoroughly read the entire history of England in relation to the causes of her prosperity; that then he hoped he would be willing to make a speech on the other side, for he would find ample reasons for that change; he would find it was that policy which quickened into usefulness the hidden coal and imbedded ore; it was that system which taxed the water courses to lessen the taxes of the people, which had before flowed on unobstructed from the mountain side to the ocean; it was that system which makes them now, in tribute to industry, leap on the water-wheel, and labor into motion millions of spindles; it is that policy which has built up factories, and made all England one vast and prosperous workshop, and created her wealth, which all the gold of all the mines of South America could not purchase; and has given her power that half the world could not subdue, and has made almost all of it tributary to her.

Another gentleman, in his remarks yesterday, (Mr. Hunter, of Virginia,) in making a hard-money speech, (and, if he will allow me, I will say it was one of the best I have listened to,) wished to demonstrate the evils of the banking system, by referring, in illustration, the French Government adopted the policy of making a run on the Bank of England, whose paper was in circulation on the Continent, and consequently the bank had to suspend specie payments. That honorable gentleman is right in his historical fact, but I must differ with him in his conclusion, that the British Government sustained an injury by that bank from this circumstance.

It is true, Mr. Chairman, that the French nation thought that

one of the best ways of defeating the British arms was to make an attack upon the means of supply of money to her armies, and did employ Jews to present at the counter of the Bank of England its notes. But did that quick-sighted nation bend to the policy of its enemy, and countenance the discredit of its banks? Did the Government of England, when a run was made on the bank, does our Government has done—denounce and aid to ruin the bank? No, sir. The Ministers at once brought in a bill to invite—yes, sir, to request—the Bank of England to suspend specie payments. Did the Government of England do as our Government has done—refuse to take the notes of the bank? No, sir; in that very bill of 1797 they made the notes a legal tender, and stamped the encouraging seal of the nation upon them, by saying that the Government would take them for public dues. It was a consummate policy, and the sequel proved it; for, although the law was limited to six months, I think it was renewed, from time to time, for some twenty years. Did the notes of that bank depreciate as the notes of our banks have, that have been dishonored by the Government? Read the history of English currency, and you will find that it did not. That policy prevented a panic, and sustained credit, and enabled England to contract a debt of twenty-five hundred millions, in a war of unprecedented consumption and fury. By preserving credit at home, she gained it abroad; and nothing aided her more than the Bank of England. It was this policy which made her victorious in that war; it was because industry was her capital, and credit her currency.

Mr. Chairman, I have trespassed much longer upon the time of the committee than I had intended; but a dread of the consequences of this measure upon the farmers and mechanics of the district which I represent, has induced me, together with the attention which I have received, to claim so large a portion of your time.

I will answer one other remark, whilst up, from my Southern friends, and then hand them over to their constituents. My friend from Virginia (Mr. ROBERTSON) said that he voted for this same measure in the Twenty-third Congress, when Gen. Gordon proposed, as "skeleton" of a bill; that, as he went for the "divorce" system then, he will sustain his consistency by going for the bill under debate; and that most of the members of the Opposition went for it then. A friend from the Eastern Shore of Virginia (Mr. WIER) has informed the House that he and many others voted for it then, in courtesy to his colleague who had moved it, so as to bring the proposition before the House; but never dreamed for a moment of voting for it on its final passage.

I wish here to say that I was not in my place—from indisposition—when the vote was taken on General Gordon's proposition; but had I been, I would have voted against it.

If my honorable friend is willing to sue out for a "divorce," in order to marry a "skeleton," I should not be, if I were united to the worst scum in the world. But there is no debating about taste.

If I wished to consult a lawyer of profound legal reading and reflection upon an abstract question in that complex science, the first gentleman in this House that I would approach would be the learned gentleman from Richmond, (Mr. ROBERTSON;) but if I wished to ask advice in selecting "a help meet," I think that he would be the last. I will candidly admit that my friend has more courage than myself. I do not believe that I could screw my courage up to join in wedlock's embrace a skeleton of dry bones. I would have first to see it filled with muscles, flesh and blood, life and animation, fair symmetry and proportion. I must first see the human form and face divine; and then, but not till then, I would venture to—"speak to it."

What assurance can the gentleman have that his skeleton might not be made by the Secretary, who has to fill up the outlines of the form, a hideous caricature—a monster in human form, afflicted with

"All the ills that flesh is heir to?"

"—all diseases, all maladies, Of ghastly spasm, or racking torture, quailms Of heart sick agony, all feverish kinds— Convulsions, epilepsies, fierce catarrhs, Intestine ills and ulcers, colic pangs, Demonic frenzy, moping melancholy, And moon-struck madness, pining atrophy, Marasmus, and wide-wasting pestilence, Dropsies, and asthma, and joint-racking rheums."

The skeleton of the bill before us—for it is but a skeleton—although accompanied with "vaunts" and "strong boxes," they are not boxes of ointment—they are but Pandora's boxes, filled with scourges and diseases, without having hope at the bottom, with which the Secretary may afflict with pestiferous evils the body politic, on whom you are going to force this unnatural alliance.

But before I exhaust the patience of this committee and myself, I wish to refer to one historical fact, in hopes that the advocates of this measure may find a moral in it; and in the hope that they may pause and profit by it before they consummate this hasty and ill-judged measure.

At one period of the English history, corporate privileges were unpopular as they have been made in this country; they were unpopular, because abuses existed under them—real, not imaginary; and in none did abuses exist to so great an extent as in the East India Company.

Mr. Fox, who was made Premier, finding that popular feeling existed strongly against the abuses practised under that company's incorporated privileges, and knowing how strong an influence he could wield, if he could bring every interest connected with that company to be dependant upon the ministry, conceived the plan, not of remedying the evils, but the bold scheme of annulling their charter, and appointing commissioners with absolute power to conduct the affairs of that company. He brought forward a bill, and predicated it upon a plausible preamble of the good of the company and the good of the people, for its better regulation and theirs. It was not the skeleton of a bill, like this on your table, but full and ample in its parts and in its details. That the committee may judge of its character, I will request the Clerk to read the preamble and the first section.

[A BILL for vesting the affairs of the East India Company in the hands of certain commissioners, for the benefit of the proprietors and the public.]

Whereas disorders of an alarming nature and magnitude have long prevailed, and do still continue and increase, in the management of the territorial possessions, the revenues and the commerce of this kingdom in the East Indies; by means whereof the prosperity of the natives has been greatly dimi-

nished, and the valuable interests of this nation in the said territorial possessions, revenues, and commerce, have been materially impaired, and would probably have fallen into utter ruin, if an immediate and fitting remedy were not provided:

Be it therefore enacted by the King's most excellent Majesty, by and with the advice and consent of the Lords spiritual and temporal, and the Commons, in this present Parliament assembled, and by the authority of the same, That the government and management of the territorial possessions, revenue, and commerce, of the united company of merchants of England, trading to the East Indies, by the directors and proprietors of the said company, or either of them; and all and singular the powers and authorities of the said directors and proprietors, or of any special, or general or other court thereof, in the ordering and managing the said possessions, revenues, and commerce; and all elections of the directors of the said company be, and are hereby declared to be, discontinued for and during the continuance of this act; any CHARTER, usage, law, or statute, to the contrary notwithstanding.

The section which you have heard is sufficient for my purpose.

"Ex uno disce omnes."

For the public good he was for seizing upon its chartered rights and its revenues, making it dependant upon the Executive will. Under a tide of strong popular feeling, he carried his bill through one House with an immense majority. His bosom glowed with triumph, and he fancied himself secure in his place.

The public mind paused, and judgment had time to counsel its feeling. The people began to reflect upon the consequences of the measure. They saw if that company was to be destroyed, its charter taken from it, and all control placed in the hands of a few, it might be the case of all other institutions; every chartered privilege might be taken the same way, and finally, all power in the nation might be exercised by the Executive, or surrendered to it by a subservient Parliament. They soon drew a distinction between remedying and destroying; and by the force of a change in the popular mind, the bill was lost in the other House, and Mr. Fox was no longer minister.

What was the great Fox's fate may be the fate of others. Let others, therefore, take warning by the lessons of history.

Our institutions are too firmly implanted in our general system, they have taken too deep root in the business and well being of society, property is too much valued and too equally divided by the laws of our States and the laws of industrious gain, for the people to throw all things into hotch-potch and form a common stock, or ever to induce them to sustain such measures, or measures which lead to such results. The golden bauble will not now even amuse, much less captivate, sober, well thinking men. You cannot even entice children with it.

You may, in a few Congressional districts, still hold out the delusion to the people, but be assured they will be but few. There is one district north of "Mason and Dixon's line" in which it may succeed—a district represented on this floor by a gentleman who defeated one of the most intelligent and amiable gentlemen I have ever known, by telling his constituents enormous wild stories—stories as miraculous as were ever told by the famous "witch king," who figured in the north of England some three centuries ago. But he finally was drowned, and as I know that there are mill ponds in that gentleman's district more than six feet deep, I beg the member to keep look out.

Sir, since the days of Isaac of Cyprus, no man has been pleased to have golden fetters placed upon him. Hume informs us that, after his treasures were seized upon by Richard the First, and the prince incarcerated and bound in lions, he complained of the cruelty of his conqueror. Richard had the iron fetters taken off, and golden ones placed on in their stead. The Cypriot, pleased with this distinction, expressed his gratitude for the generosity of his conqueror.

The people have been restrained in their business by golden fetters, which the Executive brain has forged; they want them thrown off, so that they may have elbow-room to prosecute their industry as formerly.

I ask, I beseech, this House to pause in its course before it sanctions such a ruinous measure.

I appeal to the candid of all parties, whether Conservatives, administration men, or Whigs, to let us cease this "triangular fight," and unite in defeating this measure. If we have differed as widely as the poles on other questions, let us unite in defeating this. Let us say, in the language of another, "Like men we differed, but like men we have agreed." I had rather see the pet bank plan new nipped and tried again.

If you will not reject this bill, or will not lay it on the table never to be called up again, and are resolved to pass it, let the worst come to the worst quickly; and the people, who will suffer, will soon show that they have power as well as the Executive and the two Houses of Congress; and that the Constitution has informed them how they can remedy their grievances.

But I hope it will be rejected, and that the Executive will do as the Kings of England and of France are forced to do in like cases—change his ministers and his measures. Or, if he will not change his advisers, at least change his measures. Or, if he will not change his measures or his advisers, then, as a republican President in practice, finding himself in a minority in either House, and that he and his ministers will not alter their views of the Constitution and the policy of the nation, they will resign the seals of office to the people, and say to them, elect other agents; we come down from our high places, that other, and abler, and better men may ascend.

Or are the lines of the philosophic poet true?

"The age of virtuous politics is past!

And we are deep in that of cold pretence;

Rulers are grown too shrewd to be sincere—

And we—too wise to trust them!"

## REMARKS OF J. Q. ADAMS, OF MASSACHUSETTS.

In the House of Representatives, Friday, September 29, 1837—On the bill to postpone the payment to the States of the fourth instalment of the Surplus revenue.

The question being on Mr. PICKENS's motion for reconsideration, and Mr. P. having made the remarks heretofore published—

Mr. ADAMS followed.

[The following speech of Mr. ADAMS, on the question of reconsideration (moved by Mr. PICKENS) of the vote, 119 to 117,

for passing to the third reading the bill to postpone the payment of the fourth instalment of the deposit with the States, prescribed by the act of 23d June, 1836, is to be taken in connection with his subsequent speech, on the 14th of October, on the bill to adjust the balances remaining due from the late deposit banks, to be found at p. 265. The postponement bill, as it had passed the Senate, postponed the payment of the fourth instalment ("till further provision by law." Mr. PICKENS, in Committee of the Whole on the state of the Union, had moved to strike out the words "further provision by law," and insert "the first day of January, 1839;" to which Mr. ADAMS had moved, as a further amendment, to add the following: "And all balances of public moneys due from all the deposit banks are hereby appropriated to the said payment, and no part of them shall be applied to any other payment whatever; and if the portion of the said balances due by the said deposit banks cannot be received in time to pay the whole of the said deposit with the States, hereby made payable on the first of January, 1839, then the instalment of debt from the late Bank of the United States, for the stock in that institution held by the United States, payable in October, 1838, is hereby appropriated, to make up any insufficiency of the sums recovered from the deposit banks to complete the said payment of the fourth instalment of the deposit with the States."

Both these amendments had been, by small majorities, rejected in Committee of the Whole on the state of the Union, and the bill had been reported, without amendment, to the House, where they had been excluded from consideration by a successful call from Mr. CUSHMAN, of New Hampshire, for the previous question.

The bill having thus passed to the third reading by the vote of Mr. PICKENS, who immediately moved the reconsideration, and the next morning supported the motion by a speech, it was on this motion for reconsideration that the following remarks were addressed to the House:

Mr. ADAMS expressed the hope that it was competent for him, at that stage of the proceedings, to debate the amendment he had introduced in Committee of the Whole, but which had been cut off by the previous question.

The SPEAKER remarked that there was no amendment now before the House, the motion of Mr. PICKENS to reconsider the vote ordering the bill to its third reading being now in order.

Mr. ADAMS begged to know if it were not competent for him to urge the merits of his amendment as a reason for voting for the reconsideration?

The SPEAKER answering in the affirmative, Mr. ADAMS proceeded. He would be very brief in the remarks he should address to the House. He said he had come to his seat at this special session of Congress, fully aware of the difficulties under which the Government was placed, and no less sensible of the embarrassments which afflicted the people of the country. He had felt inclined to go for the measure now before the House, as a means of relieving the Administration from embarrassment, being willing to go for the relief of the Government, and thereby to relieve, indirectly, the people, whether the Government should propose any measure for the direct relief of the people or not. But when he had come to consider the bill, as it came from the Senate, he had been forced to the conviction that whatever relief it would afford the Government would be obtained at the expense of the people, it being, in substance, a bill to raise revenue. And what was the effect of the bill? A bill, bearing on its face one thing, and doing another! Purporting to postpone the operation of an act of Congress restoring to the people a portion of their own money, and, in reality, going to repeal that act! As the bill had passed the Senate, there was no further payment or deposit to be made of the proportion of the surplus revenue now due to the States without further legislation. It was, to all intents and purposes, a proposal to repeal the act of June, 1836. This was its great object. If its intention was not expressed, and apparent upon its face, the effect of it would be a deception upon the people. His constituents (Mr. A. believed) might think the postponement of its operation reasonable, were the time to which it was postponed fixed and certain. But there is now no such certainty upon the face of the bill; its operation is to be put off to a date as far distant as what the old Romans called the *Calendas Græcas*, or, as the French proverb terms it, "the week of the three Thursdays!" Now the amendment of the gentleman from South Carolina (Mr. PICKENS) proposes to postpone the operation of the act until the 1st of January, 1839, instead of until the further action of Congress. He, for one, was willing to take the bill with such an amendment; but there must be one other provision—an assurance that there shall be no more postponement, and that the sum thus appropriated shall be applied to that purpose, and to no other.

Mr. A. had called this a bill to raise revenue; and so it was. It would place in the hands of the Government nine or ten millions of dollars, to be appropriated to any other purpose. It would raise money from the people, for the payment of the public debts. And now where does this money bill come from? And, in asking this question, Mr. A. said he desired to ask that the bill should be viewed as a part of the whole system now projected for the raising of a revenue. The bill comes, first, from the Senate. And is that the branch of the National Legislature in which the Constitution requires that all such bills shall originate? Now all, not only this, but all the bills, which form a part of the system alluded to, have originated in the other branch of Congress. Mr. A. would put these facts to the House, as a man specially entrusted with the guardianship of the public purse, and with the hope that such an appeal may produce its effect upon the action of the House on this bill, and in putting members more on their guard hereafter as to the source whence bills of this character emanate.

Mr. ADAMS said he had heard a good deal, at one time and another, said about the great and growing extent of Executive patronage, and influence, and power. To most of such rumors and expressions of opinions he had given but slight credence and as little of assent; but he could not avoid warning the House that, if the pockets of the people, their constituents, were to be ransacked for money, it behooved them to see that such measures originated with the representatives of the people. But, perhaps, suggested Mr. A. he had not been quite correct in saying that the bill in question had had its origin in the Senate. It would doubtless have been nearer the truth to have said that it, with its companions of the same general system, had originated at the Treasury. Every one of these bills had every mark and feature of such an origin; they were all, beyond question, drawn up and prepared at the Treasury Department! The chairman of the Committee of Ways and

Means (Mr. Cambreleng) hastled the House that the Senate and House bills, on the same subjects, were not identical in all respects; and what was the difference? Mr. A. believed that the House bill proposed the issue of Treasury notes to the amount only of \$12,000,000, while the Senate bill proposed only \$10,000,000. He would confess that he had much rather see the difference on the other side. He would rather find the House disposed to give less than more. The whole thing, as managed thus far, looked like a little "experiment." The House were to be asked by the Treasury through the Senate for \$10,000,000, with the expectation that the House, becoming familiarized to the idea of so large an issue, would consent to throw in the additional two millions as a mere trifle of more or less.

Mr. CAMBRELENG rose to explain. When the bill was reported in the Senate, it was reported in blank. In the House bill, there was an additional appropriation for the Florida war, which was not included in that of the Senate, of course; and there were other differences between the two bills.

Mr. ADAMS said he thought he had seen another bill separate from this bill of twelve millions, and asking sixteen hundred thousand dollars more. He did not understand—

Mr. CAMBRELENG. Don't you understand, sir? The other is the bill appropriating the money proposed to be raised by this.

Mr. ADAMS said he was happy to receive this explanation from the chairman of the Committee of Ways and Means, and would be glad to hear further from him, why, after the enormous appropriations made last spring for this very object, it had become already necessary to appropriate for the service of this same year nearly two millions more. He expressed the hope that Mr. Pickens would accept his amendment as a modification of his own.

Mr. PICKENS said he would willingly do so, but for the latter clause, pledging the faith of the United States that the Congress will provide for the payment of the money in January, 1839.

Mr. ADAMS observed that the proposition was divisible; and that if, after the House had made the appropriation, they think it best not to pledge the faith of the Government to carry it into effect, they could easily reject the latter part of the proposition. All he desired was to say to the people, "we have promised to pay over to you this sum; we cannot do it now for want of that sum to pay over; but we pledge you our faith that we will do so;" and certainly fifteen months will be found abundantly sufficient for the performance of such a pledge. Yet, if there was all this reluctance to the adoption of this part of the proposition, Mr. A. said he was willing to take the amendment of the gentleman from South Carolina, modified by the adoption of his own, (Mr. Adams's) without the latter clause. All he professed to want was an assurance that the people shall not be paltered with any longer with delusive promises never to be performed.

The gentleman from Georgia (Mr. Towns) had said (continued Mr. A.) that the people of that State, when contending for principles, cared nothing for dollars and cents. Well, (said Mr. A.) that was a good sign: he liked that: it was the sentiment of a high, lofty, and admirable spirit; but it so happened that, in the case under consideration, the dollars and cents were the very principle itself! And if the people of Georgia cared nothing for those articles, indeed, they would find many of their neighbors not one-half so disinterested, to whom they might easily make it over, and who would very cheerfully accept it at their hands. Or, the people of that high-spirited State might make it over, a munificent donation to the Treasury of the United States, and relieve themselves from all anxiety about "dollars and cents."

Mr. A. then argued briefly that, with the amendments proposed, this bill ceased to wear the aspect of a bill to raise revenue.

Mr. A. alluded to the alleged differences of opinion existing in the House at the time of passing the act of 1836, as to the true nature of the measure, and whether it were a mere deposit bill, or a distribution bill. There certainly were, and now are, a great variety of arguments used on both sides of this question: but he had heard nobody on that floor arguing in favor of a recall, an actual recall, of the money already paid over to the States. No vote could be gotten in that body for a recall. That would be going back to the principles of the old Confederation. Under that system, the Congress of the United States had no power to raise money by their own authority. To defray the expenses of the Confederacy, whether of peace or war, Congress could only settle the proportions of the sum required for the public service, and issue the proportions of the sum required for its own quota. This is precisely what would now be the form of recalling any portion of those moneys once deposited in the Treasuries of the States; and if any gentleman wished to see the practical working of that system, let him go back to the records of the time, and see the answers that were made by the States to the requisitions of the old Congress. What were the answers?—not in a time of peace—and of plenty—and of prosperity—like that in which the nation has now been seized with this convulsion fit; but at a time when the very existence of the nation was at stake; in the midst of that glorious but soul-trying war of independence, for the very support of which all the expenditures to be provided for were indispensable—what were the answers? Some never answered at all—some replied that it did not suit their convenience—some flatly refused—and others resolutely asked by the Secretary of the Treasury when they intended to resume specie payments, replied, "when the others do!" They were calling spirits from the vasty deep!—every body knowing, all the time, that the spirits would not come! [Continued laughter from all parts of the House.]

After alleging that one of the reasons adduced in opposition to the distribution principle in certain quarters (namely, that it viewed the surplus funds as actually divided among the States) was a strong argument in his mind, as a guardian of the people's interests in its favor, Mr. A. came to the consideration of yet another reason, which made him desire the proposed amendment; and which indeed, rendered it impossible for him to go for the bill without it.

He said that a gentleman from Georgia, (Mr. Dawson), in an exceedingly forcible speech, had pointed out the monstrous inequality with which this sum of \$10,000,000, due to the States under the deposit act, had been deposited by the Secretary of the Treasury. Mr. A. said he could account only for this most extraordinary state of things by ascribing this inequality to the operation of the far-famed "Specie circular." In the Bank of Alabama, at Mobile, it appears by the report of the Secretary of the Treasury, that \$1,000,000, and upwards, were left deposited when the banks suspended specie payments. Two hun-

dred thousand of this is put down under the title, "warrants heretofore drawn, but not yet paid, though payable." This was one of those favorite, but puzzling unintelligibilities which several gentlemen on this floor have complained of, in the report of the Secretary of the Treasury; and he (Mr. A.) had had been much perplexed to obtain a glimpse of its meaning. What, then, was the meaning of this circumlocution about "warrants, to the amount of two hundred thousand dollars, heretofore drawn, but not yet paid, though payable?" Why, Mr. Speaker, all that simple means, that those warrants or drafts of the Secretary of the Treasury were protested: That's all! [Laugh.] The drafts were for specie—"hard currency," "mint drops,"—and they were drawn on those hoards of specie accumulated by the "Specie circular." But the specie had gone when the drafts arrived; and so the drafts were "not yet paid, though payable!" [Laugh.]

Sir, (said Mr. A.) give me leave to say a word or two on the alleged unintelligibility of the Secretary of the Treasury. I certainly cannot but feel a great degree of compassion for him, considering the necessity he was under of making a report to Congress, at any rate. There are a great many things which sound much better in circumlocution than when plainly expressed. The Secretary of the Treasury I know to be well versed in English composition; but there are subjects which the sublimest writers are obliged to cover with a veil, and I "guess," or I "reckon," that there were a good many of these troubling the brain of the Secretary at the time he drew up this much discussed report.

Mr. A. said he had attentively read the report, and must acknowledge that he had occasionally found in it a redundancy of words (to disclose ideas, which might have been expressed with more precision. There were obscurities, like that of which he had given an example in the heading of the column of what he supposed to be protested drafts. But the general purport of the whole document was plain and clear enough—much more plain and clear indeed than it was pleasing to contemplate. He had listened a day or two before to some very ingenious remarks of the eloquent and able gentleman from Ohio, (Mr. Hamer) who, while discussing this subject, had instituted a dialogue between the General Government and the States; and he represented the General Government as saying, (in a very marked and emphatic manner) "Do YOU want this money? So do WE!" [A general laugh.] Sir, (said Mr. A.) the whole substance of the report of the Secretary of the Treasury may be summed up in those few words.

Mr. A. said he had another observation to make. A gentleman from South Carolina (Mr. Thompson) had observed that it was a sort of uniform operation of this confederate Government, that all the money of this nation "flowed to the North!" [Mr. Thompson here said, "I did say so."] There is (said Mr. A.) an English poet, who has said,

"Ask where's the North?—at York, 'tis on the Tyne."

Now, sir, suppose yourself at Charleston, South Carolina, you ask, "Where's the North?" With this maxim of the gentleman from South Carolina, and his system of geography, and the answer you would receive must be—at Charleston, South Carolina, the North . . . is Mobile, Alabama; the North . . . is Natchez, Mississippi; the North—is New Orleans, Louisiana. For these are "North" at Charleston,—if you assume that the money of the country is flowing to the North. I have named a single instance—the Bank of Alabama, at Mobile—where there is a deposit of public money to the amount of more than a million of dollars. It flowed thither, I suppose, by the aid of "the far-famed Specie circular," in "mint drops" and "hard currency." Now, what is that million worth? The amendment of the gentleman from South Carolina, and my own added to it, will secure to that bank the use of that money for fifteen months. That is, until January, 1839; and while would it be worth to that institution, and to the interests affected by the well-being of that institution? In ordinary banking, six per centum. But when it is in the bank, while issuing notes without paying specie when called for, it is worth twenty per centum, at least. That million of dollars is equivalent to a gratuitous donation to the Bank of Mobile, and thereby to the State of Alabama, of two hundred thousand dollars a year.

Pursuing the idea suggested by Mr. Dawson, of Georgia, in regard to the palpable and monstrous inequality with which the money, appropriated to the liquidation of the instalment system, had been deposited among the States, Mr. ADAMS demanded what proportion was on deposit with Massachusetts? Unless he was mistaken greatly, the whole sum in all the banks employed as the depositories of the public money in that State was \$81,278 40, or about two-fifths the sum which falls to the Bank of Alabama alone, as the value of the use of the fund on deposit there. What is the benefit to Massachusetts, he would ask, of that deposit, as it now stands? At six per cent. it is worth about \$4,000, and that is the deposit of public moneys which Massachusetts offsets against the \$1,000,000 in Alabama.

Mr. ADAMS said he had an inquiry to make of the chairman of the Committee of Ways and Means, (Mr. Cambreleng), with regard to one of the unintelligibilities of the Treasury report, which he was desirous of having explained. Until this was done, he could not gather from that document whether or not the \$81,278 40, put down as deposited with Massachusetts, was all the public money for which that State was responsible to the Government. In reading over the report, he found a list of banks, beginning with the State of Maine, and proceeding southward, and the sum of public money on deposit in each. Under date of August 28, 1837, between the banks of Maine and those of Connecticut, he observed a sum total; against the simple words, "Metropolis special." Now, as the State of Massachusetts lies between Maine and Connecticut, Mr. A. would fain know if the word "metropolis" there may not mean Boston?

Mr. CAMBRELENG. The Bank of the Metropolis in this city (Washington) is probably referred to.

Mr. ADAMS. What is the nature of that deposit?

Mr. CAMBRELENG explained that that special deposit in the Bank of the Metropolis was to meet some of the current expenses of the Government, incurred in that part of the country.

Mr. ADAMS. Oh! a "special" deposit for the use of some of the pets, some of the favorites, the preferred public creditors, (of which class I supposed I must consider myself a member, since the Secretary's offer to pay us *per diem* in specie.)

Mr. CAMBRELENG would remind the gentleman that there were other pets, and other favorites, besides those around us. There was the navy yard on the Potomac, and—

Mr. ADAMS. But that navy yard is not "between Maine



25th Cong....1st Sess.

Postponement of fourth instalment.—Mr. Adams.

H. of Reps.

and Connecticut," Mr. Speaker. [Laugh.] And I am still in the dark as to the meaning of that line in the report of the Secretary, which seems to make Massachusetts responsible for a yet larger share of the public treasure than, in her own proper place in the report, she is set down as holding in deposit. And this is the more remarkable, because in this same statement appended to the Secretary's report, the Bank of the Metropolis in this city has its proper place afterwards between the banks of the State of Maryland and those of the State of Virginia, and therefore cannot naturally be supposed to be the same "Metropolis special" thus thrust up in a corner between the States of Maine and of Connecticut. It all goes to corroborate the idea that this same report of the Secretary of the Treasury is far from being so explicit and intelligible to all, as it is to those gentlemen whose sagacity finds it so easy to be understood.

Besides, sir, I find in this Treasurer's weekly statement of the amount to his credit, in the various banks of public deposit, the Bank of the Metropolis, District of Columbia, in its proper place, located between Maryland and Virginia, with a small balance of \$2,162 83 cents due to the Treasurer, and that whole sum, except \$9 and 4 cents in the column of warrants heretofore drawn, but not yet paid, though payable. And in the statement marked K, this same Bank of the Metropolis is included in a list of deposit banks discontinued under the deposit act of June, 1836. And it is not included in the list of present deposit banks under the same act, marked L. In the circular letter of the Secretary to the delinquent banks, I find it written: "The imperative provisions of the act of June, 1836, make it the duty of this Department to discontinue ordering any further sums of public money to be placed with the deposit banks after suspending specie payments, and hence you are notified that no more can be thus deposited in your institution, provided such a failure to redeem your notes has actually occurred."

"No more can be thus deposited in your institution." The Bank of the Metropolis, in the District of Columbia, is one of the deposit banks discontinued by the positive command of the law; but "Metropolis special," between Maine and Connecticut, has a deposit dated the 28th of August, of \$140,541 62 cts. By what authority was that deposit made? This is to me one of those unintelligible things in the report of the Secretary of the Treasury, which I should be glad to see explained. Is it a practical illustration of the divorce between bank and State? or of the locomotive power of the Secretary to transport the Metropolis from the District of Columbia to Massachusetts, to New Hampshire, to Rhode Island, to some undefined region between Maine and Connecticut, where he could make a special deposit of gold without infringing upon "the imperative provisions of the act of June, 1836?"

I should like to know why this item is thus thrust between Maine and Connecticut, as if it were intended to give Massachusetts the reputation of having \$140,000 of the money which is used to pay members of Congress and the navy yard expenses at New York?

But I was observing upon the profound philosophical and geographical statement submitted to the House by the gentleman from South Carolina, (Mr. Thompson,) in which it was asserted that the money of the United States "always flows to the North." Now I have given the House one example, in the case of Alabama. Let us look a little farther: here I find the Union Bank of Louisiana and the Bank of New Orleans have, together, an amount nearly equal to \$1,500,000. Here is a million and a half flowing to that extremity of the North, New Orleans; and here is upwards of one million seven hundred thousand dollars flowing into the deposit banks of the State of Mississippi at Natchez. Now, with the utmost respect for the States of Louisiana and Mississippi, they are not so near to the north pole, that they should have between them more than three millions of United States money, which the gentleman from South Carolina insists is always flowing to the North—money which is, in fact,

a gift bestowed upon them without law, at least not by law, but by the operation of a specie circular, which required all payments to them to be made in gold and silver, and yet they have not a dollar forthcoming. I will put the interest on this specie at ten per cent.; six per cent. is certainly too little. The use of these deposits would be worth six per cent. even if they might be called away at any moment. I will put the interest at ten per cent. Here, then, we have placed at the disposal of the banks of Louisiana \$1,500,000, which I say is equivalent to a pure donation to that State of \$150,000 a year, so long as the deposit shall continue. And how goes it with the State of Mississippi? I find here that the Planters' Bank and branches, Natchez, have \$895,000, and the Agricultural Bank and branches, Natchez, \$349,000, making \$1,244,000. Here is an actual boon to that State of 174,000. They have had this since July already, and they will continue to have it until it suits their convenience to pay it over, which I hope they will do before the 1st of January, 1839.

Well, I am, notwithstanding, willing to vote for this bill, leaving this matter as it is, provided the banks of Alabama and Louisiana and Mississippi will pay back this money on or before the 1st of January, 1839.

We come next to the State of Tennessee. Her share is but small, amounting to not over \$500,000. If she was entitled to receive her share of the deposits on the 1st of October, she might set off that amount, and suffer no injury. She would then have the use of this money, and would still get her portion of the deposits like the other States. Then we come to Ohio: and, in respect to her, it seems to be admitted as a settled affair, that all her banks are good and sound, only their notes will not command the specie without a little premium of ten per cent. Ohio has got \$900,000. She is a large State, and, in the critical condition of her politics, may have been thought a cheap purchase at this amount. It is not, at any rate, a very extravagant sum. Indiana has a large portion. But here there is another "Northward flowing" of a different kind. Here we come to a State hardly a year old. It is hardly a year since we were discussing her admission into the Union; and if she was not satisfied with the conduct of the Government then, I think at least she must be now. Here is Michigan, with more than one million of dollars, which is equal to a clear donation of \$100,000. Does the geography of the gentleman from South Carolina consider Michigan as a place to which the money of the United States flows Northward? All this vast tide of specie, according to my geography, has flowed Southward and Westward. As to the North, the flowing in that direction has been in a precious small rill.

What is the conclusion from these facts? The gentleman from Georgia (Mr. Dawson) complained that Georgia had not had her portion, and he did but justice to his own State, if we consider what has been given to Alabama and Mississippi, Louisiana and Michigan. But what is it if put in comparison with Massachusetts? What has she got in this distribution? The special Metropolitan deposit not being a part of it, as from this table one would suppose? Why, sir, she has got \$81,271 81 cents—a sum which any one of her banks will pay in five minutes, if you will take off the interest. Is there justice in this? Gentlemen complain of the mode and manner in which the deposit law operates, and about the standard of distribution on which it proceeds, as being unjust and unequal; but, sir, what is that inequality, in comparison to this deposit made without law, to a rate of deposit which gives a million and a half to one State, a million seven hundred thousand to another, a million four hundred thousand to another, and to Massachusetts \$81,271 81 cents, supposing its banks not to pay the \$60,000, which is all they owe? I will not ask how many good friends of the Administration have been made, or how many precious votes in this House secured, by this system of operations. When we came to make this deposit, I mean the deposit by law, I remember well the arguments of gentlemen who wanted a dif-

ferent standard of distribution adopted. They complained of a distribution according to the ratio of representation in both Houses of Congress, because it gave too much to Delaware, to Rhode Island, and other small States. Now, sir, it was not the Northern States, but the small, and the Western States chiefly, which got this extra proportion. I was willing they should have it, because, since the last census was taken, their population had increased much more than that of Massachusetts. I assented to this ratio because the new States, who were most in want of money, would be most benefited by it, and I voted for the bill. But the very interest which the members took on that occasion in this question, and the earnestness with which they argued the necessity of an equal principle, proved the earnestness with which every member of the House adhered to the proportional right of his own State.

But what was that ratio of distribution in comparison to this? When \$1,500,000 is given to one State? Alabama had five members in the House and two in the Senate; Massachusetts had twelve in the House and two in the Senate. Their proportions were, therefore, as 7 to 14. To this I assented. But what is the proportion here? Alabama gets \$1,500,000, and Massachusetts \$80,000. I say nothing about Pennsylvania. She is one of the largest States in the Union, and she has \$249,000 in the Girard Bank, \$5,500 in the Moyamensing Bank; but of this sum there has already been drawn, upon the Girard Bank, in warrants not yet paid, though payable, \$160,000, leaving only about \$95,000 as the share of actual deposit held by Pennsylvania. But, when we consider the population of Pennsylvania, what is the proportion of \$250,000 given to Pennsylvania, and \$1,700,000 to Mississippi?

I have intruded upon the patience of the House to a greater extent than I intended. Its patience has been my encouragement. If this bill passes, I wish it to pass with the amendment of the gentleman from South Carolina; but I consider the whole measure as a violation of the public faith, for which the last Administration is responsible to this nation, to the creditors of this country abroad, and to posterity—especially responsible to the people of those States so grossly injured by the withholding from them of the fourth instalment of the sum promised them by the act of June, 1836, by the lavish donation of their money to the people of other States, which they now refuse to refund. That this crying injustice may not be repeated by a further postponement or repeal of the deposit act, I demand, with the amendment of the gentleman from South Carolina, fixing the term of payment to the 1st of January, 1839, a pledge that the money shall then be faithfully paid; and for this purpose that the balances actually due from the late deposit banks shall be appropriated to that payment. They are the identical moneys announced, on the 31 of January last, as being then in the Treasury, to be divided among the States under the act of June, 1836. They are more than sufficient to pay the whole of the fourth instalment. But if the whole sum cannot be recovered from the banks, where it has been deposited, before the 1st of January, 1839, I ask a further contingent appropriation of the money to be paid by the late Bank of the United States in October, 1838, to the same object. If a further indulgence of time beyond the 1st of January, 1839, should become necessary to complete the recovery of the balances due by the deposit banks, that indulgence should be granted by the whole nation, and not at the expense of the States entitled to the fourth instalment. In the amendment which I proposed in Committee of the Whole on the state of the Union, I added further, that if the recovered balances, and the instalment of October, 1838, sufficient for the payment of the fourth instalment to the States, in the faith of the United States should be pledged that further and effective provision should be made by Congress thereafter. Finding some of my friends here willing to vote for the rest of my amendment, but objecting to that, I shall withdraw that clause, with the hope that no further pledge of faith will be necessary for the fulfilment of that which has been given.

THE END.